

TRANSCRIPT

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Ecosystem Decline in Victoria

Melbourne—Wednesday, 10 March 2021

MEMBERS

Ms Sonja Terpstra—Chair

Mr Clifford Hayes—Deputy Chair

Dr Matthew Bach

Ms Melina Bath

Dr Catherine Cumming

Mr Stuart Grimley

Mr Andy Meddick

Mr Cesar Melhem

Dr Samantha Ratnam

Ms Nina Taylor

PARTICIPATING MEMBERS

Ms Georgie Crozier

Mr David Davis

Dr Tien Kieu

Mrs Beverley McArthur

Mr Tim Quilty

WITNESSES

Mr Ross Hampton, Chief Executive Officer, Australian Forest Products Association; and

Mr Boris Iskra, Technical Officer, Wood Products Victoria.

The CHAIR: I declare open the Legislative Council Environment and Planning Committee public hearing for the Inquiry into Ecosystem Decline in Victoria. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the traditional custodians of the various lands which each of us are gathered on today and pay my respects to their ancestors, elders and families. I particularly welcome any elders or community members who are here today to impart their knowledge of this issue to the committee or who are watching the broadcast of these proceedings. I would also like to welcome any members of the public watching via the live broadcast today as well.

At this juncture I will take the opportunity to introduce the committee members. My name is Sonja Terpstra, I am the chair of the Environment and Planning Committee; and Dr Sam Ratnam. Appearing with us via Zoom is Ms Nina Taylor. Also, Ms Bec McArthur is in the room, and Ms Melina Bath.

Also, in regard to the evidence that you are about to give today, I will just let you know that all evidence that is taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, if I could please get you to state your name and the organisations that you are appearing on behalf of.

Mr HAMPTON: Ross Hampton, the Chief Executive Officer of the Australian Forest Products Association.

Mr ISKRA: Boris Iskra. I am the Technical Officer at Wood Products Victoria.

The CHAIR: Right. Thank you. At this juncture I will invite you to make your opening statement, and if you could keep it to a maximum of 10 minutes. I will give you a 2-minute warning as you get towards the end. You do not have to make it 10 minutes, but if you are getting that way, I will give you a 2-minute warning. We have got no-one appearing via teleconference today, so that is fine. Can I just ask everyone to mute their phones as well if you have not already done so. Nina, if you have got your mike on mute, that will help us keep background noise down as well. That is fantastic. All right, with that, we will get underway. Thank you.

Mr HAMPTON: Well, thanks, Chair and committee. Like the Chair, I would like to also, on behalf of Boris and Wood Products Victoria and AFPA, pay our respects to Indigenous elders past, present and emerging. It really is quite relevant to today's inquiry and to some of the things I want to talk about, which are really about the big picture—and of course Indigenous land management was about the big picture. I note it is in the first term of reference for this committee, as is climate change, and these are things I think we need to talk about today at some length.

AFPA, in case you do not know, is the national industry body, so we represent tree growing, both in our native estate and plantations, sawmilling and processing of that timber right through to the paper mills and the replacement of plastic mills, as I like to call them, these days that are part of our value chain in Australia. About 80 000 people nationally work in our industry. We are interested in this inquiry and delighted to be invited because threatened species and ecosystems obviously do not recognise state boundaries, and of course legislation operates at both a federal and state level, indeed in some cases at a local level, so there are real implications for all of us and a big challenge and opportunity, which I am going to come to, for the committee, we think. I am really excited to be here, to be honest.

This issue—you have got a little one; I have got three kids—is an issue for our children. I mean, 30 species have been lost since 1788—30 species. Most of us know about the echidna, Gould’s mouse and the thylacine, but there is a whole lot that we do not know about, and we do not know what we missed out on knowing about them, so it is a matter of real importance. I am really pleased that you have invited us to have a chat to you and also that you are grappling with it, because my challenge to you—and I guess it is a bold challenge—is to do something with this committee inquiry that really makes a difference to Australia. I have talked to inquiries like this before—I have done this job for quite a few years now—and there is something we can do in Australia that is not being done yet, and you could start in Victoria. I will tell you about it in a moment.

One of the things that I think is also really important to consider as you ponder it, and I know it will be writ large because it has been so recent in our past, is the bushfires and climate change—again in your terms of reference—and what is happening to our forest estate nationally and how we are going to respond to that as a nation that wants to do three things with our environment: we want to look after the species, obviously; we want to look after the communities that reside in those areas; and we want to look after the economics as well. We need to have timber, so where are we going to get it from? The big picture is where I really want to take this conversation briefly, Chair, and to talk about threatened species in the context of the overall management of our forest estate in Australia—132 million hectares nationally, in case you do not know. The area that we use for forestry, multi-use forest areas, is about 5.5 million hectares of that 132 million, and of that 5.5 million hectares about 70 000 hectares a year is managed, harvested and resown and regenerated by law in Australia, which does not take place in many parts overseas. There is a lot of deforestation taking place, and I hope the committee, thinking of the big picture, will also think about threatened species in other places other than Victoria—in the rest of Australia and indeed in South-East Asia and Africa and places like that.

