



Healesville Environment Watch Inc.

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HEALESVILLE ♦ CHUM CREEK ♦ YARRA GLEN ♦ BADGER CREEK ♦ DIXONS CREEK ♦ STEELS CREEK ♦ TARRAWARRA

ABN: 67 253 515 594 ♦ Reg. No: A0018935T ♦

<http://hewi.friends.melbournewater.com.au>



Attn: Christophe Brulliard,
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28th May 2010

Re: VicForests Review 2010

This submission is made on behalf of Healesville Environment Watch Inc., PO Box 444, Healesville, Vic 3777. HEWI is a non-government environment group representing the Ryrie Ward in the Shire of Yarra Ranges and surrounding areas on the edge of the forested Central Highlands. We contend that VicForests has failed in both the sustainable management and the commercial utilization of the State native forest timber resource. The current model of extractive use exceeds sustainable levels, is unprofitable and threatens the continued provision of employment and ecosystem services in the future.

Business Model and Operations

1. *Assess whether VicForests is achieving the outcomes that Government sought at its establishment including the creation of a more efficient, competitive and sustainable native forest logging industry.*

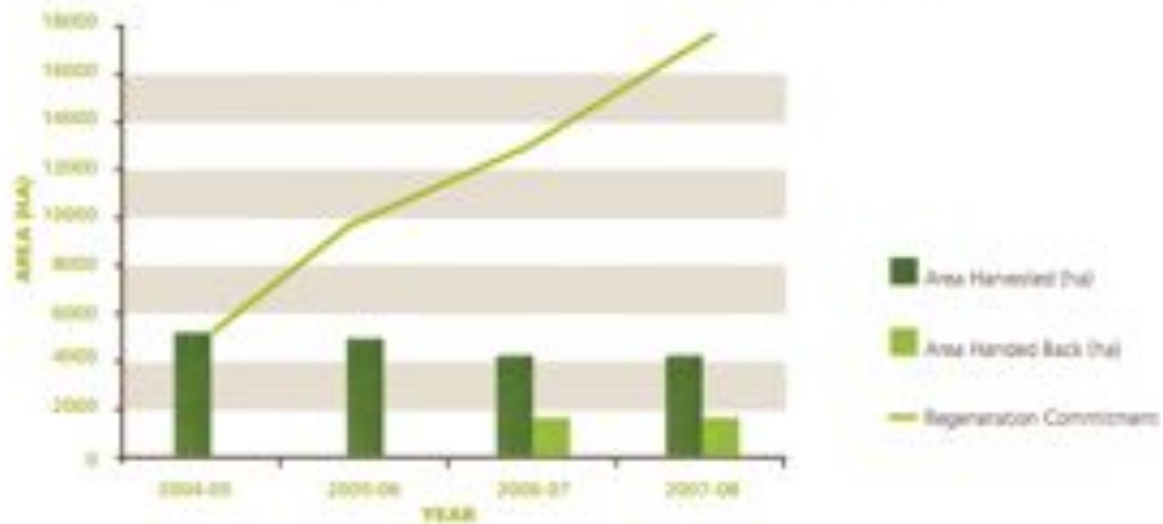
Sustainable native forest logging industry

According to the Sustainability Charter for Victoria's State Forests, the Victorian Government has recognised that the use of forests must be at a level that can be sustained without impairing the ability of the forest to regenerate and to continue to provide employment, products and services for future generations.

The industry, as currently conducted by VicForests, is ecologically unsustainable, in contravention of its own guiding principles. VicForests support its claims for sustainability by arguing that after logging, coupes are regenerated and returned to DSE as regrowth forest. VicForests' 2009 Sustainability Report confirms that the company is required to successfully regenerate all coupes. But the data show this is not happening. The report shows the areas of coupes handed back to DSE in 2006-07 and 2007-08 was less than half of the area harvested in the same years. Nothing was handed back in 2004-05 or 2005-06. The result is that VicForests is steadily falling further behind and is now at least eight years in arrears (at the present rate) on its Regeneration Commitment.

A cumulative 89% backlog in coupe regeneration was reported in the DSE's most recent Monitoring Annual Harvesting Performance report, which noted, "There is no current funding available to assist with completing regeneration activities associated with backlog regeneration."

