



The Wilderness Society Victoria Inc

**Submission on
Draft Report on Progress with
Implementation of the Victorian Regional
Forest Agreements (RFAs)**

February 2010

Victorian Regional Forest Agreements

Preamble

Australia's forests and woodlands are some of the most biodiverse ecosystems on the planet. Australia's forests provide clean air, clean water, they help regulate the Earth's climate and they provide homes for our unique and endangered wildlife. Australia's native forests and woodlands are high in conservation value.

Australia's forests and woodlands are home to more than half of our terrestrial biodiversity. However, since European settlement, half of our forests have been cleared, so that now only 5 per cent of the continent has any forest cover left. Our forests once resembled a sea of ecologically mature forests with islands of disturbance and re-growth. Today, it is largely the reverse, where islands of mature forests exist in a sea of previously clearfelled and heavily disturbed re-growth forests and cleared land. The fewer and smaller these islands of ecologically mature islands become, the more Australia's forest and woodland dependent wildlife will lose their best, and only, habitat.

The loss of southern temperate woodlands has been extreme. Over 85 per cent have been completely cleared. Unsustainable logging, firewood removal, lack of environmental water flows and over-grazing threaten much of what is left. More than one-twentieth of the world's plant and animal species live in Australia's forests and woodlands – more species than that which currently survive in all of Europe.

Over half Australia's land animals and three quarters of our plants live in forests and woodlands, but less than one quarter of our forests and only a tiny percentage of our woodlands are protected in secure reserves.

Victoria is the smallest mainland Australian state yet it was once Australia's great forest state. Now it is Australia's most cleared state in proportion to its size. Victoria's remaining forests are the only homes for many threatened endemic flora and fauna. These forests contain some of the world's tallest trees, and they contain immense stores of carbon. Due to past clearing and current management practices, Victoria is facing an extinction crisis, with 44% of our native plants and 30% of our wildlife extinct or threatened. The survival of Victoria's flora and fauna depends on the protection and restoration of intact forested landscapes across the state.

Logging industry lobbyists and interest groups often state the existence of Regional Forest Agreements ensures that Victoria's endangered species have been protected. The Wilderness Society (TWS) argues strongly against this proposition.

As long ago as 1992, a Federal Government inquiry noted that "...logging old growth forest potentially violates the precautionary principle in that an irreplaceable resource is being destroyed..."¹

Eighteen years later, and thirteen years after the signing of the first Victorian Regional Forest Agreement (RFA) in East Gippsland, the logging of ancient forests in Victoria continues. Jobs continue to be lost in the logging industry, evidence of unsustainable practices continues to mount, community opposition to logging in local forests including water catchments grows and woodchipping in Victoria's forests is

greater than pre-RFA levels. The only region where an RFA has been partially abandoned is the Western RFA where land-use decisions have effectively replaced the detail of the original RFA. Job vacancies in the Western Victorian plantation estate are growing and there have been important conservation outcomes in the Cobboboonee, Cobaw, Wombat and Otways forests.

Despite this, both state and federal governments continue to support the RFA process in Victoria where the goals of job security, sustainable forest management and protection of species have not been met. The Wilderness Society Victoria has rejected the legitimacy of the RFAs in the past and continues to do so.

Discussion

TWS welcomes the opportunity to provide input into this submission process. However, TWS firstly acknowledges that it is unacceptable that reviews have not been conducted into the effectiveness of the RFAs in the thirteen years since the signing of the first Victorian RFA in 1997. Had reviews occurred in the past, many of the systemic problems that still exist with the RFA framework may have been addressed and superseded by alternative processes leading to more satisfactory social and environmental outcomes.

One such alternative process is the South East Queensland Forest Agreement.