If we were to consider Melbourne as the whole of our forest area, for example—and Boris will talk about the state numbers for you, which I know you will probably be most interested in, but this works at a state and national level—it is about the MCG area that we are talking about, so the challenge for the committee, I think, is to help Australia move beyond just looking in detail at threatened species management and other issues to do with the environment in the MCG. If I asked anyone in this committee how many Leadbeater’s possums—let us call out Leadbeater’s possum; it has been a big deal for me and no doubt for all of you over the last four years. If I asked how many of those threatened species were in our multi-use forest area, in the area that we manage for timber as well, you would probably be able to give me a number. It might be lower or higher—it would be between 5000 and 20 000 depending on what research you have read most recently—but that is about 6 or 7 per cent of the Leadbeater’s possum rangeland. If I asked anyone in this committee to give me a number for how many possums there are in the other 94 per cent of the possum habitat, no-one here can give me a number. I presume that is correct still—certainly last time I looked.

The point I am trying to make is in Australia we have got this artificial divide, which means that the work of the committee can shine a light on this. It is the same for the bushfires. When I appeared before the Bushfires Royal Commission, I said, ‘Why do we divide our land use up into these little chunks and only deal with the multi-use forestry area?’. We ignore all of that other area in terms of fire management and landscape management, and the same goes for threatened species. So the committee could really do some good work for Australia if its recommendations included the big picture, included looking at the whole landscape and said, ‘Yes, we need to look after threatened species in the multi-use area’—that is the VicForests area for those of this committee—‘but what about the rest of the landscape?’. How are they faring in the national parks and Crown land and reserves and on private property? No-one knows—at least they do not know anything like adequately. We focus all of our attention on a very, very small estate. So that is what I would like to see come out of this inquiry, and I am very happy, Chair, to take more questions on that or anything else as we go forward. Thanks.

The CHAIR: Would you like to add anything at this juncture?

Mr ISKRA: Look, I would like to just do a formal opening statement. This is my first time in front of an inquiry, so I thought I would prepare something—so I do not miss out on anything.

Dear members of the committee, Wood Products Victoria welcomes the opportunity to provide an opening statement to the Inquiry into Ecosystem Decline in Victoria. Wood Products Victoria is the state-based industry organisation that addresses technical, promotional and market-related issues and activities on behalf of the wood products supply chain in Victoria. Our activities range from the forest to the consumer. Wood Products Victoria fully supports the Victorian forestry and wood products industry, which produces sustainable, renewable, certified, local softwood and hardwood timbers and value-added manufactured products that

collectively through their use play a significant role in assisting to deliver a low-carbon future and combating climate change. Wood truly is the ultimate renewable.

Whilst Wood Products Victoria acknowledges the extensive scope of this Inquiry into Ecosystem Decline in Victoria across a broad Victorian landscape, its submission primarily focuses on one form of ecosystem—forests—and at its core is a discussion about the proper management of one of Australia's most important but seemingly not fully appreciated natural resources.

There are a range of key drivers that can have an impact on ecosystem decline: population growth and urbanisation and the increased propensity for bushfires or wildfires, which, when they become uncontrolled, are the biggest risk to Victoria's native flora and fauna and to overall forest ecosystems. As we have seen over recent years wildfire has been exacerbated due to a lack of both land management policies and practices and an ongoing lack of properly resourced off-fire-season bushfire preparation activities. We serve to assist in mitigating against uncontrollable wildfires, including hazard reduction and road and track fire access maintenance.

We also have a proliferation of feral animals due to a lack of appropriate management, which has resulted in massively increased numbers of feral animals—cats, foxes, rabbits et cetera. Feral animals provide the next largest risk after fire to Victoria's native animals. Although it is difficult to give an exact number, the Australian Wildlife Conservancy estimates that a minimum 15 million feral cats are reported to kill as many as 75 million native animals daily. There is also the devastating impact of invasive plants and noxious weeds as a result of areas being locked up and left. This is recognised as a significant threat to biodiversity, with over 1700 native plants listed as environmental weeds in Victoria in the 2018 report prepared by the Arthur Rylah Institute for Environmental Research. And the increasing climate change impacts, which we have heard about this morning, only serve to multiply the impact of these key drivers of decline.

Wood Products Victoria has made a submission due to concerns it holds that this inquiry may just simply be used as a forum for blaming Victoria's biodiversity decline on forest harvesting for wood products, both native and plantation—a tactic that is incessantly used by anti-timber activist groups with 'no native timber harvesting' objectives. I would like to take this opportunity to highlight some of the key specific recommendations made in Wood Products Victoria's submission and the reasoning behind the recommendations.

Firstly, what is needed as part of the solution in addressing ecosystem decline is a detailed review of the lock-up of public forests in national parks and conservation reserves that prevents or limits management activities. As we know, Victoria is blessed with over 7.64 million hectares of native forest—a vast estate which is owned by the Victorian public and managed for all of the community's benefit by the Victorian government through VicForests, who undertake the sale, harvest and regeneration of the timber resource, and Parks Victoria, who provide management services to the state and its agencies for parks, reserves and other public land. Victoria's most environmentally important forest areas are protected in almost 3.4 million hectares of Victorian nature conservation reserve, equivalent to 44 per cent of Victoria's forest area, which can never be harvested. All Victorian old-growth forest is now protected within the reserve system or excluded from harvesting areas. No old-growth resource is harvested for timber products. Around 40 per cent of the forest area is multiple-use forest that the government manages for a range of forest values, including wood harvesting for consumer products. VicForests harvests and regenerates approximately 3000 hectares per annum of the multi-use forests for consumer products, which is only 0.04 per cent of the total Victorian native forest estate. That is equivalent to four trees harvested in 10 000. Every area harvested is regrown by law to provide sustainable renewable local Victorian hardwood timbers in perpetuity for our use, our children's use and for all future generations.