VICFORESTS' REGENERATION COMMITMENT



Source: VicForests Sustainability Report 2009

Mature trees with established root systems and accumulated internal storage of food and water are resilient to climatic variability and change. A forest is most susceptible during the regeneration phase after disturbance, such as logging. In a rapidly changing climate with projected warmer, drier conditions, post-logging regeneration will become more difficult and the failure rate will inevitably increase. Unless successful regeneration is conducted at the same or greater rate as the forest is being logged, claims that forestry is sustainable have no validity. Both the DSE and VicForests have documented insufficient resources and funding capacity to regenerate and hand-back logged coupes.

2. *Examine VicForests' business model particularly VicForests' capacity to balance the delivery of annual dividends to the State with the maximisation of long term economic returns to Victoria, within the context of Victorian Government policies relating to sustainable forest management.*

Dividend

In 2009 no dividend was paid (2008: \$nil) – Source: VicForests Annual Report 2009, p33.

3. *Assess whether VicForests is operating efficiently, effectively, transparently and profitably in line with VicForests' commercial remit.*

Efficiency and profitability

A stated purpose of VicForests is to generate the best community value from the commercial management of the state forests. Yet, according to VicForests' figures, the vast bulk (around 70%) of product from our logged forests under VicForests management is low-value pulp-log. When further waste and low-value product resulting from processing saw-log is accounted for it is reported that the proportion of high value timber is around 12%. This does not represent "best community value" compared to the excessive price paid, enormous tracts of clear-felled forest.

VicForests is failing to operate efficiently, effectively and profitably. It's cumulative financial result to 2009 is a loss of \$2.4m, in spite of not being required to pay dividends to the Victorian government in recent years. If the State were being paid dividends to compensate Victorians for the extraction of our forest assets VicForests' financial losses would be tens of millions of dollars.

Transparency

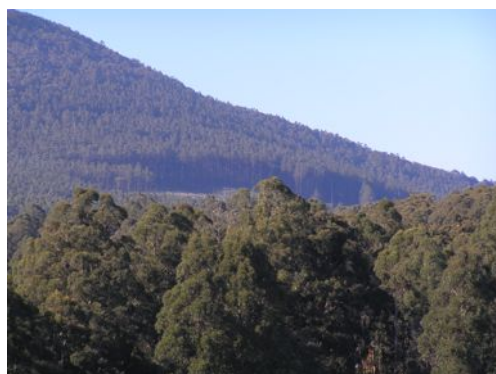
VicForests is failing to operate commercial harvesting and sale of timber in a framework of openness and transparency. Applications for TRP amendments are not widely publicised. In

particular a number of amendments were rapidly processed in 2009 following the Black Saturday fires. The community was totally consumed by the aftermath of the fires and unaware of these amendments, which were approved and gazetted in August. Logging of the coupes, including in fire-affected areas, is now proceeding with gross insensitivity, to the great distress of local residents. After the fires, announcements were made that 'green' coupe logging would be suspended to focus on urgent salvage logging. Yet, while the forests were still closed to the public for safety reasons, unburnt coupes were still being logged, such as coupe 297-838-0001 near Toolangi, which was clear-felled within weeks of the fires.



Even in normal circumstances very few people are aware of TRP amendment advertisements placed in selected local papers. The maps available on the VicForests website contain incomplete information. In particular the maps showing coupe additions do not show the existing or recently logged coupes, giving a misleading impression of isolated coupes surrounded by untouched forests. Nor do the maps provided show all proposed new coupes as indicated in the *Schedule of Coupes*.

A recent letter written by VicForests to a local resident in response to an objection to a TRP amendment says that, "The current amendment process has lead to a misunderstanding between the community and VicForests". This does not sound like a transparent process. The same letter misrepresents the Code of Forest Practice for Timber Production (2007) and claims that "VicForests will design the harvest area appropriately, with due consideration to visual amenity as seen from the Toolangi township." This is simply not true, as is apparent in this photograph of coupe 297-847-0010 taken from a Toolangi garden.



There is no effective community consultation, release of complete and accurate information or real openness and transparency.

Assessment of stakeholder relationships

7. *Examine and assess the interaction between VicForests: and Government; industry; and other stakeholders.*

Interaction regarding logging in catchments

Early in the history of Melbourne the value of the Central Highlands forests as water catchments was recognized. To protect Melbourne's water supplies several catchments in the Upper Yarra Valley were closed and protected and only limited logging is now permitted within them. However other parts of the Central Highlands are equally important as catchments for rivers that flow north and west to the Goulburn, such as the Steavenson, Murrindindi and Yea (see photographs) and many of these lack similar protection. Major disturbances of forested catchments, such as fires and logging, reduce both quality and quantity of water production. These effects last many decades. The effects of the 2009 fires must be fully assessed, together with the projected reduction in inflows due to climate change.