In 1999, this agreement was signed by the Queensland Timber Board, the Queensland Government and environmental groups, including The Wilderness Society. The agreement immediately protected areas of outstanding conservation value, restricted logging in further areas of high conservation value and set a time line for the full cessation of logging in South East Queensland's forests by 2024 to allow long term ecological recovery and eventual protection of all South East Queensland's public native forests. Export woodchipping, logging of old growth forests and clearfell logging are all excluded from the areas that were not given immediate protection under this agreement. It increased job security and provided significant funding to a transition of the industry into plantations.

Whilst not perfect, this alternative agreement ended much of the long standing conflict in south east Queensland's forests.

Here in Victoria, the Western Victorian Regional Forest Agreement has largely been superseded by other processes and land-use change decisions. When announcing a new policy to create a Greater Otway National Park in 2004, then Premier Steve Bracks stated that his government was cancelling its commitment to the Western RFA². In the Portland – Horsham region, there is no reason to continue support for the existing RFA. In such a fragmented landscape, climate change impacts will progressively degrade ecological values. There are serious sustainability concerns around the extraction of posts, poles and firewood from already depleted and stressed ecosystems. A large scale protection and restoration program is needed for this region, and the RFA does not take this into account.

The following points list a brief number of issues related to Victoria's Regional Forest Agreements, some of which are discussed further:

- Victoria's RFAs have failed to deliver upon sustainable forest management principles
- They have failed to secure jobs in a sustainable timber industry
- They have lead to an increase in pulplog production and woodchipping or native forests
- They have failed to deliver on competition principles, with royalty rates now at prices lower than they were almost 30 years ago
- They have failed to be reviewed every five years
- They have failed to properly protect endangered species
- They have not comprehensively assessed and protected non-use forest values such as carbon, water and biodiversity
- Victoria's community concern regarding the ecological impacts of native forest logging continues at a high level where RFAs remain
- The impact of fire and climate change has not been taken into account when assessing whether the Special Protection Zones continue to maintain those values, with salvage logging levels accelerating, prior to ecological analysis being determined
- Community conflict continues in RFA regions where the logging of native forests, predominantly the low value / high volume products, clashes with expectations to protect native species, water catchments, old growth forests and carbon stores
- World Heritage assessment remains a mysterious 'work in progress' whilst world heritage values continue to be lost to clearfell logging

Failure to deliver Sustainable Forest Management (Draft Report 5.1, 5.4, 5.6)

As detailed in the Draft Report, the entire framework upon which native forest logging occurs in Victoria is under the principles of Sustainable Forest Management.

The report acknowledges that the Our Forest Our Future process in 2002 recognised that native forest logging levels were unsustainable in Victoria. It reduced the volumes of sawlog logging in Victoria's native forests but did nothing to reduce the production of pulplogs.

It should be noted that there is still major uncertainty around the 'sustainable levels' of logging that were mandated by that process. Ecologic sustainable principles aside, the pure resource sustainability levels must be brought into question. As an example, the OFOF process in 2002 reduced logging levels in East Gippsland by 43% to 143,000 m³. Back in 1985, a timber industry inquiry reported that there were questions around the levels of logging. At the time, the sawlog yields were between 300,000 and 400,000 m³. It was proposed that if logging was to continue sustainably, yield would have to be reduced to potentially 70,000 m³ immediately. A quarter of a century later, the yield is still high above this level. As such, TWS puts into question any long term sustainable yield claims by government, and opposes any commitment to extend VicForests' ability to enter long term contracts based on such levels. TWS rejects the joint DSE/VicForests Joint Sustainable Harvest Level project as it only focuses on resource extraction rather than broader ecological and social needs and forest values.

Millions of dollars of public funds continue to be spent on attempts to gain further data around resource yields from native forests. Past unsustainable levels of logging have been maintained by the RFAs without due concern for ecological needs.

Page 11 of the Draft Report recognises that:

- *The effective regeneration of harvested areas within native forest is required to maintain ecosystem sustainability and future productive capacity of the forest.*

Regeneration failure in Victoria's native forests continues. It has been a long standing issue and conservation groups have highlighted problems with regeneration for decades. For example, on the Errinundra Plateau in East Gippsland, many coupes logged before and after the implementation of the RFA have not grown back to "approximate the composition and spatial distribution of canopy species common to the coupe prior to harvesting". In fact, logged forest that has been added into protected areas contains areas of failed regeneration.

