

Joint Australian and Victorian Government Response to the

*Independent Review on Progress with Implementation of
the Victorian Regional Forest Agreements (RFAs)
FINAL REPORT May, 2010*

October 2014

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Preface

The State of Victoria and the Commonwealth of Australia (the Parties) entered into five Regional Forest Agreements (RFAs) by signing the RFAs, as follows:

RFA Region	Date of agreement
East Gippsland	3 February 1997
Central Highlands	27 March 1998
North East	9 August 1999
West Victoria	31 March 2000
Gippsland	31 March 2000

The RFAs are twenty-year agreements that aim to balance the social, environmental and economic values of key forested regions. They establish a bilateral framework for the sustainable management of the public multiple use and conservation forests within the Victorian RFA regions and development of forest industry in the State. The Parties remain committed to ensuring that the RFAs are durable and that the milestones and obligations that they contain are delivered to ensure effective conservation, forest management and forest industry outcomes. The RFAs indicate the process for extending the agreements for a further period will be determined jointly by the Parties as part of the third five-yearly reviews.

The five Victorian RFAs were developed as part of a series of RFAs between the Commonwealth Government and the Governments of Victoria, New South Wales, Western Australia and Tasmania. Whilst all the RFAs have their own unique elements, they have all been drawn up under the aegis of the National Forest Policy Statement and all have an agreed requirement for reviews of progress with implementation of milestones and obligations.

An important element of each of the Victorian RFAs is the requirement for a five-yearly review of the performance of the RFAs.

The purpose of the five-yearly review is to assess and report on progress made against the milestones specified in the RFAs, and will include:

- the extent to which milestones and obligations have been met, including the management of the National Estate
- the results of monitoring of sustainability indicators, and
- invited public comment on the performance of the RFAs.

A Draft Report on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs) (the Draft Report) was developed by the Parties in 2009. This report comprised the combined first and second five-yearly reviews and covered the reporting period from the date each RFA was signed to 30 June 2004 (Period 1), and between 1 July 2004 and 30 June 2009 (Period 2).

The Draft Report was released for public comment on 11 December 2009. An extended 11 week period of public comment ensued during which thirty submissions on the Draft Report were accepted by the then Victorian Government Department of Sustainability and Environment (DSE).

The Parties appointed an Independent Reviewer with experience in RFA implementation to undertake an analysis of the Draft Report and all public submissions that were received during the public comment period, and prepare a report.

The *Independent Review on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs)* was released on 28 September 2010 by Senator the Hon. Joseph Ludwig, the then Australian Government Minister for Agriculture, Fisheries and Forestry and the Hon. Gavin Jennings MP, the then Victorian Government Minister for Environment and Climate Change. The release coincided with the report being tabled in the Federal Parliament on 28 September 2010. The comprehensive report identified 28 specific recommendations and is available at: www.depi.vic.gov.au/forestry-and-land-use and www.rfa.gov.au.

The Ministers jointly announced that the Parties would consider the recommendations in the Independent Reviewer's report and stated that a joint government response to the recommendations would be provided by the Parties after details of the recommendations had been considered by the Governments.

The Independent Reviewer's report contained two forms of recommendations. The 'R' recommendations were recommendations for improvements to be made to the Draft Report in preparing the final review report. The Parties have responded by providing additional or updated information in the *Final Report on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs)* (the Final Report). The Final Report is available at: www.depi.vic.gov.au/forestry-and-land-use and www.rfa.gov.au.

The 'C' recommendations were recommendations to the Parties pertaining to the continued implementation of Victoria's RFAs, and this report is the joint response to those 'C' recommendations from the Parties.

The Parties have carefully considered the Independent Reviewer's recommendations. This *Joint Australian and Victorian Government Response to the Independent Review on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs)* provides the Parties agreed response to each of the Independent Reviewer's recommendations.

The Parties will continue to collaborate on implementation of the Victorian RFAs including the recommendations during the period leading up to the third five-yearly review and will report on progress with the agreed actions within the joint government response as part of the next five-yearly review.

The Parties reconfirm their commitment to continuous improvement in ecologically sustainable forest management as envisaged by the National Forest Policy Statement and Victoria's RFAs. The commitments in this joint government response will ensure that Victoria's management of public multiple use and conservation forests continues to adapt to reflect new information, priorities and community expectations.

The Parties remain committed to RFAs as an appropriate mechanism for effective environmental protection, forest management and forest industry practices in regions covered by RFAs.

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Relationship to Statutory Obligations

Recommendation R1

That the Parties include additional information in the final Report on Progress on the accountability arrangements for VicForests including the roles of the Treasurer, Minister for Agriculture and Minister for Environment and Climate Change.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Additional information clarifying the public native forestry governance arrangements and allocation of timber resources from State forests in Victoria has been included at Section 5.1 (pages 19-20) in the Final Report. It is also provided in Appendix A.

Recommendation C1

That the Parties consider amending the RFAs to reflect any administrative or legislative changes including the changes made to the *Environment Protection and Biodiversity Conservation Act 1999* in 2006.

Joint Government Response

The Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) came into force on 16 July 2000. The EPBC Act repealed and replaced the following Commonwealth statutes:

- *Environment Protection (Impact of Proposals) Act 1974*
- *Endangered Species Protection Act 1992*
- *National Parks and Wildlife Conservation Act 1975*
- *World Heritage Properties Conservation Act 1983*

Two of the Victorian RFAs (East Gippsland and Central Highlands) were agreed between the Parties prior to the assent of the EPBC Act. The Parties acknowledge this important legislative change in 2000 and agree that the RFAs are administered in the context of the EPBC Act.

Further to this, the EPBC Act has been amended during Periods 1 and 2. The 2006 amendments to the EPBC Act were designed to streamline the EPBC Act to benefit industry, the economy and the nation while maintaining a strong commitment to protecting Australia's unique and iconic natural, cultural and Indigenous heritage. Specifically, in relation to the protection of threatened species and ecological communities, the 2006 amendments to the EPBC Act updated both the listing processes and the processes surrounding recovery plans for threatened species and ecological communities.

Legislative changes since the signing of the Victorian RFAs have also altered the way national heritage places and World Heritage properties are managed. This includes the transition from the Register of the National Estate (which was originally established under the Commonwealth *Australian Heritage Commission Act 1975*) to the National Heritage List, established under the EPBC Act.

The Parties therefore acknowledge that there have been a number of legislative changes since the signing of the Victorian RFAs. The Parties agree that the RFAs will be administered by the Parties within the context of these changes and further agree to consider the need to amend the Victorian RFAs to reflect these changes.

The Parties acknowledge that the process for extending the Victorian RFAs will be jointly determined by the Parties as part of the third five-yearly review. The Parties agree that any required amendments to the Victorian RFAs should be made as part of this extension process to ensure the RFAs are relevant and current, considering legislative and administrative changes, learnings from the first 15 years of the Victorian RFAs and other relevant matters.

Milestones

Recommendation C2

That the Parties consider strengthened public reporting of progress in implementing the RFAs consistent with the Australian Government's response to the Hawke review.

Joint Government Response

On 31 October 2008, the then Australian Government Minister for the Environment, Heritage and the Arts commissioned an independent review of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) by Dr Allan Hawke (Hawke Review). Dr Hawke's final report, *The Australian Environment Act: Report of the Independent review of the Environment Protection and Biodiversity Conservation Act 1999* (Hawke Report) (Hawke 2009) was released on 21 December 2009.

On 24 August 2011, the then Australian Government Minister for Sustainability, Environment, Water, Population and Communities released the Australian Government response to the Hawke Report.

The Australian Government supports long-term RFAs and will work cooperatively with the Victorian Government, through the process to extend the RFAs, to provide resource security and a stable investment environment for the forest industry and establish appropriate and timely reporting arrangements.

