

Australian Forest Growers

Opening statement to the Senate Rural Affairs Legislation Committee

Inquiry into the Exposure Draft and Explanatory Memorandum of the Illegal Logging and Prohibition Bill 2011

AFG would like to thank the committee for this opportunity.

As the national representative body for small scale private forest growers, both of plantation woodlots and managed native forest on private land, we will seek to confine our commentary today on the way in which we believe the proposed legislation and companion regulations will impact small scale private forest owners.

AFG supports action to ensure that timber entering the Australian marketplace is legally sourced. AFG regards the current compliance requirements on Australian growers under the existing domestic legislative framework prevailing in various jurisdictions within Australia as substantial and well implemented. As a demonstration of legality this should give confidence of the legality of the industry in Australia. AFG believes there should be no unnecessary additional cost burden applied to forest growers in Australia as a result of this policy framework.

The current bill presents some challenges as it requires a code of conduct and timber industry certifiers which will seem to apply a further layer of compliance costs to industry, which are ultimately born by the grower (as reduced returns) as they have no one left to pass costs onto.

For small growers compliance costs need constant vigilance, in the same way that forest management certification remains beyond the capacity of most small growers, we fear that the compliance requirements of a code of conduct may be equally expensive and difficult to comply with.

In the context of example costs, we seek to table an article from the Australian Forest Grower magazine, Spring 2010 edition, which indicates costs for full FSC certification of about \$20,000. Secondly an article from the summer 2005 edition of the same magazine refers to the cost of an audit under AFS, in 2005, of \$3,500.00.

Our principle purpose here today is to seek to ensure an equitable and cost efficient outcome can be found that allows small growers to continue to take part in the Australian forest and wood products market. We look forward to answering the committees questions.



Achieving FSC certification of private native forest harvesting

By Arthur Lyons

In July this year, a 6,500 hectare parcel of native forest on the Downie family property obtained full Forest Stewardship Council certification for native forest harvesting – a first for Australia.

The Downie family has owned the Lagoon of Islands property in Tasmania's Central Highlands since the 1860s. Today, Peter and Anne Downie manage the property for timber, fat lambs, fine wool and cattle. Timber production generates a third of the farm's income and when agricultural markets fall, the Downies seek to rely more on their timber enterprise.

Some 80% of the native forest on the property was ringbarked and burned for sheep grazing in about 1960. By the 1980s, the subsequent regeneration provided commercial opportunities and Peter began sustainably managing the forest for timber. The Downies harvest their forests on a 150 year rotation. High-intensity burning or chemicals are not used. After selective harvesting, the forests naturally regenerate. The Downies plan to selectively harvest a third of the trees every 25 years for use as flooring, furniture, plywood and woodchips.

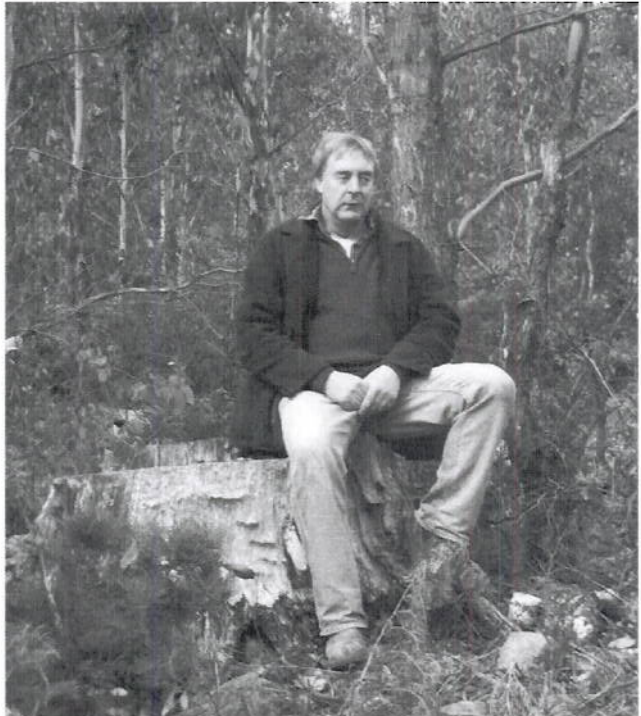
Peter had always sought to achieve a balance between production and conservation and his interest was further sparked by Canadian environmentalist David Suzuki, who on a television show about four years ago, said that well-managed native forests are the best form of forestry. Peter rang the Tasmanian Conservation Trust to enquire how he could balance profitable timber harvesting while protecting high conservation value native forests.

At that time Peter was also concerned his vision for his forests may be threatened in future by the long-running debate over forestry in Tasmania. As a result, the Downies decided to seek Forest Stewardship Council certification because FSC provided a way to continue forest harvesting for future generations, while averting increasing public opposition to forestry. They engaged environmental consultant, Rod Knight, to oversee the application process to obtain certification from the Forest Stewardship Council.