For the record, the word "regeneration" appears 76 times in the Code of Forest Practices. Successful regeneration is a key plank of Sustainable Forest Management. Regeneration failure and failure to survey and adequately report on regeneration success is rife across the RFA regions. As noted in DSE's *Monitoring of Annual Harvesting Performance in Victoria's State Forests 2007-08*, regeneration again is raised as a serious concern. As recognised in the Draft Report, regeneration failure is a huge issue:

- 89% of coupes logged by VicForests are still outstanding and have not been handed back to DSE
- Over 7000 hectares of forests logged requires further treatment
- There are approximately 19,000 hectares overdue for stocking surveys
- Funding and resourcing is an issue to address regeneration issues

The Expert Independent Advisory Panel (EIAP), in the 2007-08 report has concluded (amongst other comments on regeneration) that:

- *there has been little progress in regards to reducing the large areas of outstanding backlog regeneration and ensuring coupes are regenerated and finalised by VicForests in a timely manner*
- *There is no current funding available to assist with completing regeneration activities associated with backlog regeneration*
- *Serious consideration and action must be taken to attempt to deal with this regeneration issue if DSE wish to ensure harvesting operations are carried out in a sustainable manner*

The EIAP has raised the regeneration issues for a number of years. This is unacceptable and further logging should be halted until there is clear evidence that Victorian public forests are growing back successfully. These are assets owned by the public, and their value for future generations is being compromised by inadequate regeneration. It is clear that there is a serious problem with regeneration under the RFA framework.

Another measure of Sustainability is the Victorian Government's Sustainability Charter. Subjected to a process of expert review, the Victorian government has

proposed 45 indicators against which sustainability is measured. In relation to state forests, indicators are measured against and reported on every 5 years in the Victorian State of the Forests Report. As recognised by the Draft Report on page 22, there are data gaps for over two thirds of the indicators for sustainable forest management.

Problems identified include:

Ecological information is poor for the majority of forest dependent species

- No data. Forest dependent indicator species need to be identified and habitat availability assessed to be able to report on this indicator in the future
- No data. Representative forest dependent indicator species need to be identified and monitoring programs developed to be able to report on this indicator in the future
- No data. More information on the distribution of invasive species and their impacts on forest dependent native species is required to report on this indicator in the future
- No data. There is currently no comprehensive information on the number of forest dependent species at risk from isolation, nor the impact of such isolation
- Victoria's capacity to report on sustainable forest management is limited by data/information availability and an inability to report long term trends for most indicators
- Increased data/information is required for forest health and biodiversity

This demonstrates that even against the government's own Charter, management in native forests, including logging, does not meet sustainability principles. It is an appalling situation and clearly demonstrates that the very purpose of the RFAs has failed.

Failure to provide job security (5.11)

TWS encourages this review to undertake an independent analysis of the RFAs' performance on delivering job security in a sustainable timber industry. Trends over the past years have shown that

In the Shire of Yarra Ranges, which covers a large section of the Central Highlands RFA region, only 220 jobs (less than 1% of jobs) are in the forestry, fishing and related industry. Taking out fishing from this industry, the number is much smaller. On signing the Central Highlands RFA, it was stated that sawmill activities could contribute nearly 1800 jobs in the region.

In East Gippsland, according to the RFA, in 1995 there were 555 direct jobs in the industry within the East Gippsland region. When signed, the media release from the Prime Minister and Victorian Premier stated that the RFA would create an additional 400 jobs. The story today is remarkably different.