Five-Yearly Review

Recommendation R2

That the Parties include a more detailed explanation for the delay of the five yearly review in the Final Report on Progress.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Additional information providing a more detailed explanation for the delay of the five-yearly reviews caused by the reforms in the management of Victorian public native forests as a consequence of the *Our Forests, Our Future* policy statement (NRE 2002a) is provided at Section 5.3 (pages 21-22) in the Final Report. The additional information is also provided in Appendix A.

Recommendation C3

That the Parties commence planning for the next five-yearly review due by June 2014. The Parties should also commence development of the criteria which they will consider in making recommendations about any extensions to the RFAs. These criteria should be made publicly available as part of the next review process.

Joint Government Response

The Australian Government remains committed to the Victorian RFAs and to establishing a 20-year rolling life, to each RFA. This will be achieved by extending the RFAs for five years following the successful completion and implementation of each agreement's five-yearly review.

The Victorian Government is committed to renewing the Victorian RFAs every five years to provide 20-year resource security.

The RFAs require the Parties to determine the mechanism and timing for the five-yearly reviews before the end of the five-year period.

Recommendation C4

That the Parties consider cancelling the West Victoria Regional Forest Agreement or substantially amending the RFA given the significant additions to reserves and reduction in timber availability made since the agreement was signed.

Joint Government Response

The Parties recognise that there have been a number of changes to forest management in the West Victoria RFA region since the signing of the agreement in 2000. The Parties recognise that the West Victoria RFA is still serving its overarching purpose in relation to conservation and multiple use forests.

The Parties agree that the West Victoria RFA will be administered by the Parties within the context of these changes and further agree to consider the need to amend the West Victoria RFA to reflect these changes.

The Parties agree that any required amendments to the West Victoria RFA will be made as part of extension process for the Victorian RFAs. See **Recommendation C1**.

Monitoring, Reporting and Consultative Mechanisms

Recommendation R3

That the Victorian Government develops Statewide (including East Gippsland) Guidelines for the Management of Cultural Heritage Values in Forests, Parks and Reserves and that these Guidelines are jointly agreed no later than December 2011. This commitment and timeframe should be included in the final Report on Progress.

Joint Government Response

The Parties support including additional information as a means of increasing transparency and clarity in the Final Report.

The Victorian Government has reviewed the *Aboriginal Heritage Act 2006* (Vic) and in 2014 will consider whether there is a need for the development of Statewide guidelines for the management of cultural heritage values. This additional information is provided at Section 5.5 (page 27) in the Final Report. It is also provided in Appendix A.

Recommendation R4

That the Parties include additional information on reports of internal audits of compliance with the Code of Forest Practices for timber production in the final Report on Progress.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Additional information has been included at Section 5.5 (page 26) in the Final Report to clarify the program of internal audits of compliance with the *Code of Practice for Timber Production 2007* (DSE 2007b); from the commencement of independent audits by the Environment Protection Authority in 2003, through DSE audits of VicForests in 2007 to 2009, to the implementation of the 2010 audit program using independent third-party auditors. This additional information is also provided in Appendix A.

Recommendation C5

That the Victorian Government give priority to monitoring of sustainability indicators to enable comprehensive reporting in the next State of the Forests Report due in 2013.

Joint Government Response

The Victorian Government recognises that many of its sustainability indicators are difficult and/or costly to monitor and measure. For this reason, the Victorian Government will give priority to monitoring and measuring the sustainability indicators that are most practical, cost-effective and capable of being implemented at the regional level to inform the sustainable management of Victoria's public native forests. The Victorian Government is also

assessing the measurability of its sustainability indicators to determine which, if any, of the reported data gaps can be addressed over time.

The Victorian Government has established a Victorian Forest Monitoring Program. Its purpose is to assess and monitor the extent, state and condition of Victorian public forests (State forests, national parks and other conservation reserves) in a timely and accurate manner to inform sustainable forest management. The Victorian Forest Monitoring Program will be used for reporting in the Victorian and Australian State of the Forests Reports in 2013. At this stage, priority indicators are being included on all public land tenures.

The Parties are mindful that the detection of trends in sustainability indicators over time is an important element of sustainable forest management, and that the continuity of certain datasets is important to many stakeholders.

The Parties agree that the Victorian Government's focus on monitoring and measuring sustainability indicators is intended to demonstrate continual improvement in providing meaningful information on the sustainable development of Victorian forests.

Sustainability Indicators

Recommendation C6

That the Victorian Government undertake a review of the current Victorian sustainability indicators and complete this review by the end of 2011. The review should be guided by the milestone and obligation that *"the indicators will be practical, measurable, cost effective and capable of being implemented at the regional level."*

Joint Government Response

See **Recommendation C5**.

Under the Ecologically Sustainable Forest Management objective which requires a long-term commitment to continuous improvement, the Victorian Government is assessing the measurability of its sustainability indicators to determine which, if any, of the reported data gaps can be addressed over time. A formal review of the *Criteria and Indicators for Sustainable Forest Management in Victoria* (DSE 2007a) is not underway at this time. However, it has always been a clear intention by the Victorian Government that the *Criteria and Indicators for Sustainable Forest Management in Victoria* would be subject to continuous improvement.

Private Land

Recommendation R5

That Victoria includes additional information in the final Report on Progress on how the obligation in relation to private forestry activities will continue to be met including any relevant initiatives in the Timber Industry Strategy, 2009.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Additional information, that has been included at Section 5.7 (pages 33-34) in the Final Report, clarifies which private forestry activities on private land are covered by the *Code of Practice for Timber Production 2007*. It also identifies the Victorian *Timber Industry Strategy* (DPI 2009) stated the Victorian Government will support demand driven training development to assist local government to monitor compliance with the Code. A companion guide to the Code to assist in consistent application of the Code on private land has also been produced.

The additional information is also provided in Appendix A.

Threatened Flora and Fauna

Recommendation R6

That the Parties include a timeframe for development and review of recovery plans for species listed under both the EPBC and FFG Acts in the final Report on Progress (see Recommendation C7).

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Additional information clarifying the requirement for development and review of recovery plans under statutory requirements as well as prioritisation under the EPBC Act and the *Flora and Fauna Guarantee Act 1988* (FFG Act) has been included at Section 5.8 (page 32) in the Final Report. It is also provided in Appendix A.

The Australian and Victorian Governments will endeavour to finalise development of those outstanding recovery plans required for species listed under both the EPBC and FFG Acts before the end of the third five-yearly period.

Recommendation R7

That the Victorian Government include a timeframe for completion of all outstanding pest plant and pest animal control programs in the final Report on Progress (see Recommendation C8).

Joint Government Response

The Parties support including additional information as a means of increasing transparency and clarity in the Final Report.

The Final Report clarifies that there are no outstanding pest plant and pest animal control programs requiring completion and that the Victorian Government is applying a new approach to protecting key natural assets on public land from invasive plants and animals. The *Invasive Plants and Animals Policy Framework* aims to prevent the entry of new high risk invasive plants and animals, eradicate those that are at an early stage of establishment, contain (where possible) species that are beyond eradication, and takes an asset-based approach to managing widespread invasive species.

This additional information has been included at Section 5.8 (pages 38-39) in the Final Report. It is also provided in Appendix A.

Recommendation C7

That the Parties give priority to development and review of recovery plans for species listed under both the EPBC and FFG, taking into account the reviews of both Acts.

Joint Government Response

As indicated in **Recommendation R6**, the Australian and Victorian Governments will endeavour to finalise development of those outstanding recovery plans required for species listed under both the EPBC and FFG Acts before the end of the third five-yearly period.

Recommendation C8

That the Victorian Government give priority to completion of all outstanding pest plant and pest animal control programs.

