Response to questions on notice from the Legislative Council Standing Committee on the Economy and Infrastructure, Inquiry into VicForests operations, 17 July 2017 hearing

1. ***Do you know of other jurisdictions around the world, where a timber industry exists, where there is a good balance between supply and maintaining the highest environmental concerns and standards? Is there any sort of template out there? [PAGE 15]***

New Zealand has a well-balanced, successful forestry industry. It implemented a rapid transition that protected public native forests from logging to maintain their high environmental values, enabled a strong tourism sector that has profited from those valuable natural assets, while sustaining supply from plantation forestry and supporting growth in that sector.

Queensland also successfully transitioned its forestry industry to a well-balanced model, focussed on plantation supply. It is explained in the article ‘Key Features of South East Queensland Forest Agreement and Government Plan’, on the The Wilderness Society website. The transition included immediate substantial additions to conservation reserves to protect icon areas, high value fauna habitat and all old growth forests, together with a ban on clearfell logging and harvesting residual wood for pulp in remaining forests available for limited logging. Mills were encouraged to transition to plantation supply, and government supported new plantation establishment and new jobs in national park management. The process is also explained in *The Forest Wars*, authored by Judith Ajani, Melbourne University Press, 2007, at Chapter 8 - ‘Beattie’s Solution’, pp137-153.

Notably, Queensland chose to transition its industry rather than enter a Regional Forestry Agreement with the Commonwealth in the 1990s. RFAs were entered for 20 year terms by other States, including Victoria, and have contributed to poor environmental standards and outcomes in native forest industries managed under those regimes ever since. The RFAs’ environmental failure is measured perhaps most tangibly by the up-listing of key forest-dependant species like Leadbeater’s Possum and Swift Parrot to critically endangered status, and the new listing of other forest-dependant species that were relatively common when the RFAs were entered, such as Greater Glider. The RFAs are now expiring, providing Victoria with an important opportunity to take a new approach to native forests that guarantees protection for forest-dependant species, enables the recovery of listed threatened species, and safeguards unique forest ecosystems.

As the Committee is inquiring into VicForests, which is responsible only for the public native forest estate in Victoria, we raise Queensland as a reasonable model in terms of public native forest management. We note however that Queensland’s private land native vegetation management is environmentally deplorable.

2. ***Have you or your organisation had conversations either with DELWP or VicForests as to why they do not publish information about active coupes? [PAGE 20]***

No. However, we are aware that other community groups have raised this issue, including by specifically asking VicForests for the proposed commencement dates for coupes on the Timber Release Plan that those groups are particularly concerned about. VicForests has not provided that information, either by not responding at all to those requests or by responding without providing the requested information.

VicForests Timber Release Plan (TRP) currently assigns every coupe that has not yet been logged the same 2-3 year (2016–2018) “nominated period of harvest”. We understand that VicForests considers this satisfies the requirement at s38 of the *Sustainable Forests (Timber) Act* 2004 to detail in the TRP the approximate timing of timber harvesting in the proposed coupes. We disagree.

One effect of the lack of available information as to where and when VicForests will log is to shield logging operations from public scrutiny. Perhaps most practically, it stymies the efforts of community groups who try to conduct threatened species surveys before VicForests logs to ensure that species present receive their legislated (albeit often inadequate) protection. As stated in evidence, VicForests systematically fails itself to identify threatened species present in the areas it logs. Community groups are repeatedly detecting threatened species after logging has commenced within the mandatory protected area for those species. The lack of available information as to where logging will occur combined with VicForests' poor pre-logging surveys together undermine threatened species protection in Victoria's public forests.

Additional information that would enable reasonable public oversight of VicForests, but which VicForests chooses not to publish, includes:

- Forest Coupe Plans, or 'harvest plans', which detail precise boundaries and requirements including for biodiversity values, we note that such documents are made routinely available online once approved by equivalent forestry corporations in Tasmania and New South Wales.
- Targeted pre-harvest survey reports for the limited number of coupes where VicForests does conduct on-ground surveys for threatened species, in particular no Leadbeater's Possum survey reports have been published by VicForests on its website.
- Rolling Operations Plans, which we understand constitutes VicForests' current coupe scheduling list including approximate commencement dates.

3. The majority of wood cut from Ash forests goes to pulp for Reflex paper, and the second biggest use to which we put those forests is making pallets. But if you would like me to give the specific breakdown on figures, I am happy to do that on notice … We can supply you with that data with the references. [PAGE 24]

In terms of the current breakdown of pulplog versus sawlog wood supplies, Figure 3.6 on page 39 of the VEAC Fibre and Wood Supply Assessment Report 2017 details by graph VicForests' current supply commitments by product type and grade. The graph shows that for the 2017/18 financial year, VicForests' total Ash sawlog and pulplog commitment is approximately 675,000 m^3, broken down as follows:

- approx. 370,000 m^3 pulplog (**54%**)
- approx. 165,000 m^3 E grade sawlog (**24%**)
- approx. 150,000 m^3 D+ grade sawlog (**22%**), including approx. 50,000 m^3 B grade (**7%**), approx. 80,000 m^3 C grade (12%) and approx. 20,000 m^3 D grade (3%).