Contrast this to Europe, regarded as the home of sustainable forestry, which has 215 million hectares of forest, of which, according to the *State of Europe's Forest—2015* report, 80 per cent is available for wood supply, whereas Victoria has less than 6 per cent of the area available for wood supply and harvests less than 1 per cent of this annually. Europe also has around 14 per cent of forests protected, with the main objective to conserve biodiversity or landscape, whereas Victoria has 44 per cent of forests protected.

In relation to wildfire, the Victorian government also needs to recognise and acknowledge the impact of uncontrolled wildfire as the major threat to Victoria's forests' flora and fauna as well as communities and infrastructure within these areas. In terms of ecosystem and biodiversity protection and renewal, it must commit to appropriate programs and expenditure for off-fire season preparation activities.

The CHAIR: You have 2 minutes.

Mr ISKRA: I suppose I will take the key point in terms of climate change. In this age of climate change mitigation, globally it is well recognised and understood that a sustainable timber industry, which harvests and then replants trees, storing carbon in forests and wood products, is one of the best ways to combat climate change. The intergovernmental panel on climate change, which advises the UN, has stated unequivocally that, and I quote:

... a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit.

As I have outlined today, there is a wide range of factors that can impact on ecosystems but there is no silver bullet in doing so. It needs to be looked at as a broad range of activities, but an active and sustainable forest industry can assist in delivering a healthy, biodiverse and robust forest ecosystem. Thank you.

The CHAIR: Great. Thanks very much. All right, we will open up to questions. Ms Taylor.

Ms TAYLOR: Thanks for your presentation. What would you say to the proposition that one of the drivers for the forestry plan—and I am not asking you to speak to that—is that consumer will has changed because there is now a greater nexus between consumers, the products that they buy and the impact that that has on the environment? So they are more conscious of that nexus. Don't you think that we as a government would have a priority to listen to and to heed changing consumer demands and needs?

Mr ISKRA: Yes. Look, as a quick response, I am an engineer by background. I deal a lot with building professionals—architects, engineers—and all I can say is there is a very large demand from the consumers for timber products. I do not know whether I fully would accept that there is a move away from timber products. I think people recognise the value environmentally of using timber products, particularly architects. I constantly get calls from architects about using sustainable timber products, and my response from here in Victoria is that our forests are managed in a sustainable way and VicForests do that in terms of making sure that the products that are harvested are then appropriately replaced and renewed.

Ms TAYLOR: Just a follow-up to that—I probably did not articulate my question well, or the proposition. It is more that I think that consumers have a greater awareness as a whole of a nexus between the chair they buy and the impact of producing that chair, and hence there is a changing consumer demand and appetite. It is not that they do not necessarily want timber; they want to know that it is truly sustainable, and I believe that is what is driving change.

Mr HAMPTON: I think both responses are entirely valid. We have to explain more to consumers the sustainable nature of timber in Victoria and forestry in Victoria, but also there is absolutely, as Boris says, no decline. In fact there is a massive surge in timber demand in Victoria and elsewhere. People just cannot get enough of it. We are not talking about the Victorian plan today, but since you introduce it, it really has to be said that there will not be a transition in Victoria away from using those products. It is just going to be a transition to bringing them into Victoria from other states if they are available—and largely they are not because they are consumed in Sydney and Brisbane and other places—or, my fear, and I hope all of our fear in a threatened species inquiry, from countries where they do not have to replant and regenerate. If you take Borneo as an example, WRI, the World Resources Institute, says that that has gone from almost 100 per cent rainforest cover to something like 10 per cent over the last 50 years, and only 3 per cent of that change has been illegal—only 3 per cent. So all of that timber has probably come to Australia or other places as legal timber, and yet it is turned into palm oil. The Victorian question is a challenging one, I hear you, and we have more to do, I hear you 100 per cent, in terms of explaining the sustainable nature of timber, but it absolutely has nothing to do with the decline in demand.

Mr ISKRA: And if I could just maybe add one thing in terms of the forest management side of things, the Victorian forests are certified by Responsible Wood, which is recognised through the PEFC, the Programme for the Endorsement of Forest Certification, which manages 75 per cent of all certified forests around the world. Our forests in Victoria are also certified as being managed sustainably, so I think getting that message out to the consumers is also very important.

The CHAIR: Great. Thank you. Mrs McArthur.

Mrs McARTHUR: Thank you, Chair, and thank you, gentlemen. I am so pleased that you are pleading with us to be responsible as global citizens and to look at the big picture, because I think, taking up Ms Taylor's

point, the consumer would like to know exactly where their product is coming from. And if it is coming from a source that is unregulated, that is devastating the environment in that country, then we ought to be aware of it. We are in a situation where if we move to non-hardwood forests and *Pinus radiata* primarily, that is not going to supply the needs of the timber industry obviously because softwood just cannot replace hardwood. And also there is the issue of a *Pinus radiata* plantation being not a place where ecosystem survival is paramount and premier. So what would you add to that?