Joint Government Response

As indicated in **Recommendation R7**, based on the Victorian Government application of a new approach to protecting key natural assets on public land from invasive plants and animals, there are no outstanding pest plant and pest animal control programs requiring completion.

Water

Recommendation C9

That the Victorian Government considers release of the sustainability assessment for Melbourne's water catchment following review of the impacts of the 2009 fires.

Joint Government Response

The Victorian Government has considered the release of the sustainability assessment for Melbourne's water catchments. Due to the 2009 bushfires, which affected about one-third of Melbourne's water supply catchments, the sustainability assessment will not be released. As outlined in the *Timber Industry Action Plan* (DPI 2011), the Victorian Government supports the development of evidence-based, economically efficient and environmentally sustainable approaches to timber harvesting in Melbourne's water catchments.

The CAR Reserve System

Recommendation R8

That the final Report on Progress includes a commitment by the Parties that future changes to that component of the reserve system in State forest will only occur in accordance with the RFAs.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Additional information referring to the informal reserve system in State forest, complementing the dedicated reserves, and a commitment that future changes to the informal reserve system will only occur in accordance with the Victorian RFAs has been included at Section 5.10 (pages 40-41) in the Final Report. This additional information is also provided in Appendix A.

Recommendation R9

That the Parties include additional information on the timing of the review of forest management planning in the final Report on Progress.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

An update on the completion of forest management plans in the West Victoria RFA region and additional information on the key objectives and timing of the new management planning framework for Victoria's parks, conservation reserves and State forests has been included at Section 5.10 (pages 45-46) in the Final Report. This framework supersedes the review of forest management planning. The additional information is also provided in Appendix A.

Recommendation C10

That the Victorian Government review and publish the Portland-Horsham Forest Management Plan by December 2010.

Joint Government Response

The Secretary to the Victorian Government Department of Sustainability and Environment approved the *Portland and Horsham forests: Forest Management Plan 2010* (DSE 2011) on 26 November 2010, and the plan was officially released on 7 April 2011.

The plan is available at the DEPI website: www.depi.vic.gov.au/forestry-and-land-use.

Industry Development

Recommendation R10

That the Victorian Government include additional information on the mechanisms for the Allocation Order and Timber Release Plans to be reviewed following catastrophic events such as fires in the final Report on Progress.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Additional information clarifying the mechanisms within relevant sections of the *Sustainable Forests (Timber) Act 2004* (Vic) that provide for reviews of the Allocation Order and approved Timber Release Plans has been included at Section 5.11 (pages 54-57) in the Final Report. The additional information is also provided in Appendix A.

Recommendation R11

That the Victorian Government include additional information in the final Report on Progress on initiatives in the *Timber Industry Strategy, 2009* that will support industry development and increase certainty for economic and social development.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

The Victorian 2011 *Timber Industry Action Plan* (TIAP) which builds on the 2009 *Victoria's Timber Industry Strategy* will assist industry to increase the economic value to Victoria from timber production and processing in a socially and environmentally sustainable manner. It will enable ongoing investment in a productive, competitive and sustainable timber industry that ensures our forest industries continue to provide jobs and income for regional families and communities, as well as high quality forest products for future generations.

This additional information, including the key priorities within the TIAP, has been included at Section 5.11 (pages 49-51) in the Final Report. This additional information is also provided in Appendix A.

Recommendation R12

That the Victorian Government include additional information on the actions (including timeframes) being taken to address the backlog of regeneration and completion of regeneration surveys in the final Report on Progress.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Much of the forest area overdue for regeneration surveys occurs in the East Gippsland FMA. The Victorian Government has sought to address this through the East Gippsland Enhanced Productivity Project which aims to conduct regeneration surveys on areas of failed

regeneration and regenerate a proportion of those areas. Additional information has been included at Section 5.11 (pages 57-59) in the Final Report and is also provided in Appendix A.

Recommendation C11

That the Parties, through the Agreements, continue to enhance opportunities for further growth and development of forest-based industries in the RFA regions and provide long term stability for these industries.

Joint Government Response

The Victorian Government's forest industry policy for the RFA regions is focussed on providing industry with secure access to native forest wood resources. Key elements of this policy include commitments to:

- guarantee long-term access to current supplies of native timber;
- place VicForests under the sole direction of the Victorian Minister for Agriculture;
- restructure the board of VicForests to include industry stakeholders;
- review harvesting rotations for faster growing native species such as mountain ash; and
- renewing the Victorian RFAs every five years to provide 20-year resource security.

Together with the Victorian 2011 *Timber Industry Action Plan*, which builds on the 2009 *Victoria's Timber Industry Strategy*, these initiatives will assist industry to increase the economic value to Victoria from timber production and processing in a socially and environmentally sustainable manner. They will enable ongoing investment in a productive, competitive and sustainable timber industry that ensures our forest industries continue to provide jobs and income for regional families and communities, as well as high quality forest products for future generations.

The Victorian RFAs are an important part of achieving the Victorian Government's policy. The Australian Government remains committed to the Victorian RFAs as providing the framework for the growth and development of forest-based industries and to provide the basis for resource security and a stable investment environment to the forest industry.

Recommendation C12

That the Victorian Government give priority to completion of regeneration activities and to improvements to the timeliness of reporting on those activities.

Joint Government Response

The Victorian *Code of Practice for Timber Production (Code)* includes requirements for the regeneration of harvested coupes. Compliance with the Code is required under the *Sustainable Forests (Timber) Act 2004 (Vic)*.

VicForests is responsible for regenerating coupes that it has harvested. The majority of forest coupes with regeneration requiring re-treatment were harvested prior to 1 August 2004, and were therefore the Victorian Department of Environment and Primary Industries' (DEPI) responsibility to regenerate. DEPI is progressively addressing this issue.

The Victorian Government recognises that substantial resources are required to complete all the outstanding regeneration surveys and re-treatment works on harvested coupes. The department will continue to pursue opportunities to complete these regeneration activities and will continue to make information available to the public on regeneration activities.

Indigenous Heritage

Recommendation C13

That the Victorian Government include consideration of the milestones and obligations for establishment of formal consultation mechanisms with Aboriginal communities in the RFA regions in the revised Indigenous Partnership Framework.

Joint Government Response

The *Native Title Act 1993* (Cwth), the *Aboriginal Heritage Act 2006* (Vic) and the *Traditional Owner Settlement Act 2010* (Vic) contain specific requirements for formal consultation and/or engagement between the Victorian Government and traditional owners on native title and cultural heritage matters. The *Aboriginal Heritage Act 2006* (Vic) and the *Traditional Owner Settlement Act 2010* (Vic) were passed by the Victorian Parliament after the signing of the Victorian RFAs.

The *Indigenous Partnership Framework 2007-2010* (DSE 2007d) described how the Victorian Government Department of Environment and Primary Industries engaged broadly with indigenous communities across the State.

In October 2010, the Victorian Government entered into the first Recognition and Settlement Agreement under the *Traditional Owner Settlement Act 2010* (Vic) with the Gunaikurnai people. This agreement recognises their Native Title Rights and interest over parts of the East Gippsland, Gippsland, North East and Central Highlands RFA regions. The Victorian Government is currently working with the Gunaikurnai people to develop agreed consultation and engagement processes relating to land management and other activities in their Native Title area.

The Victorian Government has also entered into a Recognition and Settlement Agreement with the Dja Dja Wurrung people in March 2013 which covers a part of the West Victoria RFA region. The Victorian Government is also working with the Dja Dja Wurrung people to develop agreed consultation and engagement processes relating to land management and other activities in their Native Title area.

Additional information is at Section 5.12 (pages 61-63) in the Final Report. The additional information is also provided in Appendix A.