For Mixed Species (not Ash), Figure 3.6 shows that for the 2017/18 financial year, VicForests' total sawlog and pulplog commitment is approximately 260,000 m^3, broken down as follows:

- approx. 145,000 m^3 pulplog (56%)
- approx. 15,000 m^3 E grade sawlog (6%)
- approx. 100,000 m^3 D+ grade sawlog (38%), including approx. 10,000 m^3 B grade (4%), approx. 70,000 m^3 C grade (27%) and approx. 20,000 m^3 D grade (8%).

For the total volumes (both Mixed Species and Ash), Figure 3.6 shows that for the 2017/18 financial year VicForests' total sawlog and pulplog commitment is approximately 950,000 m^3, broken down as follows:

- approx. 515,000 m^3 pulplog (54%)
- approx. 180,000 m^3 E grade sawlog (19%)
- approx. 255,000 m^3 D+ grade sawlog (27%), including approx. 70,000 m^3 B grade (7%), approx. 145,000 m^3 C grade (15%) and approx. 40,000 m^3 D grade (4%).

In terms of the breakdown of pulplog versus sawlog wood supplies in previous years, the last year for which detailed figures were publicly reported is the 2014/15 financial year, though there is no breakdown between Ash and Mixed Species. For that year, VicForests Sustainability Report 2015 details on page 26 that the total volume produced by VicForests (both Ash and Mixed Species) was 1,287,155 m^3, broken down as follows:

- 765,425 m^3 'residual' (pulplog) and 11,781 m^3 firewood (**60%**)
- 215,330 m^3 E grade sawlog (pallets etc) (**17%**)
- 293,515 m^3 D+ grade sawlog (**23%**), including 99,050 m^3 B grade (**8%**), 160,462 m^3 C grade (12%) and 34,003 m^3 D grade (3%).

However, on average only 43% of the total sawlog volume sold is converted to sawn timber product. This is calculated by comparing the total sawlog volumes reported by VicForests against the Victorian hardwood sawn timber product volumes reported in 'Sawn Timber in Australia 2015-2019', BIS Shrapnel Pty Ltd over the period 2004-2016. The conversion rate over this period varies from 33% to 47%.

Applying the average conversion rate, **the total Ash C+ grade sawn timber product, which constitutes all appearance grade, furniture and flooring products plus a quantity of structural timber, will comprise about 8% of the total Ash wood volume sold by VicForests in the current financial year. The total B grade sawn timber product, comprising only appearance grade products, will be about 3% of the total Ash wood volume sold by VicForests in the current financial year.**

Additionally, a significant volume of wood logged by VicForests is left on the forest floor as 'slash' and burned during annual coupe burns. This volume of wood is not accounted for in the above figures, which set out pulplog and sawlog volumes committed or sold by VicForests as opposed to the total wood volumes actually logged. Accordingly, the percentage of sawn timber product derived from the total wood volume actually logged by VicForests is in fact less than calculated above.

The typical uses (products) of each log grade are set out in Table 3.1 on page 34 of the VEAC Fibre and Wood Supply Assessment Report 2017 as follows:

- **Pulplogs**: High quality **printing and copy paper**, paper, cardboard and packaging paper
- **E grade** sawlogs: **Pallets**, battens, skids, etc
- **D grade** sawlogs: **Structural timbers**, framing and external decking
- **C grade** sawlogs: **Structural grade construction timbers**, framing flooring and furniture
- **B grade** sawlogs: **Appearance grade products such as flooring and furniture**

In terms of the proportion of Ash wood supply that goes to production of Reflex paper, being the flagship product manufactured by 'Australian Paper', the VEAC Fibre and Wood Supply Assessment Report 2017 provides information about the current contractual commitments to that entity (formally, Paper Australia Pty Ltd), which is a wholly-owned subsidiary of Nippon Paper Group (a Japanese consortium). It states that:

- "Approximately one-third of [Australian Paper's] wood fibre is supplied from native forests under two long-term agreements. These are:
    - the Forests Wood Pulp Agreement, otherwise referred to as the Legislated Agreement, ratified by the Forests (Wood Pulp Agreement) Act 1996 (FWPA Act), and
    - a commercial supply agreement between VicForests and [Australian Paper]." (p14)
- "The [Legislated Agreement] requires the state to supply a minimum of 350,000 m^3 of pulpwood per year to [Australian Paper] until 2030. At least 300,000 m^3 must be made available or delivered from Ash forests within the Forest Area." (p14)

This demonstrates that at least 300,000 m^3 of the total 370,000 m^3 Ash pulplog commitment for the 2017/18 financial year is contracted to Australian Paper under the Legislated Agreement, with additional pulplog supply contracted to Australian Paper under the separate commercial supply agreement.

Additionally, a quantity of the sawlog volume is on-sold from sawmills to Australian Paper for pulp, though precise figures are unreported. This includes off-cuts and other timber within the 57% of sawlog volume sold that, on average, is not converted to sawn timber product.

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