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**FSC and the battle over Victoria's forests**

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By Chris Taylor

**17 March** – The Forest Stewardship Council is becoming wedged in the middle of a battle between environmentalists and Australia's largest paper manufacturer.

The Wilderness Society launched its campaign in February against Australian Paper, calling for consumers not to purchase Reflex Office Paper, the company's flagship product, on the basis that its wood fibre is sourced from environmentally destructive logging practices.



But there is a problem... Reflex Office Paper carries the label of the FSC – the mark of responsible forestry. This can present confusion to the market because many environmental organisations support the FSC. This report looks into the anatomy of a problem that could threaten the credibility that FSC has so far enjoyed in Australia.

The FSC was established in the early 1990s as a tool to promote good forest management practice. Its genesis was the result of environmentalists, wood workers, retailers, foresters, indigenous peoples, timber companies and their workers collaborating to form a global set of principles and criteria defining 'responsible forest management'. Products sourced from forests certified to these principles and criteria are permitted to carry the label of the FSC, which consist of three labels: 'FSC Pure', 'FSC Mix' and 'FSC Recycled'.

Reflex Office Paper features the 'FSC Mix' label (formally FSC Mixed Sources), which permits the company to mix wood sourced from FSC certified forests with wood sourced from non-FSC certified forests into a labelled product. The non-FSC certified source must be verified as 'controlled' in the company's FSC Chain of Custody.

This verification involves another FSC standard, referred as the 'FSC Standard for company evaluation of FSC controlled wood'. It requires the company to determine the risk of material being from unacceptable sources, which are designated under the following exclusion categories:

- Illegally harvested wood;
- Wood harvested in violation of traditional and civil rights;
- Wood harvested in forests where high conservation values are threatened by management activities;
- Wood harvested in forests being converted to plantations or non- forest use;
- Wood from forests in which genetically modified trees are planted.

There are two 'risk' determinations: 1) low risk and 2) unspecified risk. The determination of low risk permits a non-FSC certified source to be included in a product with the FSC Mix label (but not be labelled as FSC). Where the risk is in doubt, the source is to be determined as 'unspecified risk'.

It is the risk assessment that Australian Paper assigned to its non-FSC certified source, VicForests, which is disputed by environmental stakeholders. VicForests is the state owned enterprise that logs Victoria's public native forests and sells its logs to the market on behalf of the Victorian Government.

In 2006, Australian Paper determined VicForests sourced fibre to be a 'low risk' under all of the exclusion categories. This has allowed the inclusion of wood sourced from VicForests into FSC labelled products, such as Reflex Office Paper. It drew immediate contest, with many stakeholders challenging the low risk determination of VicForests' logging operations threatening High Conservation Value Forests in Victoria.

Australian Paper claimed that VicForests were compliant to federal and state legislation, codes of practice and government auditing, which were seen by the company to constitute a strong system of protecting High Conservation Value forests. However, many stakeholders strongly contested this assertion, arguing that legislation and codes of practice do not adequately protect High Conservation Value throughout Victoria's forests.

Indeed, FSC Australia's risk assessment framework makes it clear that government compliance is not an adequate basis for a 'low risk' determination in Australia. Several leading scientists have published their concerns of logging practices in Victoria in reports and journals, detailing the resulting short and long-term negative impacts of current logging methods on forest ecology, change in forest structure and composition, reduction in the number of forest dependent species, threats to sites of biological significance, elevation of fire risk and negative impacts on watershed quality and quantity.



Amongst others, these concerns were taken to representatives from Australian Paper as part of a formal complaints process. FSC Australia became involved, where it organised round table meetings to discuss the issues. In July 2007, members of FSC Australia met with the policy manager for FSC Controlled Wood and the Asia Pacific manager of the Rainforest Alliance, the auditors of Australian Paper's FSC Chain of Custody certificate.