Mr ISKRA: I fully support your comments. I think the consumers want a choice as well. I have got boys, they are young men, and I have said to them if everything you built was out of radiata—and I have nothing against it; I support all timber products—and if everything around you was radiata pine, it would be a very boring world that we would live in. We need a range of products that have a range of aesthetics and a range of capabilities. Hardwood is a very strong material used in structural applications that can be used in a smaller volume for the same job as a large-sized pine product. There is value in using materials based on their capabilities. I do not know if that sort of—

Mrs McARTHUR: Yes. And does a radiata plantation, for example, provide the habitat necessary for a diverse ecosystem of native animals?

Mr HAMPTON: Well, some of our much-loved members are growing a lot of radiata, and it is really important for Victoria's house frames, but you are quite right: they have different properties and they have different impacts in terms of species. That is certainly true. And we do have to do both. But again, part of the hard thing for the committee to grapple with, I suppose, because it is presumably mostly looking at the Victorian native forest estate, is: what is that balance that Victorians want? It is what Ms Taylor was trying to tease out. What is that balance that Victorians ultimately want? My view is that you have got a pretty good balance here. You have lined the interior of the new annex of Parliament House with fantastic native—

Ms BATH: Ash.

Mr HAMPTON: ash from Victoria. You would not do that with radiata. You have also got radiata for your house frames. You could use some more. We are trying to get some more planted. We love the Victorian government's plan in terms of growing the plantation estate. But as Boris has said, who is the technical expert on this, you would not put a radiata floor in your house or your stiletto heels are going to put little holes in it. So there are horses for courses in this regard. That is the case all over the world, by the way. There are plantation timbers that are used for a lot of things and there are hardwoods that are used for other things.

My challenge to Australia, because I work a bit internationally, is: let us stop taking that hardwood from Africa and South-East Asia, where it is being pillaged, basically. The second-largest global illegal trade after drugs is timber, and we are part of that problem. We are part of that. We import \$40 million worth of illegal timber into this country alone. Bear in mind what I just said about Borneo—that is the illegal timber. On top of that, there is all this other stuff which is legal—in concession arrangements in Papua New Guinea, for example, turned over to oil palms. So we have to do more in Australia. I think it is ridiculous that we export three times as much food as we need in this country but we import a third of our timber products every year from overseas. We export \$3.5 billion and we import \$5.5 billion. In a country our size I do not think that is morally or ethically right.

The CHAIR: Thank you. We will probably have more time to come back around. Ms Bath.

Ms BATH: Thank you. Thank you, gentlemen, for your presentation. I just want to pick up on that point that you talked about internationally. Aren't there laws—help me out here, I am not a federal member of Parliament—to stop illegal importation of illegally harvested timber? That is my first question.

Mr HAMPTON: There are. We worked with WWF to get these laws introduced in Australia, but as I say, they are only stopping those who declare their product as illegal. So most of the timber that is being taken in South-East Asia and Africa is not actually illegal under their local laws. It is not illegal under our laws. That is not what is being stopped. It is being stopped if it is illegal at the source. As I said from that WRI example, places like Borneo have been denuded legally. I think our challenge, thinking globally, is to say, 'Are we going to contribute to that?'. I will be frank: I think Victoria is going to contribute to that in the future because of the decisions that are being made here. I would love to see some modification of that. It is not this inquiry, I know. That is the international situation. It is getting worse, not better, because climate change is real and the world is grappling with it, and one of the ways they are trying to deal with this is to move away from energy-intensive building products. That means more timber—half the weight of this table is stored carbon—plus the move

away from plastics is pushing us more towards fibre-based packaging. So according to the World Bank we are going to need four times as much fibre products as we use now. Where is that going to come from if Australia is not playing its part and we are just importing?

Ms BATH: Thank you. I endorse your comments, by the way. I am interested in relation to Mr Iskra's comments around the timber industry. I think you even talked about the lock-up-and-leave scenario with our land management practices. From my understanding our harvest tracks kind of do a network, a labyrinth, across sections of our forest estate. When we look at fire as being a huge, huge problem to threatened species and then if we are going to close down the industry within 10 years, will government keep those tracks open? What is your response to some of those concerns if we look at fire as being a significant threat?

Mr ISKRA: Look, I mean, I hold those concerns. The lock-up-and-leave-it approach, where there are tracks that are literally locked and you cannot get through, makes firefighting activities very difficult, and having the tracks overgrown makes it almost impossible. I really feel for the firefighters. I do not think I would be brave enough to fight a forest fire. But I think as a government and as communities we need to make sure we have enough access to those forest areas that can potentially impact on our communities. It is having the structure in place to protect the local communities. So I agree and endorse your comments that those are real concerns for the industry.

Ms BATH: The other thing to my mind is that if the government goes ahead and shuts down the timber industry, the native timber harvesters and their equipment that is used during fire season will not be retained in situ. So Wood Products Victoria, what do you think is going to happen there or what would you recommend?

Mr ISKRA: Well, I have been in the industry for almost 35 years. Not long out of university I started as an adviser for a local organisation that unfortunately is now no longer here, the Timber Promotion Council. When I started, the industry was harvesting around—I remember the industry talking about it—1 million cubic metres of sawlog back then. We are now less than a third of that. The industry has been dwarfed, and I really feel for the industry and the communities that it affects in closure.

