

DIRECTIONS PAPER

DELIVERING SUSTAINABLE FOREST MANAGEMENT

A better future for the Community, Jobs and the Environment

The purpose of this directions paper is to provide an update on the development and implementation of initiatives designed to ensure the sustainable management of our forests in Victoria.

Several substantial reforms have already been delivered. The level of harvesting in State Forests has been reduced by 30 percent and there is now a better match between sustainable forest management and commercial requirements. Further major change is contemplated to the way we manage our forests and your feedback is welcome. This directions paper highlights areas where the directions for further reform are now clear.

State Forests play a multiplicity of roles for Victorian communities, ranging from protecting biodiversity and water catchments, to providing jobs in timber and non-timber resources and eco-tourism, through to providing opportunities for recreation, camping or quiet enjoyment.

Around one third of Victoria is public land. Of this, about half is State Forest with a similar amount in our National Parks and reserves system. Eighty percent of the forest is used by the community for purposes other than commercial timber harvesting. The other twenty percent is used to supply timber for things such as furniture, flooring and building products. Only about one percent of this area is harvested each year. It is then replanted.

State Forests belong to the whole Victorian community, and our reforms are directed to ensuring they are also protected for future generations.

Our Forests Our Future

Last year, the Government released *Our Forests Our Future*, a landmark policy statement about the management of our forests. It was based on a commitment to sustainability as the foundation for managing the multiple roles our forests play in maintaining our natural heritage, biodiversity, health, well-being and economic prosperity.

Our Forests Our Future followed independent reviews, including:

- a comprehensive and independent review of the data and methodologies used by past Governments to determine the volumes of hardwood timber to be made available for harvesting in State Forests
- a review of options for allocating the available hardwood timber resource to the timber industry.

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These reviews revealed that the level of timber harvesting in Victorian forests had been unsustainable, putting at risk the long term future of our forests and the towns and communities depending on them for their prosperity.

The Bracks Government took decisive action to save the hardwood industry and give it a long term, sustainable future by reducing sawlog harvesting levels in State Forests by over 30 per cent. We promised to buy back timber licences on a voluntary surrender basis, assist affected timber workers, contractors and communities, whilst at the same time radically overhauling forest management.

A Joint Ministerial Task Force was established to assist and support affected regional communities to generate local jobs. An Industry Transition Task Force was also established, bringing the industry and Government together to work through key issues, including the criteria for business exit and worker assistance packages, and to have input into the restructuring of the harvesting and haulage sector.

Improved forest stewardship was a key component of *Our Forests Our Future*. Elements included independent reviews of harvesting rates and improving forest resource information.

The Government also committed to work in an open, consultative manner with forest interest groups, including information sharing and developing options for community participation in forest management.

Delivering on the promises

Much has been achieved since the release of *Our Forests Our Future*, with the Government spending significant dollars on industry transition programs and improved forest stewardship programs.

The Government has committed \$76.9 million to:

a. the highly successful voluntary buyback of timber licences, with companies volunteering to surrender licences where timber harvesting rates were unsustainable. Since late 2002 the rights to take over 260,000 cubic metres of logs per annum have been bought back. These reductions have been achieved well ahead of schedule.

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b. following these voluntary licence surrenders, 28 mills have closed in an orderly manner with Government assistance. Worker and business exit packages have included the Worker Assistance Program, the Collaborative Innovation Program and the Contractor Exit Assistance Program.

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The Government has also committed \$12 million over 3 years for improved forest stewardship initiatives such as:

c. acceleration of the Statewide Forest Resource Inventory and of the resource modelling program have occurred to provide a sound basis for forecasting sustainable timber supplies

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d. a rigorous system to monitor and report on annual timber harvesting performance is being developed with a feedback link to future estimates of sawlog resource

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e. the Wombat Community Forest Management trial is being progressed

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f. the EPA has taken on responsibility for conducting independent audits of timber harvesting operations in public native forests

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g. preparing Victoria's first State of the Forests Report, to be released later in 2003

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h. an Environmental Management System (a cyclical system of planning and policy development, implementation, monitoring and review) is being developed to ensure a constant striving for continuous improvement in the delivery of sustainable forest management.

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The Government has funded initiatives to support regional communities, such as the Timber Towns Support Program and the Timber Towns Investment Support Program. The first program is providing funding of \$8.74 million for 35 projects across 10 shires. The second program is expected to facilitate \$71.8 million of investment over 32 regional businesses to stimulate growth and jobs in affected towns.

Additional Government commitments in the November 2002 *Forests and National Parks* policy include a further reduction of timber harvesting levels in the Otways (at a cost of \$14 million) and the Wombat Forest. They will deliver a new Otways National Park and the end of woodchipping in the Wombat Forest.