FSC requirements

Under their FSC certified forest management plan, about half the forests on the property, predominately *Eucalyptus delegatensis*, will be protected and the remainder selectively harvested and encouraged to naturally regenerate. It is worth noting that of all forest types in Tasmania, *E. delegatensis* forests are extensively researched and the various silvicultural management practices are well proven. This forest type has a propensity to be more readily and sustainably managed than many other forest types in Tasmania and could be said to be a forgiving forest.

Unlike most other certification schemes, FSC requires public consultation and is conditional on endorsement from environmental groups. The Downies opened their business plans and practices for the public and to groups traditionally seen as the forest manager's opponents. Field days were held as part of the consultation process.



Peter Downie believes FSC certification of his forest will help ensure he can keep on harvesting them.

Peter and Anne Downie are confident FSC certification will allow their children and their children's children to responsibly manage and use their forest resources and that FSC certification will not result in significant changes to the way the forests have been managed since the 1980s.

Peter believes he will get a better price for his timber because products with environmental credentials demand higher prices in domestic and international marketplaces. He has done a similar exercise with his wool and achieved a significant premium. Anne believes FSC-accredited timber will appeal to many people, including people building their first home, as environmental awareness is increasing and people are seeking green products. Peter also believes his protected forests have potential to earn income if sold as carbon offsets to companies around the world.

The direct cost to the Downies for full FSC certification was about \$20,000, which they consider an insurance policy. FSC certification has been endorsed by the Worldwide Fund for Nature, Australian Conservation Foundation, The Wilderness Society and the Tasmanian Conservation Trust. The Forest Industries Association of Tasmania acknowledged the Downies' achievement in obtaining FSC certification.

Peter and Anne Downie have shown, that in the case of Central Highlands type forests in Tasmania, individual private landholders can successfully gain independent forest management certification through working closely with conservation groups and the community. Until recently, many would have thought this not to have been possible.

Arthur Lyons, Tasmanian Branch.

A small grower's viewpoint of the Australian Forestry Standard



BY FRANCIS CLARKE

Veteran farm forester Francis Clarke of 'Pinebank', Tarago NSW, is the first small-scale grower to sign onto the AFG-backed Australian Forestry Standard (AFS) timber certification scheme. Here, in forthright terms, he gives his opinion on its pluses and pitfalls.

As a small – one might say a micro grower managing 400ha of very dry sclerophyll forest – I am proud to be the fourth organisation to certify under the Australian Forestry Standard, alongside industry heavyweights such as Gunns Ltd, Forestry Tasmania and West Australian Plantation Resources.

My reason in seeking AFS certification was not primarily to supply the market with certified product, but to obtain some moral advantage over the army of NSW bureaucrats who seem bent on tying up all private native forest in red tape, while the fuel factory builds for the next bushfire. With its 'centrally planned ecology', NSW is encountering problems in legislating for the centralised control of private native forests. Our political masters have yet to recognise that most owners are quite capable of managing their asset for both financial and ecological sustainability without a 'one size fits all' prescriptive code.

The AFS sets a higher benchmark than any legislation in that the owner has to meet all the legislated requirements, no matter how onerous, and also signs on to the concept of 'continuous improvement'. With its independent audit, the AFS system, provides considerably more rigour to forest management than 'what can I get away with' under a remotely administered code developed in the upper levels of some Sydney office tower.

AFG has been instrumental in setting up a standard template for small growers to self assess how their management plans meet the criteria required to certify under the Standard. When I first checked the list I marked myself about 70% compliant, but then my problems started! In exposing my draft management plan and control documents to various interested parties, I found that where one expert emphasised OH&S, another gave high priority to the environment, while a third was reasonably relaxed with my original draft and was content to tidy up the missing bits. While each made a worthwhile contribution, my documentation now resembles a telephone book written by a committee – the antithesis of the 'KISS' principle. Continuous improvement in this documentation will, I trust, lead to a more readable tome, although the original did consume plenty of pulp.

SIMPLIFYING THE PAPER TRAIL

I have a problem with a number of the criteria when applied to small areas of private freehold land. Excessive public consultation and involvement of indigenous groups is perhaps inappropriate for such enterprises. While essential in auditing a large organisation, the paper trail could perhaps be simplified for owner operators – formal minutes of meetings held between myself as manager and myself as the sole employee, would seem superfluous. Most contracts I enter into are verbal, between myself and my contractor, who is also a sole trader. I have now agreed to make extensive diary notes of discussions and arrangements to forestall future problems for the auditor.

The whole concept of 'control documents', which provide the audit trail, was an area of deep mystery to me when I started, but I guess all small business is gradually being brought into the net of OH&S written proof of compliance and certification generally. At any rate, the AFS Technical Committee plans to review the criteria in the light of experience gained by guinea pigs like me.

My major concern regarding AFS certification for small growers is that of cost: two days is a long time to spend in auditing a 400ha native forest with an MAI, including firewood, of around 3m³/yr. The m³ net area thinned was only seven hectares although I hope to increase to perhaps 30ha/yr in future.

