



# **Submission Modernising the Regional Forest Agreements**

June 2019



## ABOUT VAFI

The Victorian Association of Forest Industries Inc. (VAFI) is the peak representative body for the Victorian timber and forestry industry. Across our dynamic sector we represent forest owners and growers, harvest and haul businesses, wood, pulp and paper processors, and manufacturers. VAFI advocates for its members, associated businesses and individuals across both the native forest and plantations sectors and throughout the timber products supply chain.

Our industry plays a vital role in Victoria's economy because not only is wood beautiful and functional, it is a renewable, biodegradable, recyclable product, used for new homes, buildings, furniture, paper and fuel for green energy. Wood is simply an essential part of life and the ultimate renewable.

## VICTORIA'S TIMBER AND FORESTRY INDUSTRY

The Victorian timber and forestry industry makes use of a mix of hardwood (eucalypt) and softwood (pine) resources supplied from public forests and private plantations, with local and regional strengths in each sector. Victorian timber resources support a wide range of products including sawn timber products, engineered wood products, pulp and paper manufacture, and high-quality wood chips.

Victoria has a strong and sustainable integrated timber and forestry industry that works efficiently and effectively. It is highly regulated and based on sustainable forest management practices. The industry manages and draws on a natural asset that has a high social, environmental and economic value. Victoria's timber and forestry industry has a significant role to play in the low carbon future and combating climate change.

Through our industry using the unique properties of sustainable timber products, combined with suppliers, local communities and a highly skilled workforce, our industry delivers innovative and renewable products to local, national and international markets.

The timber and forestry industry is vital for Victoria and a key contributor to the state's economy. Key economic drivers include:

- \$7.3 billion generated in sales and service income annually.
- Direct employment of more than 15,000 people across the supply chain of forest management and harvesting; primary processing (e.g. sawn timber, particleboard, wood chips) and secondary processing (e.g. paper packaging, furniture)<sup>2</sup>
- Forest management and primary processing supports an estimated 10,000 further jobs generated through flow-on economic activity.
- The whole industry, including secondary processing, supports an estimated total of 40,000 to 50,000 flow on jobs.<sup>3</sup>
- The Central Highlands and Gippsland regions contain 55% of Victorian forest management, harvesting and primary processing jobs.
- Melbourne metropolitan region contains 75% of secondary processing jobs.

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<sup>1</sup> VAFI (2018) *Industry Review*

<sup>2</sup> Schirmer, J et al. (2017) *Socio-economic impacts of the forest industry Victoria: Green Triangle*; and Schirmer, J et al. (2018) *Socio-economic impacts of the forest industry Victoria (exc. the Green Triangle)*

<sup>3</sup> Schirmer, J (2010) *Socio-economic characteristics of Victoria's forestry industries*

## COMMENTS ON THE INDEPENDENT CONSULTATION REPORT

The Independent Consultation Report underestimates the value of the timber and forestry industry. The report quotes the sale value of harvested wood from State forests as \$102 million in 2016-17. However, this figure substantially under-represents the value of the native forestry sector to the Victorian economy. Several reports on the full economic and social value have been published in the last four years and are readily available. Key statistics include:

- \$573 million in revenue was generated by VicForests through its contractors (\$76 million) and its direct customers (\$497 million) in the Central Highlands RFA Area in 2013-14. This activity resulted in the direct employment of 2,117 full time equivalent workers within the Central Highlands RFA area.<sup>4</sup>
- The Gross Regional Product of the native forest sector in Central Highlands and Gippsland regions is \$740.5 million annually.<sup>5</sup>
- The gross annual direct expenditure by the Victorian native hardwood sector is \$678 million; the net annual direct expenditure (excluding transfers to other parts of industry) is \$417 million.<sup>5</sup>
- Each job in the Victorian native hardwood sector is estimated to generate a further 1.9 jobs through flow-economic activity.<sup>5</sup>

Almost all native hardwood processed in Victoria is supplied from State forests. The RFAs are therefore crucial to maintaining a sustainable resource supply. In this context it is more appropriate to consider the full social and economic scope that will be impacted if resource supply is further reduced.