The Government continues to drive further industry reform, having allocated \$9 million over 4 years for a Plantation Incentive Strategy, recognising the potential for jobs and growth in regional Victoria from this sector.

THE VISION FOR SUSTAINABLE MANAGEMENT OF STATE FORESTS

It is important to recognise that State Forests exist within the broader landscape. The Department of Sustainability and Environment (DSE) was created by the Government to support its drive for a sustainable future for all Victorians within their natural and built environments and across urban, regional and rural landscapes.

As the major custodian of Victoria's public land estate, DSE is committed to leading the management, protection and care of the State's natural and heritage assets, bio-diversity and ecological processes and to developing environmental and sustainability policy, based on sound evidence.

As part of this commitment, a basic standard of stewardship and sustainable management will be established in consultation with the community across all public land. This will underpin the specific provisions under legislation for national parks, forests and other reserved and unreserved Crown land.

The Government's vision for ensuring a sustainable future for our State Forests includes:

a. recognising and protecting the multiple and important values of our forests including conservation and biodiversity, cultural heritage, tourism and recreation, water, carbon sequestration, grazing, apiculture, firewood and timber production

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b. ensuring that all uses of our forests are ecologically sustainable

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• Acknowledging that the optimal harvesting rate for forests must deliver the greatest benefit to stakeholders including such issues as modified silviculture to improve water yields

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• providing the right settings for a range of jobs and investment compatible with protecting our precious natural environment

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• embracing community participation in decision making and allowing access for a broad range of community purposes

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• enshrining transparency and accountability within a legislative framework

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• protecting forest ecosystems from wildfire, disease, pests and weeds.

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In pursuing forestry reform, the Government is committed to ensuring that forest areas are managed for their best and highest value use. It is not sufficient to perpetuate unproductive practices of the past or to subsidise inefficient players or processes. Part of this reform will include a break from the current system which places all risk on delivering specified timber volumes on Government.

The Government's new framework for sustainable forest management includes a commitment to a sustainable native timber industry.

Sustainability principles will be developed in consultation with the community to form the basis for the future planning and development of the industry.

The starting point for the development of these principles will be those adopted in the 1992 National Forest Policy Statement agreed by Australian Governments. They are:

• maintaining the ecological processes within forests

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• maintaining the biological diversity of forests and

• optimising the full range of environmental, economic and social benefits to the community from all uses of forests within ecological constraints.

These principles will be further refined and processes adopted to ensure that our forests are managed sustainably and that timber harvesting and other operations are conducted within these sustainability parameters.

The key issues which we are now tackling to advance our vision for sustainable forest management include the following:

Establishing sustainability criteria and measurements

The aim of sustainable forest management is to maintain forest ecosystem integrity through time, while providing for products and services that the community requires.

The *Forests Act 1958* relies on “sustainable yield” as a key measure of sustainable forest management. Following *Our Forests, Our Future*, we now have the most reliable estimates of “biological sustainable” yield and of timber resource availability that we have ever had in Victoria. However, these estimates continue to be refined through the Statewide Forest Resource Inventory, due for completion in 2004 for the eastern Victorian forests.

What is now required is to move beyond the notion of sawlog production as the exclusive measure of sustainable forest management.

An international set of criteria and indicators has been established through the Montreal Process Framework ([see attached Appendix “A”](#)). These will form the basis of measuring and reporting on sustainable forest management.

Codes of Practice

Two existing Codes of Practice, covering Timber Production and Fire Management on Public Land, are important instruments in forest management.

Codes of Practice set out practical procedures and standards for undertaking specified activities. Further codes may prove useful under the proposed new forest management arrangements.

[A review of the Code of Forest Practices will shortly be commenced, and will be undertaken collaboratively by DSE Flora & Fauna Section and the Environment Protection Agency \(EPA\) and involve independent ecological experts and public consultation.](#)

Community consultation and participation

Our Forests Our Future promised transparent and participative planning processes and greater community engagement. The new forest management arrangements will specify the public consultation [requirements processes](#) for [preparing](#) a range of plans, [development of further](#) codes, [provision of details of operational coupes, and participation by stakeholders in pre-logging surveys to be conducted by ecologists](#), etc.

Community Forest Management models are currently being examined, with a trial being established in the Wombat State Forest.

Monitoring and compliance

A stronger monitoring and compliance regime is required. Monitoring of annual harvesting rates, for instance, will be important for sustainable forest management. [In determining the sustainable yield stakeholders will be invited to contribute on a panel for determining the 'optimal harvesting rate that delivers the greatest benefit to stakeholders' \(Expert Data Reference Group 2002, Recommendation 16\).](#)

Matters included in a compliance and enforcement regime would include, for example, strengthened provisions for the orderly conduct of commercial forest operations, compliance with licence conditions and safety in forest operations.