If there is further closure—you are correct—there will be no equipment to help fight fires. I recall an image, a story, that was left in my mind of an industry person on his dozer—I cannot remember the bushfires; it would have sort of 30 or 25 years ago—where he was saying that he was basically in the forest there doing a break, pushing trees over to form a break, just as the fire came over him, and he pushed his truck underneath to lift the logs up so the fire went over the top. Now, he knew what to do. What do you give to someone on a dozer who has no experience in working in a forest estate? You will end up with people dying who do not know how to manage equipment in those areas. So I get emotional with this, because I really feel for the industry.

The CHAIR: Thanks. I will come back around, because I think we have got some more questions. A question, perhaps for you, Mr Iskra: Wood Products Victoria submitted that it supports the review of the code of practice for timber production, which is currently underway. What outcomes would you like to see from that review?

Mr ISKRA: Look, I think it just needs, I suppose, a balanced review in terms of the operation of industry. I must say I do not have a full background on that. Dr Woodard prepared that particular comment. My area is background and technical, so I probably do not have much more. I do not know if Ross has anything that he could add, but that is probably as much about giving industry the ability to act in a responsive way, practices, harvesting operations—under the guidance of VicForests, obviously; industry does not just go in and take what it wants, it is actually told what it can and cannot take. So that is probably about the best I could do at this point in time.

The CHAIR: Also, your submission inferred that the areas of forest reserved for logging should not be held to the same biodiversity expectation as areas of conservation reserve. How can logging be managed sustainably without requiring the biodiversity values of logged forests to be maintained to the same standard as conservation reserve?

Mr ISKRA: Look, I suppose I personally have a difficulty with applying all biodiversity measures on a working forest. It is there for a purpose. You manage that as best you can. VicForests would go in and survey the coupe before it is harvested, make sure that there are hollows that are left and that wildlife is protected as best as can be, but to put the same criteria on a working forest area as you do in a conservation reserve to me

just does not make a lot of sense. You need to balance it as best you can. So you try and balance it as best as you can. That is probably my response.

The CHAIR: I note your comments earlier. You were saying threatened species or animals et cetera—and people—do not live in borders. Similarly, if you have got animals or threatened species within different areas, I guess that is what the question goes to. I am interested in your response then. What does ‘Manage it as best you can’ look like?

Mr HAMPTON: Well it means, as Gregory Andrews, the previous threatened species national commissioner said, forestry has led to no species becoming extinct in Australia. In research papers—there is one I have got open from the academy of science in the US which has a list of 12 reasons that we have lost animals or species in Australia, and timber harvesting is at the very, very bottom of that list at 0.03 per cent. So the fact of the matter, the lived experience in Australia, is that forestry is done so carefully here, so modestly, that it has no material impact. In fact the threatened species issues are mostly in the areas not managed by forestry crews and forestry harvesting and regeneration efforts.

I know koalas are not as germane here, except in the Portland area, but on the north coast of New South Wales all the research has shown that there are as many koalas living comfortably and happily in the regrowth forests a few years after harvest as there are in the national parks nearby.

The committee I do encourage to think of the big picture, and if we are talking about really caring about what happens to threatened species in Victoria, we have to think beyond the multi-use forest estate, which has all of the attention paid to it, compared to the 94 per cent of the estate or so—Boris has the figures—which has scant regard paid to it. Arthur Rylah or DELWP or other agencies would be able to give you chapter and verse. VicForests could give you reams on how they are managing threatened species in that very, very small area that Victoria uses for the forest industry, but you will have almost nothing on the rest of your estate. That is what the reserves were supposed to be set aside for. The regional forest agreements, as I presume you all know, set up this whole system where there were supposed to be areas which were used for timber-getting and they would manage themselves really well, but there were also adequate reserve systems for all the other types of trees in Victoria. That is how the system was set up, and in producing the RFAs, 3 million hectares of what was forestry area went into reserves and none has come back. In fact, as Boris pointed out, it is still going the other way. So the system has worked in terms of managing forestry areas, but we do not think it has worked in terms of managing the vast estate in Victoria.

The CHAIR: My question was more about, I guess, the area that you operate in, but that is okay. Dr Ratnam, question?

Dr RATNAM: Thank you very much for your presentation. There is lots to discuss. I will try and condense it in a few minutes, but I might send you some questions on notice, if that is okay. Thanks for your presentation today. Just in terms of a response, Mr Hampton, to a couple of statements you have made about looking at the whole estate, rest assured this inquiry is looking at the landscape as a whole in terms of threatened species and biodiversity protection, so we are looking at the big picture. That being said, also the question of forests and protecting our forests is a key question. It is not the only question the inquiry is considering, but it is a key question because it is one of the clearest and most present dangers given what we know from scientists and ecologists and we are hearing from a range of people about the danger presented to threatened species by forestry. That is one of the reasons that we are focusing on it, but it is not our only focus. I guess that was more of a response to what you were saying.

Just in terms of a response to the previous questions about demand growing for your products, just following up on what Ms Taylor was trying to explore, I would actually suggest that preferences have to change. Preferences have to change based on the choices we have, and the choices we have for consumption have to change based on the context that we are in. I am sure the demand for ivory, too, was increasing at the time the world realised at what cost that ivory came to their table. Preferences had to change based on the choices we had, and the choice for ivory was no longer a choice because we knew about the impact it was having on wildlife. So that is, I think, the broader picture of the choice argument that you were making.