When challenged on these issues VicForests and the DSE typically provide standardized responses that do not elucidate specific issues but instead use meaningless stock phrases such as “forest management must achieve a balance”.

Excessive logging hindering community recovery after Black Saturday

HEWI is gravely concerned that the current level of extractive use of our forests in key areas far exceeds a sustainable limit. In particular, areas that were so devastated by the Black Saturday and subsequent fires last year and have since been intensively “salvage logged” are now being considered as locations for further coupes. Examination of maps provided by VicForests which combine the proposed new amendments with existing coupes and coupes logged in the past decade shows much greater local concentrations of activity than the “less than 1%” frequently claimed by proponents of the industry. For instance, around Toolangi it is apparent the current and proposed coupes cover 20 - 30% of the available unburned forest area and close to Marysville this appears to be as high as 40 – 50%!

These are communities that will depend on the natural beauty of nearby forests, easily accessed by Melbourne visitors, to support economic recovery from the fires through nature-based tourism. Yet the activities of VicForests are discouraging visitors. Large swathes of public forest are closed to visitors as Public Safety Zones, currently including sections of the Bicentennial National Trail, an internationally renowned tourist attraction. The visual amenity of the area is being diminished as coupes are visible from main roads, tourist routes and from great distances. It is already being reported that people are reluctant to drive through the Black Spur between Healesville and Narbethong because they feel unsettled and even endangered by the constant stream of log trucks. Some visitors to Healesville have declared they will not return because the pleasure of their visit has been spoiled by the constant rumble of log trucks through the town.



In a recent letter VicForests seeks to reassure a local resident that, “All cartage from active coupes within the Myers Creek and Monda Track vicinity will be through Toolangi (via the Healesville Kinglake Road).” That is no comfort to the residents of Toolangi or the pupils of Toolangi Primary School past which all these trucks will be routed.

8. *Identify opportunities for enhancing VicForests' stakeholder engagement with industry, Government Departments and other stakeholders, in line with VicForests' commercial remit.*

Opportunity to enhance stakeholder engagement by promoting and protecting forests as carbon sinks and stores to mitigate dangerous climate change

Forests play an important role in regulating the level of carbon dioxide in the atmosphere. Temperate forests with low rates of decay sequester large quantities of carbon and research has shown that the Mountain Ash forests of Victoria's Central Highlands are amongst the most carbon dense in the world. When these forests are logged and converted mostly to low-value products most of the carbon is released back into the atmosphere. Carbon continues to be released as the exposed forest floor dries out and is exposed. Commercially managed forests contain 40 – 60% less carbon than natural, undisturbed forests. Despite unsupported assertions to the contrary, extractive forestry is not carbon positive. Research has also shown that logging in wet forests has the potential to increase their susceptibility to fires, which put communities at risk and release more carbon. As state, federal and international governments accept the urgent need for effective action to mitigate climate change, it is likely a price will be placed on carbon. This will mean that living, standing forests will be much more valuable to the community than those converted to woodchips for the short-term profit of a few. VicForests has the opportunity to communicate to stakeholders the potential value of standing forests as future carbon sinks and stores. HEWI asks, "Which use will generate the best community value, both in dollar terms and in protecting communities from climate change?"

Environmental performance

9. *Assess VicForests' environmental performance relating to forest management and compliance with regulation (relating to resource use and the environment) and examine opportunities for improvement.*

Compliance issues

The VicForests Sustainability Report 2009 documents percentage of compliance. This reveals that oil spills have occurred within coupes (6%), trees have been felled into excluded areas (6%) and drums, rubbish, waste or litter have accumulated in coupes or been burnt or dumped within state forest (6%). This are unacceptable levels of non-compliance and there have been no penalties or sanctions applied. In fact it has been asked what would be the point in imposing fines when VicForests is already operating unprofitably and has no capacity to pay?

Securing Our Natural Future

In its White Paper for Land and Biodiversity at a Time of Climate Change, the Victorian government recognises that healthy ecosystems are vital. The Central Highlands are designated a flagship area. The primary objective for the management of flagship areas is the protection and enhancement of the natural assets within them, focusing on the ecosystem services they provide. This is clearly incompatible with current native forest logging as practiced by VicForests in which natural assets will either be 'harvested' or destroyed and ecosystem services undermined.

Yours sincerely,



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