Workers Safety

[There is a need to ensure harvesting regimes and working conditions within coupes provide safety for workers. A ~~independent~~ public inquiry will be held to determine the best way of protecting workers' safety without unreasonably diminishing the public's right of access to State Forests. Such an inquiry will take into account financial and public costs of creating and enforcing 'safe working zones' and alternative means of protecting workers' safety.](#)

Independent auditing of forest operations

The EPA is responsible for the independent auditing of compliance with the Code of Forest Practices for Timber Production in State Forests.

Compliance with all relevant Codes should be a condition of any lease, licence or permit to use State Forest. One of the conditions for using State forest could be the lodging of a bond, such as a rehabilitation bond. There will be a requirement to monitor compliance with codes and provide reports to the Minister.

[Mechanisms will be established for investigation of breaches of the Code of Forest Practice reported by members of the public.](#) ~~investigated~~

THE VISION FOR THE TIMBER INDUSTRY

The Government is committed to the continuing development of a sustainable, commercially viable and independent timber industry.

For those areas of State Forest to be allocated for timber harvesting, the Government’s objectives are to:

- a. allocate timber resources responsibly
- act as a catalyst for an innovative, efficient and profitable industry
- ensure opportunities for community input into forest operations, including silvicultural regimes and maintenance of forest ecosystems.

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Allocating timber resources responsibly

Over eighty percent of the State Forest will remain unavailable for timber harvesting. These areas have been determined in accordance with a range of planning and management processes, which have been developed with community input (recommendations of the Victorian Environmental Assessment Council and its predecessors, the Regional Forest Agreement processes, Forest Management Plans and the Code of Forest Practices for Timber Production).

The industry will be based on timber sourced at a sustainable level from nominated areas of State Forests and from plantations on private land. Eastern Victoria will be the principal source of commercially harvested State Forest timber. Plantations will provide long term growth potential for future timber resources across the State.

As part of forming a new vision for forest management, the following issues will be considered through a public consultation process to take place over the next 12 months:

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The primary purpose of State Forest timber harvesting will be sawlog production, recognising also that resource efficiency considerations should permit the full utilisation of residual logs, thinnings and sawmill residues for other purposes, such as paper production. **

The process for allocating timber production areas and the returns to the community will be inclusive, transparent and will reflect a broader assessment of all forest uses and values. The returns to the community from timber harvesting will reflect the costs to the State of making the

resource available and a return to Government reflecting the value of the resource.

Catalysing an innovative, efficient and profitable industry

A sawlog based industry will continue to provide jobs and investment in Victoria, and should comprise participants with the capacity to:

- develop to the scale required to support vital re-investments
- meet contemporary standards for environmental and occupational health and safety performance
- meet contemporary standards for economic and business performance
- increase the proportion of logs processed further than the green sawing stage
- support reforms to make the harvest and haulage sector cost competitive and a viable part of the supply chain.

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The key issues which we are now tackling to advance our vision for the timber industry include the following:

Allocating State Forest land for timber harvesting

Victoria has a range of planning arrangements for identifying and managing specific areas of State Forest according to the particular area-specific values which need protection or management. At the strategic land use planning stage, the processes of the Victorian Environmental Assessment Council and its predecessor organisations have played a key role in determining what public land will be in State Forests and in the National Parks and reserves system. The Regional Forest Agreement processes have also defined a set of reserves (for example, for conservation protection) as well as identifying areas available for timber harvesting. Forest Management Plans and the Code of Forest Practices for Timber Production provide further parameters and prescriptions.

All of these processes will continue to be used to determine areas available for timber production, as well as a new emphasis on facilitating ongoing community input to forest management planning through a public appeals system systems of review-

A matter currently being considered by the Government is to specify these areas ~~will be specified~~ in Timber Resource Plans, which would allocate areas using all available ecological, social and timber resource forest data, and would provide the basis of the right to be granted by DSE to VicForests. ~~***~~They would have a 15-20 year timeframe and five yearly public reviews according to rules to support the long term sustainability of the industry and the resource. ~~The existing Regional Forest Agreements could be the starting point of the Timber Resource Plans.~~

This option represent a transference of responsibility for management of logging areas by DSE.

Alternatively, DSE will maintain physical control of the timber resource areas and responsibility for management and harvesting of timber in these areas. VicForests will be responsible for marketing to the timber.