Recommendation C14

That the Victorian Government complete modelling by December 2011 to establish priority areas for future surveys of Aboriginal sites in the RFA regions (noting that this work has already been undertaken in the North East).

Joint Government Response

Surveys for Aboriginal sites occur across all public land in Victoria as part of requirements of the *Aboriginal Heritage Act 2006* (Vic). This legislation defines sensitive areas in the landscape and requires cultural heritage management plans, including surveys, to be undertaken when activities that may impact cultural heritage are proposed. The Victorian Government Response to the review of the *Aboriginal Heritage Act 2006* (Vic) includes support for further country mapping.

Additional information is at Section 5.12 (pages 61-63) in the Final Report. The additional information is also provided in Appendix A.

Research

Recommendation R13

That the Victorian Government include additional information on current and planned research activities including research into climate change and carbon sequestration in the final Report on Progress.

Joint Government Response

The Parties support this recommendation as a means of increasing transparency and clarity in the Final Report.

Information covering the Victorian Government's current research activities and the future research program to improve the knowledge base of the interactions between natural and socio-economic forest values has been included at Section 5.16 (pages 68-69) and Appendix 6 in the Final Report. This information is also provided in Appendix A.

Funding

Recommendation C15

That, in accordance with the obligation (EG-66), the Australian Government continues to consider assistance for the development of sustainability indicators.

Joint Government Response

The Australian Government agrees to the continued provision of assistance to the Victorian Government through technical support from its agencies working co-operatively with Victorian agencies in the development of sustainability indicators which are practical, measurable, cost effective and capable of being implemented at the regional level.

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Appendix A

The additional information included in the Final Report, in accordance with each of the Independent Reviewer’s ‘R’ recommendations and two ‘C’ recommendations, is provided below. This additional information must be read within the relevant section of the Final Report to provide the overall context of the issue identified by the Independent Reviewer. The relevant section and page number of the Final Report is provided for reference.

Recommendation R1

That the Parties include additional information in the final Report on Progress on the accountability arrangements for VicForests including the roles of the Treasurer, Minister for Agriculture and Minister for Environment and Climate Change.

Text from Draft Report – Obligation EG-21, 1 st to 5 th paragraphs, page 19	Text from Final Report - Obligation EG-21, 1 st to 5 th paragraphs, pages 19-20
<p>These ongoing commitments were met during Periods 1 and 2.</p> <p>Victoria separated the commercial forestry activities within native State forests from the policy and regulatory functions in eastern Victoria in Period 2 (August 2004) with the creation of VicForests. VicForests is accountable to the Treasurer as shareholder and relevant Minister under the <i>State Owned Enterprises Act 1992</i> (Vic).</p> <p>DSE is responsible for the management of Victoria’s State forests. In eastern Victoria, DSE allocates timber resources from State forests to VicForests for the purposes of harvesting and commercial sale through the <i>Allocation to VicForests Order 2004</i> (as amended) (Allocation Order).</p> <p>In western Victoria, including areas within the West Victoria RFA, commercial forestry activities have not been separated from the policy and regulatory forestry activities. All aspects of forest management in State forests in western Victoria remain the responsibility of DSE due to the relatively small scale of forestry activities in the west.</p> <p>During Periods 1 and 2, Victoria remained committed to the implementation of its plans, codes and prescriptions relevant to the</p>	<p>These ongoing commitments were met during Periods 1 and 2.</p> <p>The then Victorian Government separated the commercial forestry activities within native State forests from the policy and regulatory functions on 1 August 2004 (Period 2) when VicForests commenced operations.</p> <p>Further improvements to public native forestry governance arrangements in Victoria have subsequently been made. VicForests is now under the sole direction of the Minister for Agriculture and Food Security. The Treasurer retains responsibilities under the <i>State Owned Enterprises Act 1992</i> (Vic) primarily relating to the financial oversight of the company. The Minister for Environment and Climate Change has a continuing role in land management, environmental regulation and forest policy, relating to biodiversity, conservation and sustainability objectives.</p> <p>The Victorian Government allocates timber resources from State forests to VicForests for the purposes of harvesting and commercial sale through the <i>Allocation to VicForests Order 2004</i> (as amended) (the Allocation Order). The Allocation Order currently allocates timber resources to</p>

<p>achievement of ecologically sustainable forest management.</p>	<p>VicForests in eastern Victoria only. In western Victoria, including areas within the West Victoria RFA, all aspects of forest management within State forests, including commercial operations, were the responsibility of DSE during Periods 1 and 2.</p> <p>During Periods 1 and 2, Victoria remained committed to the implementation of its plans, codes and prescriptions relevant to the achievement of ecologically sustainable forest management.</p>
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Recommendation R2

That the Parties include a more detailed explanation for the delay of the five yearly review in the final Report on Progress.

<p>Text from Draft Report – 5.3 Five yearly review, 1st to 4th paragraphs, page 21</p>	<p>Text from Final Report – 5.3 Five-yearly review, 1st to 5th paragraphs, pages 21-22</p>
<p>The commitment to undertake a review of the performance of the Victorian RFAs during the first five year period (Period 1) was not met. The review was delayed as a consequence of reforms in the management of Victoria’s forests associated <i>Our Forests, Our Future</i>.</p> <p><i>A Draft Report on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs)</i> contributes to the first (Period 1) and second (Period 2) five-yearly reviews for each of the Victorian RFAs, which are being undertaken simultaneously. The review will assess progress with implementation of the Victorian RFAs between the date the RFAs were signed and 30 June 2009.</p> <p>The Commonwealth of Australia and State of Victoria have signed a <i>Scoping Agreement for the review of progress with implementation of the Victorian Regional Forest Agreements</i>. The Scoping Agreement sets out the principles, governance and process for the conduct of the review, including RFA requirements relating to purpose, items for review, timelines and public consultation. The Scoping Agreement is available on the DSE website (www.dse.vic.gov.au).</p>	<p>The commitment to undertake a review of the performance of the Victorian RFAs during the first five year period (Period 1) was not met. The review was delayed as a direct consequence of reforms in the management of Victoria’s public native forests associated with the then Victorian Government’s <i>Our Forests, Our Future</i> policy statement.</p> <p>The <i>Our Forests, Our Future</i> policy statement, announced in February 2002, led to major reforms in the way in which Victoria’s public native forests were managed, and to the native forest timber industry.</p> <p>The implementation of <i>Our Forests, Our Future</i> saw: a 31 per cent reduction in native forest sawlog supply levels in Victoria; an \$80 million assistance package, which included funding for a Voluntary Licence Reduction Program and a Workers Assistance Package; new legislation to ensure resource security; independent auditing of forests; and the establishment of a new commercial entity, VicForests, to separate the commercial forestry objectives from the policy and regulatory functions of Government and ensure that the timber industry is managed efficiently.</p>

<p>The final review report, which will be publicly released following revision to account for comments of the public and an independent reviewer, will mean that Victoria and the Commonwealth will have met their review commitments until 30 June 2014 when the third five-yearly review is due.</p>	<p>The implementation of this major reform required time to:</p> <ul style="list-style-type: none"> • determine the future sustainable resource base • create VicForests • develop a new licensing and pricing system • create new legislation, and • consult with industry and transition to the new allocation arrangements. <p>The release of this Final Report marks the conclusion of the first (Period 1) and second (Period 2) five-yearly reviews of the performance of each of Victoria's five RFAs.</p>
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Recommendation R3

That the Victorian Government develops Statewide (including East Gippsland) Guidelines for the Management of Cultural Heritage Values in Forests, Parks and Reserves and that these Guidelines are jointly agreed no later than December 2011. This commitment and timeframe should be included in the final Report on Progress.