The Consultation Report also over-reports harvested area, presenting an annual net harvested area of 4,400-5,600 hectares across the state. It is not made clear that this figure includes thinning operations for stand management, which are formally excluded from Allocation Order area limits. The net harvested coupe area for the same period is in the range 2,600-3000 hectares.<sup>6</sup>

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<sup>4</sup> Deloitte Access Economics (2015) *Economic assessment of the native timber industry in the Central Highlands RFA Area Report 1 – Economic and financial impact*

<sup>5</sup> Schirmer J. et al (2018) *Socio-economic impacts of the forest industry Victoria (exc. the Green Triangle)*

<sup>6</sup> VicForests Sustainability Report 2017-18

## RESPONSES TO CONSULTATION QUESTIONS

### 1. What changes have you seen in the RFA regions?

Over the lifetime of the current regional forest agreements, since 1997-2000, a number of changes have impacted the timber and forestry industry. These include:

#### *A reduction in the total annual harvested volume*

There has been a reduction in the total annual harvested timber volume (both sawlog and pulp log) in State forests from approximately 2.2 million m<sup>3</sup> in 2000-2001, to 1.2 million m<sup>3</sup> in 2015-16.

Projected sustainable yields have consistently declined across the lifetime of the RFAs. When the current RFAs were established, the total projected volume of D+ sawlogs from State forests was a minimum 675,900 m<sup>3</sup> annually (see Table 1). In 2009, this projection had fallen to 500,000 m<sup>3</sup> annually. In contrast, in 2017 the most recent resource outlook from VicForests forecasts a total annual supply of 230,000m<sup>3</sup> of D+ sawlogs (130,000m<sup>3</sup> from mountain ash forests, and 100,000m<sup>3</sup> from mixed species forests).

**Table 1. Stated projection for sustainable yield of D+ sawlogs by RFA area**

RFA Area	Year	Sustainable yield projection (D+ sawlogs)
East Gippsland	1997	Not stated
Central Highlands	1998	415,000m <sup>3</sup>
North East	1999	68,000m <sup>3</sup>
Gippsland	2000	115,000m <sup>3</sup>
West	2000	77,900m <sup>3</sup>

A driver of these reductions has been major bushfires in 2003, 2006 and 2009. However, supply has been further reduced by the continued political willingness to create new reserve areas outside of the agreed RFA framework. Increasing areas of formal conservation reserves have also contributed (see below). Notwithstanding the causes of steadily reducing timber availability, it is clear that the RFAs have not provided security of supply to the timber and forestry industry, as intended.

Furthermore, any reduction in the currently available timber volumes will have severe impacts on the industry as many hardwood processors are not able to further contract their business and remain viable.

#### *Reduction in workforce numbers and employment opportunities*

Across the industry as a whole, there has been a 28% decline in direct jobs between 2005-2016. Overall reductions have been partially offset by growth in the hardwood plantation sector. However, in the Gippsland and Central Highlands regions, which are dominated by native forestry, direct jobs have reduced by 27% over the same period. This change has been largely driven by declining employment by primary processors as saw mills downsize or close outright.<sup>7</sup>

<sup>7</sup> Schirmer J. et al (2018) *Socio-economic impacts of the forest industry Victoria (exc. the Green Triangle)*

### *An increase in the area of formal conservation reserves*

New formal conservation reserves created in RFA areas include:

