



FSC® Australia: *Submission to the Forest Industry Advisory Council*

Meeting future market demand: Australia's forest products and forest industry

FIAC Secretariat, Forestry Branch
Department of Agriculture
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Via email: fiacsecretariat@agriculture.gov.au

Re: FSC Australia Submission to the Forest Industry Advisory Council

Thank you for the opportunity to make a submission to the advisory council.

Forest Stewardship Council (FSC) Australia is a key player in the future of the Australian forest industry. Through our international reach we play an important role in ensuring forests are healthy and support healthy communities both in Australia and across the world.

FSC's unique membership structure and approach to consensus-based outcomes puts us in a unique position to help drive industry, NGOs and stakeholders towards a common vision of **healthy forests supporting healthy communities**, ensuring collective leadership across the sector.

The future of forests across the landscape is of concern to many Australians not just those who daily consume their products, or rely on the ecosystem services they provide, or derive employment from their management or use, or seek enjoyment from forest recreation or those who have a unique and special spiritual connection. **Forests are for all**. Any sustained vision needs to reflect this objective.

FSC is about how everyday people use, enjoy, manage and connect to forests.

FSC Australia is unique in its multi-stakeholder approach to governance, standard setting and assurance at the global, state and local levels. FSC's *Theory of Change*¹ charts the four pathways that underpin our system:

1. Engagement pathway – transparency based on stakeholder dialogue and consensus (*From stakeholder conflict to engagement and consensus*)
2. Standards pathway – developing, negotiating and agreeing on standards (*From unknown practices to demonstrated performance*)
3. Assurance pathway – Ensuring compliance (*From self-declaration to third party verification*)
4. Market pathway – Enabling market advantages (*From unspecified sources to responsible origin*)

We are pleased to contribute to the important discussion of how we manage these private and public community assets.

Regards,

personal contact details
personal contact details

Adam Beaumont
CEO FSC Australia



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Certification is more than the consumer

FSC Australia welcomes the Forestry Industry Advisory Council's recognition of forestry certification's role in providing consumer and supply chain assurance. For Australia to remain competitive, access to international markets through certification is a base requirement. With this requirement met, Australia can then compete based on innovation and productivity.

Consideration 1: Stakeholder backed certification is a base requirement for market access & competition

The increasing influence of third party certification in the decision-making of consumers, retailers and procurement is well documented. We agree with the discussion paper's observations regarding the existing challenge of consumer education and awareness and look forward to working industry and stakeholders to overcome this.

Another role for certification and standards that is an important consideration for the future of the Australia's forest products industry is its investment role. Issues such as sustainability and social license are increasingly required as part of financial reporting, and we believe certification has a critical role in achieving social license and meeting corporate social responsibility (CSR) requirements.

Programs such as the Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC) have become important sources of information and guidance for companies seeking to quantify and report on meaningful contributions to Corporate Social Responsibility (CSR). For example 2015 GRI has over 7,500 companies involved around the world and UNGC almost 13,000.

Consideration 2: Certification plays a key role in reducing the risk profile of investments

Both of these programs highlight the importance of social license in achieving investor confidence and real outcomes on the ground. GRI's guidance for reporting in timber, paper and rubber products highlights the elevated position that FSC holds in ensuring social license and responsible forest management.ⁱⁱ

Social License:

Social license has become a key concern in investment decisions across a wide range of natural resource industries. A lack of social licence can potentially affect supply or demand. It is important to note that achieving certification of any kind does not deliver social license. Certification standards need to be trusted by stakeholders in order to achieve their goal of achieving social licence. Being certified by a trusted certification scheme is an important indicator for investors.

“A social licence to operate differs from the regulatory and compliance licences issued by governments in that it is handed out by networks of stakeholders.”

(The Australian)ⁱⁱⁱ



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A key part of ensuring certification can contribute to the future of the forest industry is by ensuring not only that standards have highest quality science and evidence behind their requirements for forest practices, but that they also guide forest management organisations in how to conduct activities and processes that contribute to achieving social license from the broader community.

Consideration 3: Social licence is more than compliance, certification should go beyond minimums

Two key areas of social license that multi-stakeholder initiatives and credible certification systems can contribute to are:

1. Local community
2. Indigenous People's Rights

Local Community:

FSC certified forest managers are required to consider local development opportunities through employment, procurement and processing in their forestry activities. Requirements for local stakeholder engagement are also high within the FSC system. These forest managers are also required to engage in community consultation processes that help to build social license.

Consideration 4: Certification that ensures meaningful stakeholder participation reduces land use conflict

Indigenous People's Rights:

Recent work undertaken through our Indigenous engagement project has highlighted the challenge to positive Indigenous engagement created in Australia through multiple tenure arrangements. We have recently constituted our Indigenous Working Group who are working on an approach that would respect the rights of landowners while creating opportunities for local Indigenous communities with a connection to land to care for country and express their cultural responsibilities.

Certification has a role in helping create market access for Indigenous producers empowering local communities to care for country and generating employment opportunities. The FSC has developed labelling options that help Indigenous producers to further differentiate their products in the market place.

Consideration 5: Certification can build community capacity and enable market access

ⁱ <https://ic.fsc.org/preview/overview-of-the-fsc-theory-of-change-rewarding-responsible-forestry-v-2.a-3085.pdf>

ⁱⁱ <https://www.globalreporting.org/resource/library/7-Forest%20and%20Paper%20Products.pdf>

ⁱⁱⁱ <http://www.theaustralian.com.au/business/mining-energy/social-licence-vital-to-success-of-resource-companies/story-e6frg9df-1226719610209>