Defining management responsibilities in areas allocated for timber harvesting

~~The Government in Victoria has been both the environmental regulator and a supplier of native forest timber. Our Forests Our Future promised the establishment of VicForests, to be an independent, commercial entity dedicated to managing timber harvesting operations in an open, efficient, competitive and accountable manner.~~

VicForests will be established as a State Business Corporation under the *State Owned Enterprises Act* (the Act) to manage the commercial sale of timber. The functions of VicForests will include:

- a. ~~undertaking, as agents for DSE,~~ the ~~management and~~ sale of timber, as agreed by the Treasurer and the Minister for Agriculture;
- b. ~~developing and managing an open competitive sales system for timber.~~

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It is proposed that:

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DSE will retain responsibility for policy, regulatory, and monitoring and enforcement functions as they relate to State forests. In addition, DSE will remain responsible for managing State forests sustainably, for the entire range of forest uses and values. This includes fire, pest and weed management.

VicForests will be required to recover the costs of harvesting timber, including roading costs for harvesting activities from customers.

DSE will develop economic, ecological and social sustainability principles. ~~These will be an important tool in guiding~~ VicForests will be required through the legislative framework to adhere to specific rules that detail the application of these principles when scheduling areas of timber to be offered for sale and when regulating the operations of commercial timber harvesters.

The creation of VicForests and the Government's forest policy will lead to a new alignment of Ministerial and Departmental responsibilities, which will be:

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• **Minister for Environment/DSE** - responsible for overall forest stewardship, managing State forests sustainably for the range of forest uses and values, environmental regulation, allocation of timber production areas to VicForests, and land management functions. This would include fire, pest and weed management. It would also include managing the timber in timber production areas from regeneration until coupes are scheduled for harvesting.

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• **Treasurer/Department of Treasury and Finance** - responsible for the establishment of VicForests, its commercial governance frameworks and capital structure, and ensuring sound commercial operations and an appropriate rate of return by VicForests to the State.

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• **Minister for Agriculture/Department of Primary Industries** - responsible for VicForests' operations on technical and portfolio matters.

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• **Minister for State and Regional Development/Department of Innovation, Industry and Regional Development** - responsible for fostering regional timber industry development and communities, through industry development and employment programs.

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• **VicForests** - operates on a commercial basis, consistent with prudent commercial practices and accountability frameworks set out in the Act.

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A diagram representing the respective functions is attached at the rear of this paper.

Option for The role of VicForests

VicForests' primary role is to be a commercial enterprise owned by the Victorian community.

Within the regulatory framework provided by DSE ~~the Minister for Environment~~, VicForests will be responsible for the sale of timber, whereas DSE will be responsible for ~~and~~ monitoring the compliance of timber harvesters with the relevant Codes and regulations. Under this option ~~its~~ Vicforests' responsibilities ~~will~~ would include:

~~a-~~ the planning and scheduling of coupes for harvesting and determining sale lots

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b. timber operations eg. access to forests for identifying and grading logs, overseeing harvesting operations

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c. pre or post harvest activities, such as regeneration

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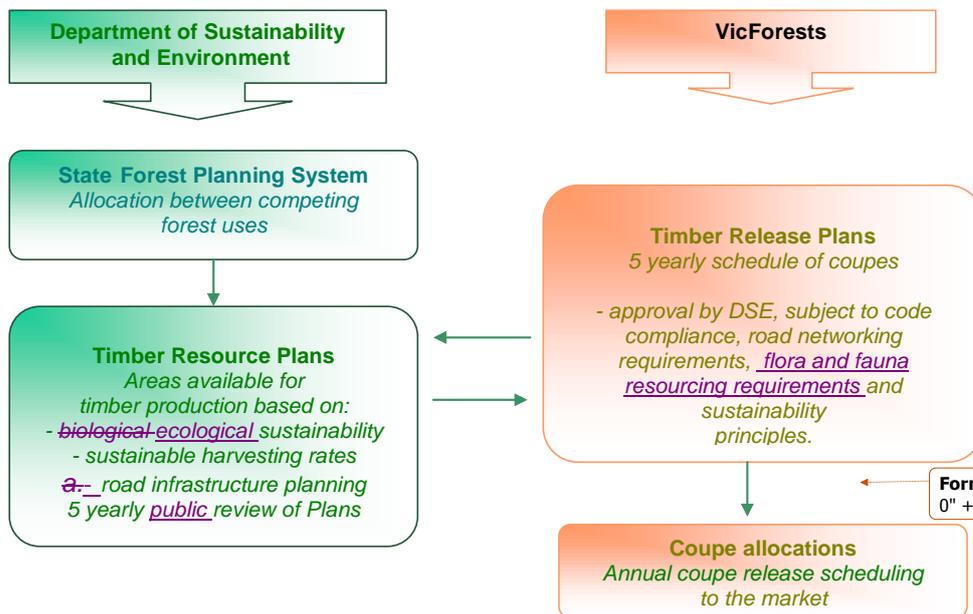
a. the sale of timber, including designing, promoting and implementing auctions or tender processes; setting reserve prices; and managing existing licences and agreements.