- *West Victoria RFA:* CAR reserve system was expanded by converting the Otway State Forest to the Great Otway National Park and Forest Park. This tenure change resulted in sawlog and pulpwood harvesting in the Otways being phased out by June 2008.
- *East Gippsland RFA:* More than 45 000 hectares were added to the parks and reserves system in 2009 by expanding the Croajingolong, Errinundra and Snowy River national parks and creating the Tara Range Park and twelve new or expanded nature conservation reserves.
- *North East RFA:* Additions to the national park and conservation reserve system following the recommendations of the 2001 Box-Ironbark Forests and Woodlands Investigation by the Environment Conservation Council (now the Victorian Environmental Assessment Council, VEAC).
- *A large increase in small scattered reserves for individual species conservation.* The most significant recent example is Timber Harvesting Exclusion Zones for Leadbeater's possum colonies, introduced in 2014. These zones have, to date, reserved 4,000 hectares, further reducing sawlog supply by a projected 88,000m<sup>3</sup> annually.<sup>8</sup>

### *Policy uncertainty*

The last 5 years in particular, have seen increasing uncertainty within the timber industry as the State government has not committed to a clear vision for managing State forests for multiple uses. This policy vacuum has had significant impacts on forestry operations.

The *Sustainable Forests (Timber) Act 2004* provides for the allocation of timber to VicForests through an Allocation Order (AO) which describes the location and extent of forest stands within State forest that VicForests may access; the maximum area available for timber harvesting and compliance conditions.

The most recent amendment to the AO and the associated Timber Release Plan was expected in June 2018, however this was not finalised until April 2019. This delay caused the native hardwood timber industry to experience extraordinary uncertainty and unnecessary financial pressure, creating social hardship in communities where timber businesses are key employers.

## **2. What should the Victorian RFAs aim to achieve over the next 20 years?**

It is essential that RFAs ensure certainty to the timber and forestry industry by providing a stable and predictable supply of high-quality timber from State forests without reductions to current supply volumes.

The purpose statement in the current RFAs includes the words "the agreement ... is for the purpose of providing long-term stability of forests and forest industries". This intent should be honoured.

## **3. What are the potential improvements you think should be made?**

The current RFAs have not provided the intended stability of supply and operation for the timber and forestry industry. Improvements to the RFAs should therefore address this failure to ensure security of resource supply in terms of volume, species and quality. There should be no reductions in productive area, quality or supply volume caused by changes to the boundaries of either formal or informal reserves. In the event of unavoidable losses, such as very large bushfires, the RFAs should use adaptive planning to maintain available timber supplies.

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<sup>8</sup> VicForests (2017) Resource Outlook 2017

Mechanisms for ensuring industry stability and development should include:

- Landscape-scale forest planning and management projecting timber supply over the long-term;
- A comprehensive timber resource assessment across all State forests;
- Identify opportunities for investment in new technologies, innovation, and partnerships;
- Monitoring and reporting of agreed industry development indicators (e.g. volume, wood quality, accessible area, workforce statistics etc);
- Adaptive management strategies to address any declines in industry development indicators;
- A consistent and transparent system for regulation and compliance;
- Supply contracts should be agreed over periods of 10-20 years with changes to terms negotiated no later than five years before the end of the active period;
- Retain the following commitments by the Commonwealth Government:
  - Forestry operations in the RFA regions may be undertaken with approval under the *Environment Protection and Biodiversity Conservation Act 1999*;
  - Enterprises may obtain, use, or export timber, woodchips and untreated wood products sourced from RFA areas;
  - Removal of export controls from unprocessed wood and woodchips sourced from Victorian plantations.
- Approaches to provide incentives for new plantation development should seek to augment and not replace timber supplies from native forests in RFA areas.

#### ***4. How could the potential improvements in the consultation paper help modernise the Victorian RFAs?***

The RFAs should seek to maintain all social, environmental and economic values. Fully assessing and balancing values across the entire forest landscape is crucial. Victoria's forests have traditionally been managed very successfully for multiple purposes. Maintaining biodiversity and forest health can be balanced with managing a sustainable timber resource for use by our communities.

The RFAs should work from the fundamental principle that well planned sustainable harvesting is compatible with other forest dependent industries such as tourism; honey production and water extraction.