Text from Draft Report – Obligation CH-45(d), 1 st to 3 rd paragraphs, page 26	Text from Final Report – Obligation CH-45(d), 1 st to 4 th paragraphs, page 27
<p>This commitment was not met during either Period 1 or Period 2.</p> <p>Statewide guidelines for the management of cultural heritage values in forests, parks and reserves have not yet been developed in Victoria. In the interim Victoria continues to manage cultural heritage values through relevant legislation and management plans. Timber harvesting operations are carried out in accordance with the <i>Management Procedures for Timber Harvesting, Roading and Regeneration in Victoria's State Forests 2009</i> which outline measures for the protection of Indigenous and non-indigenous cultural heritage values.</p> <p>Further information on the management of Indigenous cultural heritage in Victoria is provided in Section 5.12 of this report.</p>	<p>This commitment was not met during either Period 1 or Period 2.</p> <p>Victoria manages both Indigenous and non-Indigenous cultural heritage values in forests, parks and reserves through legislation, relevant regulations, plans, procedures and guidelines.</p> <p>The Victorian Government has reviewed the <i>Aboriginal Heritage Act 2006</i> (Vic) and in 2014 will consider whether there is a need for the development of Statewide guidelines for the management of cultural heritages values.</p> <p>Further information on the management of Indigenous cultural heritage in Victoria is provided in Section 5.12 of this report.</p>

Recommendation R4

That the Parties include additional information on reports of internal audits of compliance with the Code of Forest Practices for timber production in the final Report on Progress.

Text from Draft Report – Obligation EG-28, 1 st to 3 rd paragraphs, page 23	Text from Final Report – Obligation EG-28, 1 st to 5 th paragraphs, pages 24-25
<p>This ongoing commitment was met during Periods 1 and 2.</p> <p>In 2002, the Victorian Government released the <i>Our Forests, Our Future</i> policy with a commitment to make the application of the <i>Code of Forest Practices for Timber Production</i> (now the <i>Code of Practice for Timber Production 2007</i>) more transparent. To deliver on this commitment, the Minister for Environment asked the Environment Protection Agency Victoria (EPA Victoria) to engage an independent environmental auditor to assess compliance of timber harvesting and related activities on public land with the Code. Audits of compliance with the Code are publicly available on the EPA Victoria website (www.epa.vic.gov.au).</p> <p>In 2007-08, instead of coordinating the annual audit, EPA Victoria reviewed the forest audit program and determined that responsibility for commissioning future audits should be passed over to the Department of Sustainability and Environment (DSE). In 2009, DSE began developing an improved auditing program for commercial timber harvesting in Victoria’s State forests. The new audit program is being developed at the request of the Minister for Environment and Climate Change, in response to the independent review administered by EPA Victoria. The new audit program will allow for the examination of a range of activities associated with timber harvesting, including: forestry operational planning; roading; operational practices; and the conduct of timber harvesting organisations. DSE will contract third-party (independent) environmental auditors in 2010 to conduct audits and</p>	<p>This ongoing commitment was met during Periods 1 and 2.</p> <p>In 2002, the then Victorian Government released the <i>Our Forests, Our Future</i> policy with a commitment to make the application of the <i>Code of Forest Practices for Timber Production</i> (now the <i>Code of Practice for Timber Production 2007</i>) more transparent. To deliver on this commitment, the then Minister for Environment and Climate Change asked the Environment Protection Authority Victoria (EPA Victoria) to engage an independent environmental auditor to assess compliance of timber harvesting and related activities on public land with the Code. Audits of compliance with the Code in State forests undertaken by EPA Victoria between 2003 and 2007 are publicly available on their website (www.epa.vic.gov.au).</p> <p>In 2007-08, instead of coordinating the annual audit, EPA Victoria reviewed the forest audit program and determined that responsibility for commissioning future audits should be passed over to the Department of Sustainability and Environment (DSE).</p> <p>While this review was being conducted, DSE conducted audits of VicForests’ operations. In 2007-08 and 2008-09 DSE audited VicForests for compliance with the <i>Allocation to VicForests Order 2004 (as amended)</i> (the Allocation Order) and approved Timber Release Plan. A sample of fire salvage coupes from the Tambo, Benalla-Mansfield and Central Gippsland Forest Management Areas were selected. The audits concluded that VicForests has processes in place to address all</p>

<p>assess compliance with the Code and other relevant planning and operational guidelines. The auditors will provide independent reports that will be published on the DSE website (www.dse.vic.gov.au).</p>	<p>requirements of the Allocation Order and approved Timber Release Plan, with only some minor improvements required. The audits found that the processes were followed in most instances and when followed, it achieved the desired outcomes. The 2007-08 audit made eleven recommendations, and the 2008-09 audit seven recommendations, for improvements in process for both DSE and VicForests. The 2007-08 and 2008-09 audits are available on the DSE website at www.depi.vic.gov.au.</p> <p>In 2010, DSE implemented a new audit program for commercial timber harvesting in Victoria's State forests. The Forest Audit Program has been designed to allow for the independent examination of a range of activities associated with timber harvesting including: operational and tactical planning; roading; harvesting; coupe closure; and regeneration. Audits are conducted by independent third-party auditors appointed under the <i>Environment Protection Act 1970</i> (Vic), and assess the effectiveness of: organisations regulated under the framework (including DSE and VicForests); the regulator (DSE); and the regulatory framework. The audit reports are published on the DSE website (www.depi.vic.gov.au).</p>
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Recommendation R5

That Victoria includes additional information in the final Report on Progress on how the obligation in relation to private forestry activities will continue to be met including any relevant initiatives in the Timber Industry Strategy, 2009.

Text from Draft Report – 5.7 Private land, 1 st to 3 rd paragraphs, page 29	Text from Final Report – 5.7 Private land, 1 st to 4 th paragraphs, pages 31-32
<p>This ongoing commitment was met during Periods 1 and 2.</p> <p>Private forest owners continue to be required to comply with the <i>Code of Practice for Timber Production 2007</i> (formerly the <i>Code of Forest Practices for Timber Production</i>). Under the <i>Planning and Environment Act 1987</i> (Vic), local government, as the local planning authority, is responsible for ensuring that forestry activities on private land comply with the <i>Code of Practice for Timber Production 2007</i>. This responsibility involves ensuring that forestry activity on private land is appropriately planned, developed, managed, harvested and restored/revegetated.</p> <p>The requirement for private landholders to comply with the Code is incorporated in all local government planning schemes in Victoria through standard provisions known as the Victorian Planning Provisions. Clause 66 of the Victoria Planning Provisions set out the types of applications which must be referred under Section 55 of the <i>Planning and Environment Act 1987</i> (Vic). Various Ministers, Departmental Secretaries and government agencies of the State of Victoria are listed as referral authorities under the Provisions. A Forest Practitioner Accreditation Scheme developed by Timber Towns Victoria provided councils and forest owners’ access to Accredited Forest Practitioners to assist them with Code compliance during the review period.</p>	<p>This ongoing commitment was met during Periods 1 and 2.</p> <p>Private forest owners continue to be required to comply with the <i>Code of Practice for Timber Production 2007</i> (formerly the <i>Code of Forest Practices for Timber Production</i>). Under the <i>Planning and Environment Act 1987</i> (Vic), local government, as the local planning authority, is responsible for ensuring that forestry activities on private land comply with the Code. This responsibility involves ensuring that forestry activity on private land which involves timber production is appropriately planned, developed, managed, harvested and restored/revegetated. The Code does not apply to agroforestry (the simultaneous and substantial production of forest and other agricultural products from the same land unit), windbreaks or other amenity plantings, or to the occasional felling of trees for local uses on the same property or by the same landowner or manager. Small plantations and woodlots of five hectares or less are also exempt from the Code, as are plantings established from non-commercial purposes. The Code does not apply to revegetation operations conducted for the purposes of erosion or salinity control.</p> <p>The requirement for private landholders to comply with the Code is incorporated in all local government planning schemes in Victoria through standard provisions known as the Victorian Planning Provisions. Clause 66 of the Victoria Planning Provisions set out the types of applications which must be referred under Section 55 of the <i>Planning and Environment Act 1987</i> (Vic). Various Ministers, Departmental</p>

Secretaries and government agencies of the State of Victoria are listed as referral authorities under the Provisions. A Forest Practitioner Accreditation Scheme developed by Timber Towns Victoria provided councils and forest owners' access to Accredited Forest Practitioners to assist them with Code compliance during the review period.