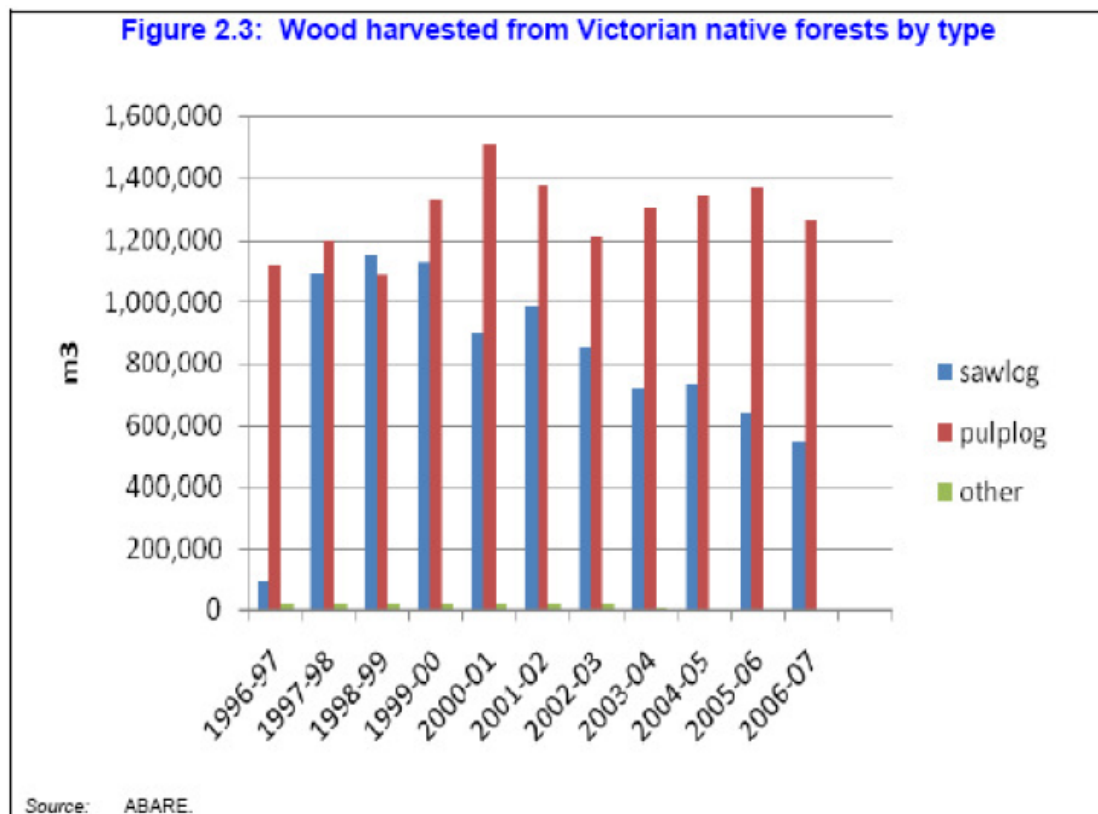
According to the East Gippsland Forest Inquiry Project (EGFIP), there are now only 268 direct jobs in the industry. If this is the case, then the RFA has utterly failed in its promise to deliver almost 1000 direct jobs in the industry. Meanwhile, woodchip levels continue from East Gippsland at historically high levels. See section below.

The number of jobs is not due to there being less resource cut. It is due to overcutting in the past, competition from substituted products, lack of value adding and the fact that the Victorian Government continues to subsidise pulpllog production from native forests to large paper and pulp companies.

Pulp log production and woodchipping

The most recent *Monitoring of Annual Harvesting Performance in Victoria's State Forests 2007-08* reveals that low grade log production continues at historically high levels. A total of 1,448,545 m³ of residual logs were produced, with 30% from salvage logging operations. The pressure to supply pulpllogs has been intensified in the last couple of years, with VicForests entering into new contracts with Australian Paper to supply pulpllogs from native forests. This is on top of existing arrangements for the supply of pulpllogs to SEFE and Midway.

The following graph shows the recent trends in sawlog and pulpllog production from Victoria's native forests.