VAFI supports the introduction of landscape-scale forest planning undertaken across all tenures of public land. This should:

- Maintain a viable supply of timber from public forests;
- Use a population approach to forest species protection based on ecological information from all public forests;
- Place a strong focus on the role of industry in forest management for multiple outcomes; and
- be implemented with an extensive engagement campaign to improve public knowledge of forest management approaches.

#### ***5. Do you have any views on which potential improvements are most important?***

Stability of timber supply for the timber and forestry industry is vital for many of Victoria's regional communities. The RFAs should support development opportunities through encouraging investment in, and innovation by, timber and forestry businesses.

## THEME ONE: ECOLOGICALLY SUSTAINABLE FOREST MANAGEMENT

### ***6. How do you use forests in your region?***

There are approximately 7.9 million hectares of public forest in Victoria. This includes about 3.9 million formal conservation reserves and 3.1 million hectares of State forests, which are managed for multiple uses. Large areas of State forests are managed exclusively for conservation outcomes and only 450,000 hectares is considered available and suitable for timber harvesting, of which approximately 3,000 hectares will be harvested and regrown each year.<sup>9</sup>

State forests are managed for multiple purposes and are valued by local communities for a wide range of services, including:

- High quality timber;
- Forest health and biodiversity conservation;
- Firewood;
- Other forest products (e.g. honey, tree seeds);
- Recreation (e.g. hiking, camping, off-road driving, horse riding, trail biking);
- Game hunting; and
- Prospecting.

### ***7. How could the RFAs better provide for multiple forest uses (i.e. recreation, conservation, livelihood and economy)?***

The Victorian government has signaled a clear intent to move away from species-based prescriptions in favour of a strategic approach that considers all species and all threats and possible actions together to efficiently deliver the maximum benefit for the most species.<sup>10</sup> This will require a landscape-scale approach. Instead of focusing on excluding forest habitat around detected individuals, a true landscape-scale approach will assess the best actions for forest species populations, using methods such as predator control. Maintenance and linkage of appropriate habitat across all tenures of public forests will allow land managers to deliver maximum benefit for the highest number of forest-dependent species.

Landscape-scale modelling has the potential to assess the possible outcomes of combinations of management regimes on a range of values. Land managers and communities can then make more informed decisions on forest use. Planning considerations should include:

- Wood supply;
- Fire risk;
- Habitat quality and animal populations;
- Carbon stocks;
- Water supply and hydrology; and
- Visual amenity.

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<sup>9</sup> VicForests (2017) Resource Outlook 2017

<sup>10</sup> For example: DELWP (2017) *Protecting Victoria's Environment – Biodiversity 2037*; DELWP (2017) *Review Of The Flora And Fauna Guarantee Act 1988 Consultation Paper*; and DELWP (2017) *A review of the effectiveness and impact of establishing timber harvesting exclusion zones around Leadbeater's Possum colonies*

## 1.2 CONSERVE FOREST DIVERSITY AND MAINTAIN ECOSYSTEM HEALTH

### **8. What are your views on existing environmental protections afforded across the entire forest estate (including parks, reserves and State forests) through the RFAs?**

The Comprehensive Adequate and Representative (CAR) reserve system developed as part of the current RFAs sought to maintain all forest types at a landscape scale, based on the best information available at the time. However, subsequent threatened species surveying has been focused on timber harvesting coupes and there has not been a comprehensive review of forest species across State forests and conservation reserves. This means that population and distribution models may not be fully representative.

There has been an increasing use of small timber exclusion zones for protected species based on sightings of individual animals (e.g. Leadbeater's Possum). This creates a scattered reserve system with limited long-term conservation management value.

Reactive, detection-based prescriptions create a fundamental disconnect between planning for sustainable harvest yields and threatened species protection. This approach counteracts the intentions of the RFAs, leading to undesirable long-term outcomes for both resource availability and biodiversity outcomes, such as:

- Unpredictable reductions in timber supply;
- Fragmentation of forest area available for harvest, reducing coupe access and increasing operating costs;
- An *ad hoc* and fragmentary, reserve system. The current focus on sightings in State forests means that new reserve areas are not representative of the species range; and
- Inefficient use of staffing resources. In the case of Leadbeater's Possum, the use of exclusion zones was criticised as "reactive [and] resource-hungry" , as planning responses must be prepared for each animal sighting.