You talked about the industry in Victoria and Australia being sustainable in terms of the forestry industry. If it is sustainable, why aren't VicForests certified by the leading global forest certification scheme, the Forest Stewardship Council?

Mr HAMPTON: Well, they are.

Dr RATNAM: That is not my understanding.

Mr HAMPTON: Well, I am on the board of FSC Australia, so I speak with some authority about this. There are two global certification schemes. The leading one in terms of coverage is PEFC, which they are certified to. That is 80 per cent of the world's certified forests are certified under that scheme. FSC is a terrific scheme as well, and I would not be on the board if I did not think so. It is another scheme. There are two global certification schemes, so you are incorrect about that. You are also completely incorrect about ivory, dare I say, if you do not mind, but I cannot leave it without response.

I think climate change is a far bigger issue, and I think this committee really needs to grapple with it. The world is moving towards timber products because it has to. Victoria will be an outlier in this situation if we do not think about it. Victoria is not going to move away from timber products, because all the architects and builders are going to go there. We are going to end up with carbon stored in products being acknowledged globally and in Australia as part of our global climate solution. Where is that timber going to come from? It is going to come from somewhere, because Victorians are going to use it. Your only choice here in that sort of statement is to say, 'But we're not going to do it in our backyard. We're going to take someone else's'.

Dr RATNAM: I will come back to that, Mr Hampton. I just want to go back to the question about: why hasn't VicForests got the FSC certification? Has it not applied for it?

Mr HAMPTON: Well, VicForests should speak for itself about its certification plans.

Dr RATNAM: Given that you are representing the industry—

Mr HAMPTON: It is not fair to ask other people about it. And I am on the board of FSC, so it is not appropriate for me to comment on potential newcomers to the FSC system. What I think you need to understand, committee, is that most of the world's forests are not certified. Most of the world's production forests and much that come to our shore are not coming with a certification label on them. In Australia all of AFPA's members are certified—all of them. They are either one or both of those schemes that you mentioned. We can be so proud of what we do in forestry in Australia, and I know this. I do a lot of international work, and we are held up as a leading light. They want the world to be more like Australia, because what we do here is so sustainable. The forests that you are talking about in Victoria, for example, have been harvested two or three times already. They are so well managed, so carefully managed, that people go out and try to stop harvesting and they think it is the same forest that would have been observed 300 or 400 years ago. These are regrowth forests. Everywhere in Australia they are regrowth forests.

Dr RATNAM: Thanks, Mr Hampton. I just want to take up another point that you made about the concerns about an import industry potentially taking the place of local industry as we move towards moving away from native forest logging. Can I just ask about our exports and imports of our forest products. My understanding is that we export almost 3 million tonnes of hardwood out of Victoria every year, which suggests that there is a surplus of it, that there is enough of a supply for the export market. My understanding too is that the largest consumer of timber and fibre in Victoria is for pulp needs, for Nippon pulp needs, which can be supplied in other ways. Large import volumes are coming from commonwealth countries like New Zealand and Canada. The bulk of the mountain ash that we using at the moment is for pulp. So I am just wondering about this claim that you are making that we are going to have to import more wood products when we are actually exporting tonnes of it from Victoria. So I just wanted to challenge your claim there about what we are going to need in the future.

Mr HAMPTON: Well, I hope you are not challenging the national export and import figures, which speak for themselves: \$3.5 billion worth of exports out each year, \$5.5 billion in. It is a range of products in both those mixes; you are quite right. But there are panels that come in. There is pulp and paper materials that come in. There is some sawn timber that comes in. There is quite a lot of softwood that comes in because we have not grown enough plantation estate to meet our own housing needs in Australia. That is another story, and it deserves an inquiry in its own right in my view. And, yes, there are exports from Australia where it makes sense. But your contention, which is embedded in your question, that somehow or other quality hardwood logs from the mountain ash forests, which could have lined the walls of Victorian Parliament, have been pulped and delivered to either Australian Paper or Opal or offshore, is wrong and it just does not make any sense. The timber in those hardwood trees that are straight and tall and are not the ones that are rubbish on the ground or

whatever—the areas that are left behind, which are, as you say, given to that other purpose; we call it pulpwood, but I do not want to use jargon in the committee—the timber that can be sawn is sawn, 100 per cent, and it is a high value product and you cannot get enough of it. Anyone who is trying to tell you that Victoria is not going to be using as much timber as it uses now in the future is just reading from some other book. I do not know where they are getting this data from, because nothing else in the world would support it—nothing globally or in Australia or in Victoria.

Dr RATNAM: Yes. I am not attacking that claim. It is more that you were saying that as we move out of native forest logging and harvesting that hardwood timber we going to have to import more, when actually we are exporting an excess of hardwood timber, which could be repurposed for the domestic sector, couldn't it?