The *Timber Industry Strategy*, released by the then Victorian Government in December 2009, stated that the government will support demand driven training development to assist local government to monitor compliance with the Code on private land. It was subsequently determined, through extensive stakeholder consultation, that there is currently minimal demand for such training. However, in response to demand from local government the Victorian Department of Primary Industries developed and released *A Companion to the Code of Practice for Timber Production 2007* which will assist the consistent application of the Code on private land in Victoria. The Code companion document is available on the Department of Primary Industries website at www.dpi.vic.gov.au.

Recommendation R6

That the Parties include a timeframe for development and review of recovery plans for species listed under both the EPBC and FFG Acts in the final Report on Progress (see Recommendation C7).

Text from Draft Report – Obligation EG-43, 1 st and 2 nd paragraphs, page 30	Text from Final Report – Obligation EG-43, 1 st to 4 th paragraphs, page 32
<p>These milestones and obligations were met during Periods 1 and 2.</p> <p>The EPBC Act introduced altered and additional requirements for national Recovery Plans compared to the superseded <i>Endangered Species Protection Act 1992</i> (Cwth) (ESP Act). As a result the Action Statements prepared under the FFG Act could no longer meet the requirements of the EPBC Act. From 2001 (Period 1), DSE entered into a series of financial agreements to prepare national Recovery Plans for the vast majority of EPBC-listed threatened species and ecological communities (both endemic and non-endemic) that occur in Victoria. DSE also sought to prepare or revise Action Statements for the same species, so they would contain the same actions as the Recovery Plans.</p>	<p>These milestones and obligations were met during Periods 1 and 2.</p> <p>The EPBC Act introduced altered and additional requirements for national Recovery Plans compared to the superseded <i>Endangered Species Protection Act 1992</i> (Cwth) (ESP Act). As a consequence the Action Statements prepared under the FFG Act could no longer meet the requirements of the EPBC Act. From 2001 (Period 1), DSE entered into a series of financial agreements to prepare national Recovery Plans for the vast majority of EPBC-listed threatened species and ecological communities (both endemic and non-endemic) that occur in Victoria. DSE also sought to prepare or revise Action Statements for the same species, so they would contain the same actions as the Recovery Plans.</p> <p>There is a statutory requirement under the EPBC Act for the completion of recovery plans for all EPBC-listed species which have a requirement to develop a recovery plan. For those RFA priority species which already have a recovery plan in place and for which a review (or revision) of the plan is underway, ideally this should be completed as soon as possible. This will allow resources to be allocated to other recovery plans as they become due for their statutory five-year review.</p> <p>The Parties agree to develop a timeframe for the development and review of recovery plans required for species listed under both the EPBC and FFG Acts. The Parties will also endeavour to finalise development of those outstanding recovery plans required before the end of the third</p>

five-yearly period.

Recommendation R7

That the Victorian Government include a timeframe for completion of all outstanding pest plant and pest animal control programs in the final Report on Progress (see Recommendation C8).

Text from Draft Report – Obligation EG-46, 1 st to 8 th paragraphs, pages 35-36	Text from Final Report – Obligation EG-46 , 1 st to 7 th paragraphs, pages 38-39
<p>Progress towards these milestones was achieved in Periods 1 and 2.</p> <p>In June 2002, Victoria released <i>Victorian Pest Management – A Framework for Action</i> (NRE 2002b), which provides strategic direction for the management of declared and potential pests across the state. During the development of the Framework, specific management strategies were developed for weeds, rabbits, wild dogs, foxes, feral pigs, feral goats and public land management.</p> <p>Victoria also allocated resources for the pest management component of the recovery programs in the Victorian Alps following the 2003 and 2006-07 fires, and continued implementation of the Good Neighbour program in all RFA regions. The Good Neighbour program invests in cooperative pest management programs on the freehold/public land boundary.</p> <p>In addition, the Victorian Government allocated \$14 million to the four-year <i>Weeds and Pests on Public Land Initiative 2003–07</i> to undertake major weed and pest animal control programs in National parks, State forest and other public land in Victoria. This initiative delivered on many of the objectives of the Framework. On-ground projects included the large scale ‘Ark’ fox control projects in Gippsland and Glenelg, fox and broom control in the Alps, weed management in the Otways, controlling Blackberry in partnership with the community and rabbit control in the Mallee. <i>Guidelines and Procedures for Managing the Environmental</i></p>	<p>These milestones were met during Periods 1 and 2.</p> <p>There are no outstanding pest plant and pest animal control programs requiring completion.</p> <p><i>Victorian Pest Management – A Framework for Action</i></p> <p>In June 2002, Victoria released <i>Victorian Pest Management – A Framework for Action</i> (NRE 2002b), which provided strategic direction for the management of declared and potential pests across the state. During the development of the framework, specific management strategies were developed for weeds, rabbits, wild dogs, foxes, feral pigs and feral goats.</p> <p>Victoria also allocated resources for the pest management component of the recovery programs in the Victorian Alps following the 2003 and 2006-07 fires, and continued implementation of the Good Neighbour program in all RFA regions. The Good Neighbour program invests in cooperative pest management programs on the freehold/public land boundary.</p> <p>In addition, the then Victorian Government allocated \$14 million to the four-year <i>Weeds and Pests on Public Land Initiative 2003–07</i> to undertake major weed and pest animal control programs in National parks, State forest and other public land in Victoria. This initiative delivered on many of the objectives of the framework. On-ground projects included the large scale ‘Ark’ fox control projects in Gippsland</p>

Impacts of Weeds on Public Land in Victoria 2007 (DSE 2007c) were also prepared.

The Victorian Government remains committed to protecting Victoria against weeds and pests. In May 2007 the Government announced a \$30.1 million, four-year investment that includes a \$4 million boost for new programs to prevent new weeds and \$26 million to build on its previous initiatives. \$9.58 million will be directed towards programs on public land.

Under this initiative, DSE began setting priorities for invasive species management on public land. The strategic approach being developed for pest management on public land seeks to improve coordination and integration of planning and on-ground activities between relevant project partners. Priorities will be based on the biosecurity approach incorporating asset based protection principles. Five regional 'integrated landscape scale projects' were established during 2008-09 to demonstrate this integrated approach to target protection of high value assets. Further information on this initiative is available on the DSE website (www.dse.vic.gov.au).

While the Victorian government increased its investment in public land weed and pest management over Periods 1 and 2, the focus of this new investment was not to develop pest plant and pest animal control programs in accordance with the relevant Forest Management Plan within five years of the signing of each RFA. However, the development of pest plant and pest animal control programs is underway.

In 2000, each of the relevant Catchment Management Authorities (CMAs) developed regional plans for weeds and rabbits, and in 2004 regional plans for wild dogs. The strategic directions articulated in these plans have been mostly implemented. Under the Weeds and Pests Initiative (2007-2011) CMAs were funded to update their weed and rabbit plans into comprehensive Invasive Plants and Animals plans that

and Glenelg, fox and broom control in the Alps, weed management in the Otways, controlling Blackberry in partnership with the community and rabbit control in the Mallee. *Guidelines and Procedures for Managing the Environmental Impacts of Weeds on Public Land in Victoria 2007* (DSE 2007c) were also prepared. In May 2007 the then Victorian Government announced a \$30.1 million, four-year investment that includes a \$4 million boost for new programs to prevent new weeds and \$26 million to build on its previous initiatives. Of this, \$9.58 million was directed towards programs on public land.