The Rainforest Alliance defended Australian Paper's low risk determination of VicForests. They were satisfied that legislation and codes of practice were evidence of a strong system of protection for high conservation values. However, this did not satisfy the FSC Australia membership. In response, it was proposed an Australian FSC controlled wood risk assessment team would be established to assess, review and determine the tools for companies and auditors to assess the level of risk of wood from sources that fall within the five exclusion categories.

This Australian FSC Team comprised a working party of experts, which were selected by the board representatives of the environment, social and economic chambers of FSC Australia. The team later published its draft report and findings, identifying logging as an 'unspecified' risk to high conservation value forests throughout Australia. It also identified an 'unspecified' risk with regard to the conversion of forests to non-forest use in Tasmania and the Northern Territory.

These findings were accepted by FSC Australia. Where a national initiative, such as FSC Australia, deems a region "unspecified risk", a company sourcing from that region and seeking to include that source into a FSC Mix labelled product must consult stakeholders on potential threats to high conservation value forests in that region. Low risk for that region cannot be determined if there is substantial objection from relevant national/regional stakeholders against a 'low risk' designation for the HCVF category.

This had an immediate impact for forestry in Tasmania, where a number of paper manufacturers undertaking FSC chain of custody certification in Japan had declared wood chips from Tasmanian timber company Gunns Limited as 'low risk' in all of the FSC controlled wood categories.

It drew an immediate reaction from environmental groups, FSC Japan and a certification body, where they issued complaints to Accreditation Services International which is responsible for accrediting the FSC certification bodies. ASI found non-conformance based on that SGS Qualifor (the certification body of the paper manufacturers) did not adequately evaluate and approve the risk assessment and field verification of Gunns Limited as required in the FSC Controlled Wood Standard.

In response, SGS Qualifor and SGS Japan corrected the non-conformance, requesting that its clients stop the use of woodchips from Gunns Limited as controlled input to FSC products until proper stakeholder engagement and risk determination had taken place. It issued corrective action requests to its clients.

Mitsubishi Paper Manufacturers was the first Japanese company to address the non-conformance. With regard to HCVF it reached an agreement with Gunns to exclude woodchip from areas nominated by environment groups as potentially containing high conservation values.

Other Japanese companies seeking FSC chain of custody certification adopted this approach. As a result, their respective certification bodies accepted their low risk determinations. This process contributed to the recent Tasmania forest talks between industry and environment stakeholders. Participating parties encouraged Forestry Tasmania to obtain FSC controlled wood status, followed by full FSC forest management certification. They are awaiting response.

However, progress in Victoria stalled. In October 2009, Australian Paper invited stakeholders to participate in their risk assessment of VicForests. Several FSC members and other stakeholder's registered their interest. Many of them received no response from the company prior to an announcement by the company that its audit had been completed. It continued the low risk determination VicForests in all of the FSC Controlled categories, including threats to high conservation values. The Rainforest Alliance approved this determination and the status quo was maintained. Neither did the company or its auditor advise the FSC Australia Board, its members or many of the stakeholders that had registered their interest of the audit of the determination.

Upon receiving further complaints, the Rainforest Alliance defended its approval. This drew an angry response from many members of the FSC Australia Board. In an unprecedented move they issued a complaint to ASI, arguing that the Rainforest Alliance had not requested that its client carry out an adequate stakeholder consultation process as required in the FSC controlled wood standard. Furthermore, there was sustained and substantial objection from stakeholders against VicForests' 'low risk' designation for the HCVF category.

Another audit of Australian Paper's risk assessment took place in November, with ASI observing Rainforest Alliance for any potential non-conformance. Since then Australian Paper has continued to support the logging practices of VicForests.

No public statement has been made on the outcome of this audit process as yet but in the meantime environmental stakeholders have continued to turn up the heat on Australian Paper. Expectations are high that the outcome of the audit will have to be either a substantial change in sourcing strategies for Australian Paper or the suspension of their certificate.

With substantive scientific evidence being offered by environmentalists and a weak rhetorical defence by the company an outcome that allowed continuation of the status quo would undermine FSC's credibility with environmental stakeholders. For the company, it needs to choose between offering a quality, environmentally credible product and a product that simply competes with the worst performers.