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DSE's costs in managing the forest for timber production, including the provision of roads to provide access, pre-harvest flora and fauna survey work and other forest data improvement programs -will be recouped within its arrangements with VicForests.

The Government will legislate to ensure that Vicforests remains in public ownership and will not be privatised.

Under this option, the relationship between DSE and VicForests at the planning stage is set out in the following diagram.



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VicForests' timber entitlements

Once DSE identifies areas of State Forest as timber production areas, VicForests will be able to sell timber in those areas.

This option ~~It is proposed that would involve giving~~ VicForests ~~should be given~~ an exclusive entitlement to sell timber in the allocated areas, for a period aligned with the timeframe of Timber Resource Plans (15-20 years). This would allow an adequate horizon for developing harvesting and allocation plans.

VicForests would have control over particular areas for forestry purposes as it scheduled coupes for harvesting and regeneration, subject to DSE environmental and sustainability monitoring and community input. ~~DSE would retain physical control and management of the areas outside this period.~~

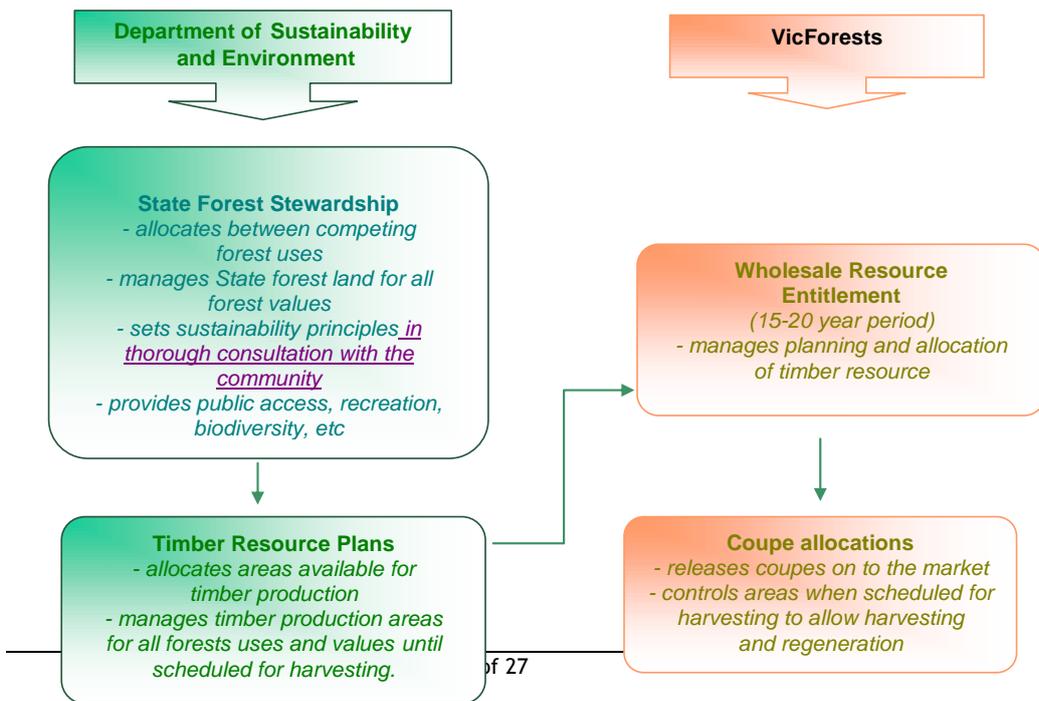
VicForests would be required to ensure that adequate restoration regeneration was achieved for the particular forest type and the site stabilised before relinquishing control over the area.

Following the completion of harvesting and re-generation works, VicForests would return the land to DSE's management. It would remain unavailable for re-release for commercial timber harvesting until it could again be sustainably harvested.

Diagram to be amended

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The arrangements for land management are illustrated in the attached diagram.



VicForests' planning process for timber harvesting areas

~~VicForests-DSE~~ would prepare five yearly Timber Release Plans, setting out a schedule of coupes available for harvesting over the next five years. DSE would conduct a public consultation process and approve the Timber Release Plans, based on compliance with sustainability principles.

Annual coupe scheduling would be based on the Timber Release Plans and on market responses and would be subject to a public review process.