In 2000, each of the relevant Catchment Management Authorities (CMAs) developed regional plans for weeds and rabbits, and in 2004 regional plans for wild dogs. The strategic directions articulated in these plans have been mostly implemented. Under the *Weeds and Pests Initiative (2007-2011)* CMAs were funded to update their weed and rabbit plans into comprehensive Regional Pest Strategies that would cover a wider range of pests and weeds.

Invasive Plants and Animals Policy Framework

The Victorian Government is applying a new approach to protecting key natural assets on public land from invasive plants and animals. The *Invasive Plants and Animals Policy Framework* follows *Victorian Pest Management – A Framework for Action (2002)* and is aligned with the *Biosecurity Strategy for Victoria (2009)*. The new policy aims to prevent the entry of new high risk invasive plants and animals, eradicate those that are at an early stage of establishment, contain (where possible) species that are beyond eradication, and take an asset-based approach to managing widespread invasive species. DSE and Parks Victoria are applying this new approach to protect key natural assets across the State. Further information regarding the policy can be found on the DSE website at: www.depi.vic.gov.au.

would cover a wider range of pests and weeds.	
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Recommendation R8

That the final Report on Progress includes a commitment by the Parties that future changes to that component of the reserve system in State forest will only occur in accordance with the RFAs.

Text from Draft Report – Obligation EG-50, 1 st to 5 th paragraphs, page 37	Text from Final Report – Obligation EG-50, 1 st to 7 th paragraphs, page 40-41
<p>i) Changes to that component of the CAR reserve system in State forest will only occur in accordance with this Agreement</p> <p>This ongoing commitment was met during Periods 1 and 2, except in the North East and West Victoria RFA regions where changes to that component of the CAR reserve system in State forest were made which were not in accordance with the RFAs.</p> <p>In each RFA region, changes to the CAR reserve system in State forest were made throughout the review period in response to new information. Proposed changes were assessed against the management guidelines for amending forest zoning schemes provided in the RFAs.</p> <p>Victoria also implemented additions to the ‘Dedicated Reserves’ component of the CAR reserve system in the North East and West Victoria RFA regions which were not in accordance with the RFAs. In the North East RFA region, additions of State forest to the national park and conservation reserve system followed the Box-Ironbark Forests and Woodlands Investigation by the ECC, and in the West Victoria RFA region the Angahook-Otway investigation by VEAC. Many of the areas added to the Dedicated Reserves category of the CAR reserve system were existing Informal Reserves (i.e. Special Protection Zones).</p> <p>West Victoria RFA</p> <p>During Period 2 the Victorian Government passed legislation creating the Great Otway National Park. The creation of the National Park was not in</p>	<p>i) Changes to that component of the CAR reserve system in State forest will only occur in accordance with this Agreement</p> <p>This ongoing commitment was met during Periods 1 and 2, except in the North East and West Victoria RFA regions where changes to that component of the CAR reserve system in State forest were made which were not in accordance with the RFAs.</p> <p>In each RFA region, changes to the CAR reserve system in State forest were made throughout the review period in response to new information. Proposed changes were assessed against the management guidelines for amending forest zoning schemes provided in the RFAs.</p> <p>The then Victorian Government also implemented additions to the ‘Dedicated Reserves’ component of the CAR reserve system in the North East and West Victoria RFA regions which were not in accordance with the RFAs. In the North East RFA region, additions of State forest to the national park and conservation reserve system were made based on the recommendations of the Box-Ironbark Forests and Woodlands Investigation by the ECC in 2001, and in the West Victoria RFA region based on the recommendations of the Angahook-Otway Investigation by VEAC in 2004. These additions did not lead to a net deterioration in the protection of identified CAR values.</p> <p>The dedicated (or formal) conservation reserve system is complemented by the forest management zoning scheme in State forest. Forest</p>

accordance with the West Victoria RFA, this was acknowledged by the Premier of Victoria in the Victorian Parliament on 5 October 2004. This change to that component of the CAR reserve system in State forest was not in accordance with the West Victoria RFA, but did not lead to a net deterioration in the protection of identified CAR values. The Victorian Government also created the Cobboboonee National Park and Forest Park (previously the Cobboboonee State forest) in the West Victoria RFA region during Period 2, again these changes did not lead to a net deterioration in the protection of identified CAR values.

East Gippsland RFA

The Victorian Government also committed to additions to the conservation reserve system in the East Gippsland RFA region during Period 2 through their 2006 *Victoria's National Parks and Biodiversity* election policy. The implementation of this policy (which had yet to be finalised in Period 2) will add over 45 000 hectares of State forest to the conservation reserve system in East Gippsland. While this commitment will change the component of the CAR reserve system in State forest in the East Gippsland RFA region, it will not lead to a net deterioration in the protection of identified CAR values, and will be achieved without any net job losses or reduction in available timber resources.

management zoning is a key element of the management of State forests, creating an informal reserve system that works as a complement to the formal conservation reserve system (such as national parks) in protecting habitats and vegetation types while allowing timber harvesting, firewood collection and other activities in other areas. While the formal conservation reserve system is relatively stable, the informal reserve system relies on a more adaptive management approach, having flexible boundaries that can change over time to reflect new information and forest dynamics.

The Parties agree that future changes to informal reserves will only occur in accordance with the Victorian RFAs and will not lead to a net deterioration in the protection of identified CAR values.

West Victoria RFA

During Period 2, the then Victorian Government passed legislation creating the Great Otway National Park. The creation of the National Park was not in accordance with the West Victoria RFA, this was acknowledged by the then Premier of Victoria in the Victorian Parliament on 5 October 2004. This change to that component of the CAR reserve system in State forest was not in accordance with the West Victoria RFA, but did not lead to a net deterioration in the protection of identified CAR values. The Cobboboonee National Park and Forest Park (previously the Cobboboonee State forest) in the West Victoria RFA region was also created during Period 2, again these changes did not lead to a net deterioration in the protection of identified CAR values.

East Gippsland RFA

The then Victorian Government also committed to additions to the conservation reserve system in the East Gippsland RFA region during Period 2 through their 2006 *Victoria's National Parks and Biodiversity* election policy. The implementation of this policy (through the *Parks and Crown Land Legislation Amendment (East Gippsland) Act 2009*) added

	over 45 000 hectares of State forest to the conservation reserve system in East Gippsland. This addition changed the component of the CAR reserve system in State forest in the East Gippsland RFA region, but did not lead to a net deterioration in the protection of identified CAR values.
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Recommendation R9

That the Parties include additional information on the timing of the review of forest management planning in the final Report on Progress.