### **9. How could the environmental protections be improved?**

Forest species conservation should move from creating small reserves for individual animals to a landscape-scale approach that assesses conservation and general forest health across all public forests.

Integrated, landscape-scale forest planning, applied across all tenures of public land, has the potential to provide long-term resource certainty while also providing habitat to maintain viable populations of key forest dependent species.

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<sup>11</sup> Woinarski (2017) *Assessment of the conservation benefit provided to Leadbeater's Possum by the establishment of Timber Harvesting Exclusion Zones*





### **1.3 PROMOTE TRADITIONAL OWNER RIGHTS AND PARTNERSHIP**

#### ***10. What opportunities could the RFAs provide to support access to and traditional use of forests by Traditional Owners and Aboriginal people?***

The RFAs should:

- Work with Traditional Owners at a local/regional level to identify their priorities for forest use that generate economic, social, cultural and environmental outcomes;
- Protect Aboriginal cultural heritage and respect native title and traditional land use rights; and
- Support Aboriginal communities gaining access to contracting, training and employment opportunities in Victoria's timber and forestry industry.

#### ***11. How could the RFAs enable the legal rights of Traditional Owners to partner in land management and seek economic and cultural opportunities to be realised in future forest management?***

Where Traditional Owners own land suitable for timber production, partnerships with industry can offer substantial business and employment/training opportunities at the local level.

The RFAs should promote opportunities to develop business partnerships between the timber and forestry industry and Traditional Owners. Benefits include economic development opportunities for owners, greater labour force diversity, and greater cultural awareness through social partnerships.



## THEME TWO: THE LONG-TERM STABILITY OF FORESTS AND FOREST INDUSTRIES

### 2.1 ADDRESS CLIMATE CHANGE AND OTHER LARGE-SCALE DISTURBANCES

#### ***12. How could the RFAs consider climate change and other large-scale natural disturbances (including bushfires)?***

RFAs should support and promote the contributions that a stable, thriving timber and forestry industry can make to reducing fire risks and impacts and mitigating carbon emissions. Key areas of contribution are: forest management, bushfire response, and carbon benefits.

#### *Forest Management*

There are a range of forest management approaches that can be used to complement planned burning in managing fuel loads and mitigating the impacts of extreme bushfires. These include:

- *Mechanical fuel reduction*: Fire risk can be reduced by targeted reduction of understory and dense forest regrowth in areas where planned burning is difficult or undesirable (e.g. close to at-risk towns and strategically important resource assets, such as water catchments, plantations and production forests). The reduction of understory would also remove the larger fuels that can allow “laddering” fires to the tree crowns, which results in catastrophic fire fronts. Analysis by Deloitte Access Economics (DAE) has found in locations close to cities, biomass removal can complement fuel reduction burning and deliver benefits six times greater than the costs involved.<sup>2</sup>
- *Managing forest stand density*: Forest stands growing at lower densities (trees per hectare) tend to have lower mortality rates than stands growing at higher densities in the same climate conditions<sup>3</sup> and, for forests outside Australia, stand thinning can reduce susceptibility to fire.<sup>4</sup> Research is currently being undertaken to better understand these ecological dynamics in the Victorian context.<sup>5</sup> It is likely that active control of stand densities has considerable potential as a tool in increasing forest resilience to fires, particularly in a changing climate

#### *Industry contribution to bushfire response*

Forestry industry workers are highly skilled and formally trained in a range of aspects of fire management and action in extreme wildfire events. They are also highly experienced in using machinery operations in forest conditions, road and track construction, tree falling, fire behaviour and overall local knowledge, whereas other operators are often inexperienced in those conditions.