Options for VicForests' timber sale and pricing

In selling timber, VicForests would have discretion to market the resource in a way that met both its commercial objectives and principles of ecological and social sustainability development. It is likely to offer a combination of long and short term contracts negotiated by VicForest as agents for DSE.

The choice of marketing strategies will be one VicForests would make on a case by case basis, taking into account its assessment of risk and replacing the role of the current Timber Promotion Council.

Two broad options are available to VicForests:

1. requiring customers to bid for the right to harvest a coupe, forming their own assessment of the volume and quality of timber on the coupe or

2. contracting to supply specified volumes of timber.

In allocating timber coupes, ~~VicForestsDSE~~ would not be handing over control of the coupe to a third party. ~~It would still supervise the harvesting~~ would still be supervised by the DSE.

In pricing the timber, the Government will expect VicForests to set prices on a commercially transparent basis. Independent advice to Government has been that the best way of ensuring a fair return to the State is to establish market based prices by selling timber competitively. VicForests would have the choice of setting prices through auction, tender or negotiation.

Making forest areas available for harvesting involves direct costs which can be quantified and should be recovered. VicForests will be required to develop a market based pricing and selling system, with the reserve (or entry) price set so as to recover costs, such as associated road construction,

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fire protection and forest management costs and an appropriate return to Government.

VicForests' criteria for selling timber to the industry

The Government's vision that State Forest timber harvesting be sawlog driven and that it act as a catalyst for an innovative, sustainable and profitable industry must set the key parameters for VicForests' sale of timber resources. This requires factors other than price to be taken into account.

The charter given to VicForests by Government will include requirements that its activities conform with the Government's vision for the timber industry and its broader forest environmental policies. VicForests would then, in turn, establish any pre-qualification and certification requirements for bidders. Its allocation assessment criteria would include price and other criteria consistent with the long term sustainability of both the industry and the resource. Its contracts with its customers would reflect both price and performance standards and could be tailored to the level of performance committed to by customers.

Timber industry entitlements

The Government is mindful of the industry's position that longer term timber entitlements strengthen the incentives for investment in capital plant and equipment, innovative technologies, value adding and marketing. Against that must be balanced the Government's need for flexibility.

The Government will provide security for the timber industry through its long term allocation of land for timber harvesting purposes in the Timber Resource Plans and through access to longer term timber contracts for customers who meet price and other criteria. However, the Government will not legislate either the land base or the volumes that will be provided.

The duration of timber contracts must ensure sufficient flexibility to meet sustainability requirements and/or potential changes in community attitudes and expectations. Whilst longer term contracts provide greater security for industry shorter term contracts allow flexibility to respond to changes in market and other unforeseen circumstances for example natural disturbance events. This flexibility is essential to secure the long term future of the industry and our forests.

Consequently, *Our Forests Our Future* made a commitment to the issuing of a combination of short and long term (up to 10 year) timber contracts.

VicForests will be required to comply with Government policy. The mix of contracts it offers should be tailored to its own overall allocation of timber from DSE and its own risk management strategy. Within that framework, it can offer longer term contracts when the objectives of a sustainable, value added industry are being met and shorter term contracts to match supply and demand. The Government expects that VicForests would not issue long term contracts only.

The Sustainable Timber Industry Council

The Government intends to establish the Sustainable Timber Industry Council. It will be the key advisory body for Government on strategic issues affecting the industry. Its membership will comprise senior representatives from both the public and private forestry sectors as well as from the environment sector. The Government will support the Council in developing a long term plan for the wood products industry including native forests, and hardwood and softwood plantations and timber-based industries.

SHAPING A NEW REGULATORY FRAMEWORK

The *Forests Act 1958* is cumbersome and out-dated. It is extremely limited in its capacity to deliver sustainable forest management. Significant legislative reform is required to meet Government and community expectations for sustainable forest management, including more substantial community consultation provisions.

Many existing legislative arrangements, such as the cumbersome leasing and licensing mechanisms of the *Forests Act 1958*, may not be well suited to the new sustainable forest management objectives.

As promised in *Our Forests Our Future*, all existing legislative provisions are being reviewed.

Piecemeal amendments will not work. A major re-think of the whole regulatory framework is required within the concept of public land stewardship. The focus will be on managing State Forests sustainably.

Relevant environmental legislation such as the Flora and Fauna Guarantee Act 1988 will also be strengthened.

Not all of the proposed reforms require legislation. For example, it is not necessary to legislate for the Environmental Management System currently

under development, as it will evolve over time in light of emerging developments in environmental knowledge.

On the other hand, it is desirable to legislate principles for sustainable forest management. There will be a comprehensive community consultation process to facilitate the further development of these principles.