The supply of pulpllogs to large customers drives the majority of logging in Victoria's forests. This continues to create enormous community conflict around the issue of native forest logging. The RFAs were implemented to de-politicise this issue, but have since lead to further entrenched conflict as woodchipping levels have escalated since their inception.

For the record, in late 2009, the Victorian Government released its latest Timber Industry Strategy. Despite being 58 pages long, the TIS document did not acknowledge the fact that the majority product – by both volume and sales - coming

from public native forests is pulplogs. The state government has a policy that native forest logging must be sawlog driven, but conveniently ignores this point.

Failure to deliver on Competition Principles (5.15)

Despite the fact that a small amount of wood is now delivered through auction systems, the Victorian RFAs have failed to deliver on competition principles.

This is demonstrated through the fact that royalties received by the Victorian government are now as low as \$2.50 per tonne. This was recently revealed by VicForests to the Victorian Parliament's Standing Committee on Finance and Public Administration³.

A 1983 report to the Minister for Economic Development from The Forests Advisory Committee, *A Review of Royalty Systems to price wood from Victorian Native Forests*, shows that pulplog royalties in 1981 were \$3.30 for hardwood pulplogs.

In other words, the Victorian government is returning less to the public for native forests than it did twenty eight years ago. Despite the Draft Report stating that competition principle milestones will be met, this is only in relation to 'taking into account' these 'competitive neutrality principles'. It certainly has not delivered on them. Again, a major failure of the RFAs.

There are several other points to be made on Competitive Neutrality issues. The Wilderness Society and the Australian Conservation Foundation has commissioned an economic study to address this particular issue in relation to native forest produce. We are happy to provide further input from this report which shows that were VicForests subject to proper competition principles and be responsible for returning a commercial risk free rate of return, it would potentially need to return hundreds of millions of dollars per year to Victorian tax payers.

Failure to protect endangered species (5.1, 5.8)

Today, there is intense community concern about the protection of native forest dependent species and their habitat. Serious data gaps already exist when measuring the success of forest dependent species against sustainability indicators. Areas of forest, such as the Armstrong catchment in the Central Highlands which is considered important to the endangered Leadbeater's possum, are being logged. This is particularly significant given that after the tragic 2009 fires, this catchment will place a crucial role in forming future habitat for the species. In the East Gippsland RFA, Environment East Gippsland (EEG), a local conservation organisation has been successful in getting a court injunction against VicForests for logging at Brown Mountain. This case was brought after EEG allegedly discovered endangered species requiring particular protection prescriptions that VicForests had not implemented prior to planned logging.

In April 2009, the Victorian Auditor General published an audit report into the Administration of the Flora and Fauna Guarantee Act 1988. This is the key piece of state legislation designed to protect endangered species in Victoria. The report was scathing of the implementation of the act. It found:

- The full range of ‘management processes’ and ‘conservation and control measures’ available in the Act has not been used
- The effort directed to list threatened species and processes has not been matched by effort to develop action statements, to monitor the implementation of actions, or assess their effectiveness
- The gap between listed items and items with action statements continues to widen
- The lack of baseline data and outcome or output performance measures means it is not possible to conclude whether the act has achieved its primary objectives. The available data, which is patchy, indicates that it has not

So whilst under 5.8 of the Draft Report, there have been a number of actions undertaken on

species, it is impossible to determine whether Victoria’s threatened and endangered species are being protected under the RFAs.

Inadequate Reserve System and impacts of fire (5.10)

The current reserve system in Victoria does not adequately protect high conservation values, including old growth forests, water catchments, carbon stocks and habitat for endangered species. The system lacks connectivity, one of the guiding principles of ecological reserve design, with many boundaries compromised by resource industry needs, not ecological necessity. The system of island like parks cannot meet the needs of many species, or enable the dispersal and re-establishment of wildlife following events associated with climate change. For example, the frequency and intensity of large fire events has been historically getting higher, and small, isolated pockets of mature forests that have been sanctuaries for species in the past may not be able to protect them in future fire events.