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<sup>12</sup> Australian Forest Products Association (2016) *Can we better fireproof our country towns?*

<sup>13</sup> Horner, GJ *et al* (2009). Mortality of developing floodplain forests subjected to a drying climate and water extraction. *Global Change Biology* 15: 2176–2186.

<sup>14</sup> Wilson, J & Baker, P (1998) Mitigating fire risk to late-successional forest reserves on the east slope of the Washington Cascade Range, USA. *Forest Ecology and Management* 110, 59-75

<sup>15</sup> Baker, P (2016) Dahl Trust Eucalypt Conservation Trust: <https://www.youtube.com/watch?v=5dKMhqcqsfUE>

Common skill sets in fire management of Australia's forest industry personnel include:

- Direct attack firefighting;
- Indirect firefighting, including backburning;
- Night firefighting where significant gains may be made under lower fire danger conditions;
- Strategic planning in fire containment and suppression, incorporating access tracks and other infrastructure;
- Fuel reduction implementation, including burning, mechanical and other forms of non-combustion fuel reduction;
- Local knowledge and experience; and
- OH&S and Risk Assessment in extreme wildfire situations.

#### *Carbon benefits of timber products*

The RFAs should seek to promote the use of timber in the built environment. Harvested wood products store carbon and reduce construction emissions by substituting high-carbon materials. Converting multiple use production forests to conservation forests will reduce access to locally harvested and processed wood and may lead to increased imports of wood products. The greenhouse gas emissions associated with transporting imported products will effectively neutralise the benefits of stored carbon. <sup>6</sup>

To fully realise the climate benefits that can be delivered by the timber and forestry industry, the entire forestry and processing system should be considered, including:

- The carbon dynamics of production forests;
- Carbon stored in harvested wood products;
- The emissions substitution benefits of biomass and wood products, and
- The impacts of emissions resulting replacement imports.

#### *Climate change impacts on industry*

Climate change will create significant impacts on the timber and forestry industry if the risks are not addressed. Potential impacts include:

- Reduced timber yields;
- Losses from more frequent fires; and
- Lower regeneration rates in some forests.

RFAs should include adaptive management approaches that will monitor the indicators above and develop strategies to reduce impacts to industry in the long-term.

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<sup>16</sup> Ximenes, F. et al. (2016) *Carbon stocks and flows in native forests and harvested wood products in SE Australia*



## 2.2 SUPPORT THE DEVELOPMENT OF FOREST DEPENDENT INDUSTRIES

### 13. How could the RFAs better address industry sustainability?

The current RFAs have not provided the intended stability of supply and operation for the timber and forestry industry.

Future RFAs should be improved to ensure security of resource supply in terms of volume, species and quality. There should be no reductions in productive area, quality or supply volume caused by changes to the boundaries of either formal or informal reserves. In the event of unavoidable losses, such as very large bushfires, the RFAs should use adaptive planning to maintain available timber supplies.

Mechanisms for ensuring industry stability and development should include:

- Landscape-scale forest planning and management projecting timber supply over the long-term;
- A comprehensive timber resource assessment across all State forests;
- Identify opportunities for investment in new technologies, innovation, and partnerships;
- Monitoring and reporting of agreed industry development indicators (e.g. volume, wood quality, accessible area, workforce statistics etc);
- Adaptive management strategies to address any declines in industry development indicators;
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- Supply contracts should be agreed over periods of 10-20 years with changes to terms negotiated no later than five years before the end of the active period;
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  - Enterprises may obtain, use, or export timber, woodchips and untreated wood products sourced from RFA areas;
  - Removal of export controls from unprocessed wood and woodchips sourced from Victorian plantations.
- Approaches to provide incentives for new plantation development should seek to augment and not replace timber supplies from native forests in RFA areas.



***14. How could the RFA's encourage investment and new market opportunities for forest-based industries (including the forests and wood products industry, tourism, apiary and emerging markets such as carbon)?***

If the RFAs fulfill their objectives of providing long term certainty and supply (with no net loss) to industry, this would in turn produce a suite of opportunities. RFAs should encourage the sustainable production of a diverse range of timber products from a diverse range of species and fibre types.