Mr HAMPTON: Sorry. Now I understand your question. No. As I say, any timber that can be sawn for sawlogs, for the beautiful timber that you might see on your floors or in the Victorian Parliament, is being used for that. In any forestry operation there is going to be pulpwood produced, and that is chipped, as you say, and it is either exported or used in those other purposes. But that is part of the process of forestry, and the way that the forest is managed relies on them taking out both what they call the sawlogs and the pulp logs. Now I understand what you are referring to. If there is any problem with that, if people say, 'Well, you should just use the sawlogs, not the pulp logs', our answer would be, 'But the proof of how well that is done in Victoria is the fact that you go into those forests and it's the third generation and they look like pristine forests'. The way that Victoria has managed its forests is comparatively perfect. It is unassailable in terms of world's best practice.

Dr RATNAM: I would have to challenge that, Mr Hampton. We would not have species on the brink of extinction if it was perfect.

Mr HAMPTON: There is no evidence. You have no evidence—

Dr RATNAM: We have VicForests without FSC certification, which is a really significant issue.

Mr HAMPTON: Gregory Andrews—excuse me, Chair, I just have to repeat it—Australia's foremost authority on threatened species, was in front of a parliamentary inquiry about two years ago and said forestry has led to no species extinction in Australia, and indeed all the key academic research supports that.

The CHAIR: Okay, we will come back around because we have got a little bit more time for more questions. Ms Taylor.

Ms TAYLOR: Thank you. I guess the proposition I was putting is I get the pragmatic balance that there is between local production and international importing of illegal wood, but I put it to you that the average Victorian consumer—I would say the average; there will always be the exception—does not want to be plundering forests and having orangutans killed and palm oil. The difficulty is often not being aware of what wood is coming from where, so in a way better identification of where wood is coming from would be very helpful and empowering in this situation so as not to disadvantage the local industry where it is sustainable. I put a qualification on that because that is a point of conjecture obviously. The other point to that proposition—and that will be it, I will not put any more questions—is that the reason I think there are concerns about taking on board all the propositions you are putting forward is because Australia as a whole has, let us be honest, a terrible record with habitat destruction, like really, really bad. That is known globally. So that is why we are being so prudent in questioning on land that is viable in Victoria.

Mr HAMPTON: Look, it is reasonable.

Mr ISKRA: Yes, I was going to say that the only comment that I would make in terms of the species loss is in terms of the harvestable areas we are talking about 0.04 per cent of the harvestable area that is then replanted every year. We have got a vast amount of our forests that is untouched, so I do not accept that the species loss is due to industry. I think industry is a very small impact on the Victorian landscape. I know you disagree—

Dr RATNAM: That is what this inquiry is about.

Mr ISKRA: but all I can say is go by the facts that are tabled through organisations that show that the amount of forest that we touch is minute.

The CHAIR: Mrs McArthur.

Mrs McARTHUR: We clearly have an issue here of letting the facts get in the way of a good argument, so how are we going to ensure that the facts, the empirical data that you are suggesting are prosecuted in a more coherent way so we can stop this argument about the species that are threatened basically only in 0.4 per cent of the forests? That is a major issue and the basis of almost this inquiry. So how do we go about doing a better job at communicating truth in policy and the dissemination of facts?

Also, if we are looking at the extinction of species or the damage to the environment or the ecosystem decline and so on, if 94 per cent of our forestry is managed basically by government, how are we going to assess their ability to manage that proportion of our estate in a better way? Because that clearly is where the damage is being caused to native flora and fauna species. I see it all the time and even along roadsides, which I am particularly interested in, where so-called native grasses—

The CHAIR: Perhaps if you could aim for the question, Mrs McArthur. There is quite a long question there, so if you conclude your question, that would be great.

Mrs McARTHUR: are supposedly protected but actually are being suffocated by introduced species.

The CHAIR: Thanks. If we could have the witness answer, that would be fantastic.

Mr HAMPTON: I think part of the answer is get the facts and do not just operate on opinions. I mean, my challenge at the beginning of the inquiry stands, that there is really serious nation-changing work that this inquiry could do in its recommendations. I know we have differences of opinion about forestry, but leaving those aside I think we would be in agreement that we care about threatened species across the whole landscape. So, again, the Leadbeater's possum is just a really good case study I think because Victoria tried to manage it, did it at a local level, did it on sightings. DELWP, I believe, did a report into the way that it operated and said it was suboptimal, it was intensive on resources and it did not deliver the outcomes that the process should have, because it really just looked at that particular one little area. I would love to think that the committee might take an example like that and recommend that if a government in Victoria is going to make a decision about threatened species, it would ask Arthur Rylah or Melbourne Uni or one of these—

The CHAIR: We are hearing evidence from those organisations to see, you know—

Mr HAMPTON: Good, because we wrote to the federal—

The CHAIR: And DELWP and others.

Mr HAMPTON: government at the time saying, 'Please work with Victoria to spend the money'—it probably would have cost a million dollars—'and do the survey'. Find out what we are all talking about rather than just do it on opinions.

The CHAIR: Great, thank you. Ms Bath.

Ms BATH: Thank you. Mr Hampton, you have raised some different reports. You raised one from two years ago and you also raised an American report. It would be helpful if you could transfer them—

Mr HAMPTON: Yes.

Ms BATH: from your phone to the secretariat so that we can have access to those, so we can verify your comments. That would be handy.

I am just reflecting on one of the first hearings that we had a couple of weeks ago. We had Professor Brendan Wintle from Melbourne University saying exactly the same thing. He is independent. He has no basis in forestry or any sort of embedded interest, but he said that there needs to be this broadscale analysis, monitoring and understanding of all of our landscapes, both commercial and parks. What I am interested in is, if you could have a recommendation for us, what does sustainable forestry look like for you in Victoria?