Especially in the face of climate change, a much more holistic approach to landscape values will need to be considered to ensure proper protection of the natural environment. The recent impacts of fire in a number of different RFA regions have not lead to an analysis of the protection of values in the informal reserve system to ensure those values are still protected. Instead, a review of East Gippsland Special Protection Zones is being undertaken. Some view this as only a politically motivated move, in light of the additional reserves that were recently added in East Gippsland.

Failure to address alternative values (5.9, 5.14)

Healthy old growth forests are crucial to the long-term, consistent supply of high quality water to cities, towns, farms and aquatic ecosystems. Water stored by, and slowly released by forests is of the highest quality and economic value. The clearfell logging of water catchments reduces both the quality and quantity of water coming from the catchment. The on-going logging in Victoria’s water catchments will have impacts upon water yields for well into the next century. Whilst the Victorian government continues to push ahead with a flawed *Water and Wood Project*, logging in water catchments continues. Especially in relation to the Central Highlands RFA, the Victorian government has not publicly released data on the value of water lost to future generations from today’s logging practices in water catchments.

The Draft Report refers to hydrological studies undertaken by the Victorian Government. These do not report on water quality and confirm that the value of future

water lost due to logging is enormous. The findings of this project have not yet been released.

A recent Australian publication from the Australian National University (ANU) has assessed research conducted in Australian and overseas over the past decade and has developed a new methodology for measuring the 'carbon carrying capacity' of Australia's forests and woodlands. The report, *Green Carbon - The role of natural forests in carbon storage (ANU E Press 2008⁴)*, shows that Victoria's forests are more carbon rich than previously estimated, and that they can make a far greater contribution to reducing greenhouse gas emissions and pulling carbon dioxide out of the atmosphere than previously thought.

A follow up scientific paper⁵, published in the Proceedings of the National Academy of Sciences, has further demonstrated that forests of the Central Highlands of Victoria contain the most carbon dense forests on earth known to science.

The RFAs do not adequately consider alternative values of logged forests, particularly carbon, water and biodiversity, nor the climate change impacts upon these values. It continues to look at native forests strictly through a resource lens.

Community conflict continues

Across the state of Victoria, community conflict continues where RFAs put resource extraction priorities above broader conservation values. Logging in the water catchments of the Central Highlands RFA region, old growth logging in the East Gippsland RFA region, unsustainable firewood extraction in the Western RFA region and salvage and inappropriate clearfell logging across multiple RFA regions are all leading to increased concern for environmental damage caused by logging practices. The region where community concern has been considered is in Western Victoria where the RFA has to a large extent been abandoned.

Conclusion

The lack of analysis by successive federal and state governments of data related to RFA goals seems to be a deliberate one. State and federal governments continue to give their unqualified support to remaining RFAs despite the facts showing their failure to deliver on their purpose. This seems to be a case of head-in-the-sand politics over the delivery of policy for the common good. Funding to aid logging continues to come from the public purse whilst funding for ecological projects including endangered species surveys and monitoring is scarce.

Overall, the 'meeting' of ongoing commitments, obligations and milestones as reported in the Draft Report is simplistic and does not actually address the content of the commitment nor the implications for forests in Victoria. For example, a sustainability indicator may have been reported upon (ie. No data), but this does not expand on detail to discuss the implications for which the indicator is being measured.

In our view, Victoria's Victorian Regional Forest Agreements have failed to delivery positive outcomes to the broader Victorian community and should be terminated.

¹Resource Assessment Commission Forest and Timber Inquiry final report 1992.

² Refer to Hansard, 5th October 2004

³ <http://www.parliament.vic.gov.au/council/SCFPA/reports/>

⁴ Mackey et al 2008. Green Carbon: the role of natural carbon in carbon storage; part 1 A green carbon account of Australia's south-eastern eucalypt forests and policy implications. ANU E. press. Canberra

⁵ Keith et al 2009. Re-evaluation of forest biomass carbon stocks and lessons from the world's most carbon dense forests. PNAS 2009.