The cost of the audit, after some negotiation, was over \$3,500 plus GST, and I received one quote of over \$12,000 for the first year. Cost is clearly the major barrier to participation by small growers. Group schemes, if the group is large and cohesive enough, may make certification for small growers more cost effective, but there are few, if any, small growers in my region with whom to combine.

All in all I found that writing a 45 page management plan, customising some 26 pages of control documents (which must be stored and archived permanently, both electronically and as hard copy), constituted a character building experience. I have, however, greatly improved my competency in forest management and trust that 'that friendly man from the ministry' will have trouble in corrupting my objectives.



Farm forester Francis Clarke with one of Pinebank's AFS-certified silvertop ash (Eucalyptus seiberi), which means he can claim to be growing timber sustainably.

NCSI – one of the new accredited auditors with AFS

NCSI International Pty Ltd (NCSI) assesses how well an organisation goes about its business, and whether its operations meet accepted international standards. NCSI is one of the new accredited independent auditors with the Australian Forestry Standard, and was responsible for assessing Francis Clarke's property 'Pinebank'.

Established in 1997, NCSI is a subsidiary of the National Association of Testing Authorities (NATA), Australia's national provider of laboratory accreditation and the world's first and largest association of accredited laboratories. NCSI's Business Manager Phil Crosby says Australia now has a robust basis for assessing how well forestry owners and managers conduct sustainable environmental management practices.

"Many of our clients operating in the forestry industry already have certification to the ISO 14001 Environmental Management Systems standard and this strongly underpins what is now offered by complying with AS 4708. When NCSI recognises forest managers for AFS

certification, the Australian community can feel confident that the wood and fibre being harvested is a truly renewable resource, and that associated biodiversity values are protected."

To date, NCSI has audited WA Plantation Resources, as well as 'Pinebank'. Two other state government agencies are soon to undergo their certification audits with NCSI.

"We are pleased to see a good level of response in the new standard coming from both large and small operators in the native timbers and plantation sectors," says Mr Crosby, "with a particular interest growing from the private forestry sector, where tighter legislation and greater environmental expectations are demanding improved forest management practices and controls."

NCSI's certification programs offer audit and certification to Standards for Quality Assurance, Environment, OH&S, Food Safety (HACCP), HR management and Disability Employment Services.

From the list of industry classes identified in Figure 1, and in the absence of knowledge of specific policy initiatives being considered, guidance was sought from DAFF on which of the business classes identified as being relevant to the wood products sector were likely to contain potentially affected small businesses.

From the schematic representation of the Australian forest products industry presented in Figure 1, the subset of industry classes potentially affected by illegal logging policy initiatives is shown in Figure 4.

Figure 4: Industry classes potentially affected by illegal logging policy options

Industry Class	Small businesses within this class - potentially affected or not affected?
0301 Forestry	Unlikely to be affected
0302 Logging	Unlikely to be affected
0303 Services to Forestry	Unlikely to be affected
2311 Log Sawmilling	Likely to be affected
2312 Wood Chipping	Likely to be affected
2313 Timber Resawing & Dressing	Likely to be affected
2321 Plywood & Veneer Manufacturing	Likely to be affected
2322 Fabricated Wood Manufacturing	Likely to be affected
2323 Wooden Structural Component Manuf.	Likely to be affected
2329 Wood Product Manufacturing n.e.c.	Unlikely to be affected
2331 Pulp Paper & Paperboard Manufacturing	Likely to be affected
2332 Solid Paperboard Container Manuf.	Likely to be affected
2333 Corrugated Paperboard Container Manuf.	Likely to be affected
2334 Paper Bag & Sack Manufacturing	Likely to be affected
2339 Paper Product Manufacturing n.e.c.	Unlikely to be affected
2411 Paper Stationery Manufacturing	Unlikely to be affected
2412 Printing	Unlikely to be affected
2413 Services to Printing	Unlikely to be affected
2421 Newspaper Printing or Publishing	Unlikely to be affected
2422 Other Periodical Publishing	Unlikely to be affected
2423 Book & Other Publishing	Unlikely to be affected
2549 Chemical Product Manufacturing n.e.c.	Unlikely to be affected
2921 Wooden Furniture & Upholstered Seat Manuf.	Likely to be affected
4111 House Construction	Unlikely to be affected
4112 Residential Building Construction n.e.c.	Unlikely to be affected
4242 Carpentry Services	Unlikely to be affected
4531 Timber Wholesaling	Likely to be affected
4732 Furniture Wholesaling	Unlikely to be affected
4794 Book & Magazine Wholesaling	Unlikely to be affected
4795 Paper Product Wholesaling	Likely to be affected
4799 Wholesaling n.e.c.	Unlikely to be affected
5210 Department Stores	Unlikely to be affected
5231 Furniture Retailing	Unlikely to be affected
5243 Newspaper Book & Stationery Retailing	Unlikely to be affected
6110 Road Freight Transport	Unlikely to be affected
6200 Rail Transport	Unlikely to be affected
6621 Stevedoring	Unlikely to be affected
6623 Port Operators	Unlikely to be affected