Mr HAMPTON: It is pretty straightforward. In Australia's 10 regional forest agreement areas nationally it is a management of the estate that has been agreed at a state and federal level to meet the triple objectives of social, environmental and economic outcomes for the community; in this case for Victoria. So that is what policymakers before yourselves and before me decided Australia needed. They wanted to make sure it was the best forestry operations you could have, and they put those triple objectives in place. That is still running, and we think, notwithstanding the fact that it is actually a much smaller area than we started with, it is still exactly

the right approach for forestry. Indeed in all my work internationally I have never seen anything any better than our system here in Australia in terms of managing those objectives. I mean, I think Dr Ratnam is right to observe that there will always be a cost to having forest industries in Australia and in Victoria. We would be in agreement on that. I just think the costs of not doing it greatly outweigh the costs of doing it.

And to the question about the management, whoever asked about the code of conduct in VicForests management, we think—

The CHAIR: Code of practice.

Mr HAMPTON: Code of practice. We think these things should be world-beating standards, and if they need to be changed to be world beating, so be it. But, please, do not think you are going to be able to look to some other place in the world and find it is any better. This is as good as it gets, and it is pretty good.

The CHAIR: All right. Just a final question from me perhaps just to finish, because we are approaching the end of the session time. I think what was implicit in Ms Taylor's question was around consumer choice. You talked about consumer choice, and consumers are concerned. It is not only in timber; it happens in all areas, whether it is organic food, where beef or chicken is grown, all those sorts of things—how much water we are using. So do you accept that consumers are more interested in actually understanding where their timber comes from? Do you acknowledge that, and do you also think that because of that growing interest in understanding where things are produced and whether they are sustainably produced that will have an impact on consumer choice around timber projects?

Mr HAMPTON: Absolutely. We did surveys and polling on this in the lead-up to the last state election, and when you asked people if they wanted timber to be coming into Victoria from other places, 70 per cent were opposed to it.

The CHAIR: Yes, but not only that, I am talking about grown here—whether people are saying, 'Well, actually I am going to turn away from choosing timber because I do not want to see it harvested. I am actually going to choose a different product', whether it could be recycled timber, for example. There are lots of different organisations that are even talking about how they can use recycled product, whether it is timber or anything else. So are you seeing that showing up in consumer choice?

Mr HAMPTON: Yes, absolutely, and our timber companies of course are using ever smaller pieces of timber so they maximise the use of it, bonding it together. But the reality is in the market. Victorians want to see those things you are talking about, Chair, absolutely, but they are also buying timber like they cannot get enough of it.

The CHAIR: But if your member companies who are in this business see that consumers are driving that choice, wouldn't it be in their interest to actually transition to a more broader choice of product which might include recycled product, not only virgin materials, for example?

Mr HAMPTON: Yes, that is already taking place, but it is at the margins. There is no transition taking place.

The CHAIR: So you do not see it as a large shift?

Mr HAMPTON: Well, you cannot. It is a bit like recycled paper. Do you know how many times you can recycle a bit of paper?

The CHAIR: There is recycled paper that people do want to buy—

Mr HAMPTON: Yes, but how many times can you recycle a piece of paper?

The CHAIR: Well, it depends.

Mr HAMPTON: Three or four.

The CHAIR: It depends what you want to use it for as well.

Mr HAMPTON: But the point is the things we are talking about are really important but they are at the edge. You will not be able to supply Victoria with those various customised—

Dr RATNAM: A change of choices.

Mr HAMPTON: And consumers have said they do not—what consumers will arc up against in Victoria, in my view, as it becomes more apparent is importing timber with orangutan blood on it, to put it metaphorically. That is the choice that is going to be made here.

The CHAIR: Okay, that is great. Thank you. I appreciate you—

Dr RATNAM: Could I ask a couple of questions on notice?

The CHAIR: Yes, questions on notice now because we are running out of time.

Dr RATNAM: Just a couple of questions on notice. Given the need for developing alternative industries to native forest-sourced timber and pulp for when the industry ends in 2030 or earlier, what work are your industry bodies doing to develop these alternative industries? For example, there is a growing use of composite timber products that do not require old native trees. Hemp is also another industry with a lot of potential. So knowing that the transition is underway, the question I would like to ask on notice is: what are you doing to support these industries into the future with alternatives to native forest logging?

And following on from my previous question—and I am happy for a response on notice, not now—you made a claim that there has been no material impact on threatened species by the forestry industry, yet last week there was a very concerning media report based on the work of 38 scientists and experts in this area that talked about ecosystem collapse around the world, which named the mountain ash ecosystem as being on the brink of collapse and not recoverable. I would like a response to that given your claim that there has been a negligible impact on ecosystems by the forestry industry, and mountain ash is a forestry area.

The CHAIR: That is a question on notice, so you can answer that later on in writing if you prefer.

Mrs McARTHUR: Can I just ask, on notice—

The CHAIR: No, we are going to wrap up. On notice? Very quickly.

Mrs McARTHUR: How do we increase forestry to ensure that we have got that extra ability to produce timber and not import it?

The CHAIR: Great. Thank you both very much for your contributions today.

Witnesses withdrew.