Investment opportunities include:

- New technologies to process smaller diameter sawlogs and residue fibre from many sources into a diverse product mix;
- Low-carbon construction materials and off-site construction techniques;
- Chemicals and materials derived from wood feedstock;
- Electricity and heat generated from wood residues;
- Increased use of engineered wood and timber composite products;
- Promoting consumer use of a wider range of timber species;
- Developing local processing hubs tailored to nearby resource types (hardwood/softwood; sawlogs pulp logs etc); and
- Investment in secondary processing and use of residue materials (for example in local heat and electricity generation) to obtain maximum value from the resource.

The RFAs should support carbon market frameworks that account for the full benefits generated by the timber and forestry industry. These include:

- Carbon stored in harvested wood products;
- Carbon stored in standing forests; and
- Carbon emissions avoided by using wood products instead of high-emission construction materials, and wood residues for energy instead of fossil fuels.

## THEME THREE: GOVERNANCE AND MANAGEMENT OF VICTORIA'S FORESTS

### 3.1 SUPPORT THE VICTORIAN GOVERNMENT EFFORTS TO IMPROVE FOREST MANAGEMENT PLANNING

#### ***15. How can the RFAs support the adaptive management of Victoria's forests in response to emerging issues (e.g. major bushfires) and opportunities (e.g. emerging industries)?***

Monitoring and reporting should include benchmark targets and critical thresholds for timber and forestry industry development indicators (see below), to be agreed with industry stakeholders. If indicators fall below critical thresholds, there should be adaptive management plans in place to rectify any adverse trend.

### 3.2 IDENTIFY RESEARCH PRIORITIES

#### ***16. What areas of research would better equip us to sustainably manage Victoria's forests?***

Effective cross-tenure, landscape-scale forest planning and management for multiple uses must be based on robust and up-to-date information.

Volumes of timber available from State forests are based on the State Forest Resource Inventory (SFRI). The data in the SFRI data is now 15-25 years old and is only updated to reflect changes to forest status from harvesting or fire. Over that period a range of factors (such as drought or disease outbreaks) may have occurred to drive widely varying changes to the structure and composition in State forests. An up-to-date resource inventory is essential for accurate assessments of the forests and their ability to supply commercial timber.

The native hardwood sector currently relies on a small subset of areas and species (e.g. 1939 regrowth ash in the Central Highlands; or mixed-species stands elsewhere). This reliance can result in intensive productive management over small areas creating resource pressure and associated pressures from local communities. There is also a relatively high risk of losing resource to bushfires across small areas.

However, the remaining available area (approximately 600,000 hectares) is considered unsuitable due to topography, species composition, low yields, timber quality, poor access and other factors. In a changing industry, there is potential to consider how the available resource in these areas can be utilised effectively. This may mean marketing species that are currently considered sub-commercial or harvesting smaller logs for use in engineered wood products. These changes would contribute to a larger, more diverse resource base subject to more extensive management approaches.

Priority areas for research are:

- Updating and expanding the SFRI;
- Opportunities to utilise wood from state-wide thinning operations;
- Opportunities for harvesting of currently under-utilised State forest resources and
- This data should be reviewed and updated on a regular schedule (e.g. every 5 years).



### 3.3 IMPROVE MONITORING AND REPORTING

#### ***17. How could RFA monitoring, review (including five-yearly reviews) and reporting arrangements be improved?***

RFA reporting should be delivered to the agreed schedule.

The new RFAs should require monitoring and reporting of industry development indicators to be agreed with stakeholders. Examples include:

- Productive forest area;
- Timber volumes, species, and fibre types supplied from State forests; and
- Industry employment and workforce statistics.

Most importantly, RFA reporting on industry development indicators should be related back to the core purpose of the agreement – providing a long-term sustainable future for the timber and forestry industry – and whether this has been achieved. If it hasn't, as has been the case for current RFAs, this should form the basis of the review, and to identify ways in which to fix this.