The opportunity exists to create modern, facilitative legislation, with sufficient direction but flexibility to respond to new developments in sustainable forest management and timber industry developments.

It is likely that, in line with modern legislative practice, the Act would contain broad principles, allocate powers, specify consultation requirements, prescribe the framework for allocating land to uses and users, outline the broad compliance and enforcement regime, etc.

The Act would be supported by detailed “how to” prescriptions in regulations, codes, plans and guidelines. This would initially be developed in tandem with the new Act, and could be amended over time and/or subject to regular reviews with mandatory public consultation.

THE NEXT STEPS

~~The Government is interested in your views on the best way to implement the directions outlined in this Directions Paper. will establish a public consultation period of 6 months to provide the community with an opportunity to have input into refining and developing the vision and new legislation for separating ecological and industrial management from commercial management of State forests under the two bodies, DSE and VicForest.~~

~~The public consultation process will be outlined in the near future.~~

~~This advice will assist the Government as it progressively implements its vision for sustainable forest management, establishes VicForests and develops new legislation.~~

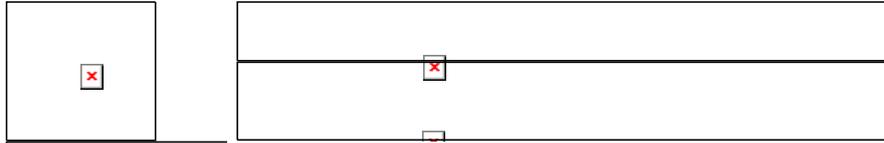
An Exposure Draft of the new legislation will be released for comment before it is introduced into Parliament. Current intentions are that the legislation will be in Parliament in 2004.

In the meantime, the Government will make some minor amendments to the *Forests Act* in Spring 2003, in accordance with its *Forests and National Parks* policy to:

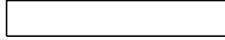
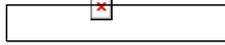
- a. remove the requirement to supply sawlogs within plus or minus 2% of the sustainable yield
- facilitate the operation of VicForests upon its establishment.

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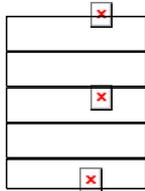
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CRITERIA AND INDICATORS FOR THE CONSERVATION AND SUSTAINABLE MANAGEMENT OF TEMPERATE AND BOREAL FORESTS



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PREFACE

The Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests ("Montreal Process") was formed in Geneva in June 1994 to advance the development of internationally agreed criteria and indicators for the conservation and sustainable management of temperate and boreal forests at the national level. Participants in the Working Group included Australia, Canada, Chile, China, Japan, the Republic of Korea, Mexico, New Zealand, the Russian Federation and the United States of America, which together represent 90 percent of the world's temperate and boreal forests. Several international organizations, non-governmental organizations and other countries also participated in meetings of the Working Group.

In February 1995 in Santiago, Chile, the above countries endorsed a comprehensive set of criteria and indicators for forest conservation and sustainable management for use by their respective policy-makers. This document presents these criteria and indicators, together with the statement of endorsement known as the "Santiago Declaration".

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"SANTIAGO DECLARATION" -- STATEMENT ON CRITERIA AND INDICATORS FOR THE CONSERVATION AND SUSTAINABLE MANAGEMENT OF TEMPERATE AND BOREAL FORESTS

The Governments of Australia, Canada, Chile, China, Japan, Mexico, New Zealand, the Republic of Korea, the Russian Federation and the United States of America, which are participating in the Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests ("Montreal Process") and whose countries contain a significant portion of the world's temperate and boreal forests:

Recognizing that the sustainable management of all types of forests, including temperate and boreal forests, is an important step to implementing the Statement of Forest Principles and Agenda 21, adopted by the United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in June 1992, and is relevant to the United Nations conventions on biological diversity, climate change and desertification,

Also recognizing the value of having an internationally accepted understanding of what constitutes sustainable management of temperate and boreal forests, and the value of agreed criteria and indicators for sustainable forest management in advancing such an understanding,

Mindful that the application of agreed criteria and indicators will need to take account of the wide differences among States regarding the characteristics of their forests, including planted and other forests, land ownership, population, economic development, scientific and technological capacity, and social and political structure,

Taking note of other international initiatives regarding the development of criteria and indicators for sustainable forest management,

- 1** Forests are essential to the long-term well being of local populations, national economies, and the earth's biosphere as a whole. In adopting the statement of Forest Principles and Chapter 11 of Agenda 21, the 1992 UN Conference on Environment and Development (UNCED) recognized the importance of sustainably managing all types of forests in order to meet the needs of present and future generations.
- 1** The development of criteria and indicators for the conservation and sustainable management of temperate and boreal forests is an important step in implementing the UNCED Forest Principles and Agenda 21, and is relevant to the UN conventions on biodiversity, climate change and desertification. It is also an important step to furthering the joint commitment made by tropical timber consumer countries in January 1994 to maintain, or achieve by the year 2000, the sustainable management of their respective forests.
- 1** The criteria and indicators listed under Sections 3 and 4 apply broadly to temperate and boreal forests. They are intended to provide a common understanding of what is meant by sustainable forest management. They also provide a common framework for describing, assessing and evaluating a country's progress toward sustainability at the national level. They are not intended to assess directly sustainability at the forest management unit level. As such, the criteria and indicators should help provide an international reference for policy-makers in the formulation of national policies and a basis for international cooperation aimed at supporting sustainable forest management. Internationally agreed criteria and indicators could also help clarify ongoing dialogues related to international trade in products from sustainably managed forests.
- 1** The approach to forest management reflected in the criteria and indicators is the management of forests as ecosystems. Taken together, the set of criteria and indicators suggests an implicit definition of the conservation and sustainable management of forest ecosystems at the country level. It is recognized that no single criterion or indicator is alone an indication of sustainability. Rather, individual criteria and indicators should be considered in the context of other criteria and indicators.
- 1** It should be emphasized that an informed, aware and participatory public is indispensable to promoting the sustainable management of forests. In addition to providing a common understanding of what is meant by sustainable forest management in the temperate and boreal region, the criteria and indicators should be useful in improving the quality of information available not only to decision-makers but also to the general public. This in turn should better inform the policy debate at national and international levels.

- 1** Each country is unique in terms of the quantity, quality, characteristics and descriptions of its forests.
- 5** Countries also differ in terms of forest conditions relative to national population, such as the amount of forest per capita, the amount reforested annually per capita or the annual forest growth per capita. National circumstances further differ with respect to stages of economic development, land ownership patterns, population patterns, forms of social and political organization, and expectations of how forests should contribute or relate to society.
- 1** Given the wide differences in natural and social conditions among countries, the specific application and monitoring of the criteria and indicators, as well as the capacity to apply them, will vary from country to country based on national circumstances. It is anticipated that individual countries would develop specific measurement schemes appropriate to national conditions to address how data would be gathered. Qualitative terms such as "significant" or "low," which are used as indicator descriptors in some cases, would also be defined based on national conditions. Despite these differences, efforts should be made to harmonize the approaches of countries to measuring and reporting on indicators.
- 1** Changes in the status of forests and related conditions over time, and the direction of the change, are relevant to assessing sustainability. Therefore, indicators should be understood to have a temporal dimension. This means they will need to be assessed as trends (e.g., at points in time) or with an historical perspective to establish trends. The monitoring of changes in indicators will be essential to evaluating whether and how progress is being made toward the sustainability of forest management at the national level.
- 1** While it may be desirable to have quantitative indicators that are readily measured or for which measurements already exist, such indicators alone will not be sufficient to indicate the sustainability of forest management. Some important indicators may involve the gathering of new or additional data, a new program of systematic sampling or even basic research. Furthermore, some indicators of a given criterion may not be quantifiable. In cases where there are no reasonable quantitative measures for indicators, qualitative or descriptive indicators are important. These may require subjective judgments as to what constitutes effective, adequate or appropriate national conditions, or trends in conditions, with respect to the indicator.

1 Concepts of forest management evolve over time
based on scientific knowledge of how forest ecosystems
9 function and respond to human interventions, as well
as in response to changing public demands for forest
products and services. The criteria and indicators will
need to be reviewed and refined on an on-going basis
to reflect new research, advances in technology,
increased capability to measure indicators, and an
improved understanding of what constitutes
appropriate indicators of sustainable forest
management.

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SECTION 2 -- DEFINITIONS

2 Criterion:

*. A category of conditions or processes by which
0 sustainable forest management may be assessed.*
A criterion is characterized by a set of related
indicators which are monitored periodically to assess
change.

2 Indicator:

*. A measure (measurement) of an aspect of the
1 criterion.*
A quantitative or qualitative variable which can be
measured or described and which when observed
periodically demonstrates trends.

2 Monitoring:

*. The periodic and systematic measurement and
2 assessment of change of an indicator.*

2 Forest Type:

*. A category of forest defined by its vegetation,
3 particularly composition, and/or locality factors, as
categorized by each country in a system suitable to its
situation.*

2 Ecosystem:

*. A dynamic complex of plant, animal, fungal and micro-
4 organism communities and the associated non-living
environment with which they interact.*

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