Text from Draft Report – Obligation W-67, 1 st to 5 th paragraphs, page 41-42	Text from Final Report – Obligation W-67, 1 st to 6 th paragraphs, pages 45-46
<p>This milestone was not achieved. Work towards achieving this milestone is ongoing.</p> <p>The <i>Portland and Horsham Forests Proposed Forest Management Plan</i> (DSE 2005a) was released for public comment in December 2005. The plan is being finalised and is expected to be completed in 2009.</p> <p>The review of the Otway FMA forest management plan was deferred while the review of land-use undertaken by VEAC as part of the Angahook-Otway Investigation was underway. The Victorian Government adopted the majority of VEAC’s recommendations in the <i>Angahook-Otway Investigation Final Report</i> (VEAC 2004). VEAC’s recommendations led to the creation of the Great Otway National Park and Otway Forest Park, and the preparation of the management plan for these parks being prepared as part of a single coordinated process. The draft management plan for the Great Otway National Park and Otway Forest Park was released for public comment in March 2008. The plan is being finalised and is expected to be completed in 2009.</p> <p>Review of the Midlands FMA forest management plan was not undertaken during the review period. Management planning has focussed on the preparation of plans for all forests in the State within the RFA regions and the box-ironbark and riverine forests outside of the</p>	<p>This milestone was not achieved.</p> <p>The <i>Portland and Horsham Forests – Proposed Forest Management Plan</i> (DSE 2005a) was released for public comment in December 2005. The <i>Portland and Horsham forests: Forest Management Plan 2010</i> (DSE 2011) was approved by the Secretary on 26 November 2010 and was officially released on 7 April 2011.</p> <p>The review of the <i>Forest Management Plan for the Otway Forest Management Area</i> was deferred while the review of land-use undertaken by VEAC as part of the Angahook-Otway Investigation was underway through to 2004. The then Victorian Government adopted the majority of VEAC’s recommendations in the <i>Angahook-Otway Investigation Final Report</i> (VEAC 2004). VEAC’s recommendations led to the creation of the Great Otway National Park and Otway Forest Park, and the preparation of the management plan for these parks being prepared as part of a single coordinated process that replaced the review of the Otway FMA forest management plan due to the tenure changes. The draft management plan for the Great Otway National Park and Otway Forest Park was released for public comment in March 2008. The plan was completed and released in December 2009 and is available on the Parks Victoria website at: www.parkweb.vic.gov.au.</p>

<p>RFA regions. Review of the Midlands FMA forest management plan is not currently scheduled.</p> <p>DSE has recently commenced a strategic review of forest management planning in Victoria.</p>	<p>Review of the <i>Forest Management Plan for the Midlands Forest Management Area</i> was not undertaken during the review period. Management planning has focussed on the preparation of plans for all forests in the State within the RFA regions and the box-ironbark and riverine forests outside of the RFA regions. Review of the Midlands FMA forest management plan is not currently scheduled.</p> <p>The Victorian Government is currently developing a new management planning framework for Victoria's forests and parks. Key objectives of the proposed new framework are to:</p> <ul style="list-style-type: none"> • provide greater clarity around government policy and priorities; • meaningfully involve the community in land management; • increase integration of management activities and long-term strategic outcomes; • increase accountability for financial expenditure, management effectiveness and estate outcomes; and • support adaptive management and continuous improvement in public land management. <p>This project supersedes the review of forest management planning. The new management planning framework was endorsed by the Secretary of DSE in 2012 with implementation to follow during 2013 and 2014.</p>
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Recommendation R10

That the Victorian Government include additional information on the mechanisms for the Allocation Order and Timber Release Plans to be reviewed following catastrophic events such as fires in the final Report on Progress.

Text from Draft Report – Obligation W-75, 1 st to 13 th paragraphs, pages 48-50	Text from Final Report – Obligation W-75, 1 st to 16 th paragraphs, pages 54-57
<p>These ongoing commitments were met during Periods 1 and 2.</p> <p>In estimating the volume of D+ sawlog expected to be produced in each FMA over the 20 year period of the RFAs, the Parties recognised that timber supply levels were subject to change to account for the findings of periodic reviews of sustainable yield. It was also recognised that some of the estimated available volume would occur in stands which were less desirable to harvest under existing market conditions due to low yield, accessibility and product distribution. The available volume in these areas was dependent on the capacity of the timber industry to harvest in these areas. With this in mind, these ongoing commitments were met during Periods 1 and 2.</p> <p>Since signing the RFAs, Victoria has periodically reviewed the availability of timber resources to take into account:</p> <ul style="list-style-type: none"> • new resource information • changes in the area of forest available to harvest as a result of code of practice prescriptions, management procedures and forest management plans • changes in land tenure • operational and merchantable constraints to harvesting identified by industry • improvements in modelling techniques to forecast timber resource availability, and 	<p>These ongoing commitments were met during Periods 1 and 2 notwithstanding additions to the national parks and conservation reserve system in the West Victoria RFA region (see clause number W-69 in Section 5.11). Regeneration activities were conducted in those areas, but not for the purpose of future timber production.</p> <p>In estimating the volume of D+ sawlog expected to be produced in each FMA over the 20 year period of the RFAs, the Parties recognised that timber supply levels were subject to change to account for the findings of periodic reviews of sustainable yield. It was also recognised that some of the estimated available volume would occur in stands which were less desirable to harvest under existing market conditions due to low yield, accessibility and product distribution. The available volume in these areas was dependent on the capacity of the timber industry to harvest in these areas. With this in mind, these ongoing commitments were met during Periods 1 and 2.</p> <p>Since signing the RFAs, the Victorian Government has periodically reviewed the availability of timber resources to take into account:</p> <ul style="list-style-type: none"> • new resource information • changes in the area of forest available to harvest as a result of code of practice prescriptions, management procedures and forest management plans • changes in land tenure • operational and merchantable constraints to harvesting

- the impacts of fire, including the 2003 Alpine fires, 2006-07 Great Divide fires, and the 2009 fires in eastern Victoria.

The timber resource review undertaken in 2001 as part of the Licence Renewal Project used new information from the SFRI and took into account a range of operational and merchantable constraints identified by industry and had not previously been factored into resource estimates. As a result of this review, Victoria announced *Our Forests, Our Future* and reduced timber harvesting in Victoria's State forests by about a third.

East Gippsland, Central Highlands, North East and Gippsland RFA regions (Eastern Victoria)

Our Forests, Our Future reformed the approach for determining sustainable timber harvesting levels in the State forests of the RFA regions in eastern Victoria (i.e. the East Gippsland, Central Highlands, North East and Gippsland RFA regions). Under the SFT Act volume-based timber allocation has been replaced with area-based allocation, expressed in the Allocation Order. DSE allocates areas of forest (by forest type and FMA) for commercial harvest and/or sale to VicForests in each of three five-year periods through the Allocation Order. It is the responsibility of VicForests to determine the volume of timber that can be sustainably harvested within the allocated area.

The Allocation Order published in the Victorian Government Gazette on 29 July 2004 (Period 2) covers an initial period of 15 years from 1 August 2004 to 31 July 2019. The area of forest allocated to VicForests within the Allocation Order was based on the 2001 Estimates of Sawlog Resources.

Under Section 18(1) of the SFT Act, the Allocation Order must be reviewed every five years. The Allocation Order may also be reviewed at any time (under Section 18(2) of the SFT Act) if there has been a significant variation in available timber resources as a result of fire,

identified by industry

- improvements in modelling techniques to forecast timber resource availability, and
- the impacts of fire, including the 2003 Alpine fires, 2006-07 Great Divide fires, and the 2009 fires in eastern Victoria.

2001 Review

The state-wide timber resource review undertaken in 2001 as part of the Licence Renewal Project used new information from the SFRI and took into account a range of operational and merchantable constraints identified by industry and had not previously been factored into resource estimates. As a result of this review, Victoria announced *Our Forests, Our Future* and reduced timber harvesting in Victoria's State forests by about a third.

East Gippsland, Central Highlands, North East and Gippsland RFA regions (Eastern Victoria)

Our Forests, Our Future reformed the approach for determining sustainable timber harvesting levels in the State forests of the RFA regions in eastern Victoria (i.e. the East Gippsland, Central Highlands, North East and Gippsland RFA regions). Under the SFT Act volume-based timber allocation has been replaced with area-based allocation, expressed in the Allocation Order.

The Victorian Government allocates areas of forest for commercial harvest and/or sale to VicForests in each of three five-year periods through the Allocation Order. It is the responsibility of VicForests to determine the volume of timber that can be sustainably harvested within the allocated area.

2004 Review

The Allocation Order published in the Victorian Government Gazette on 29 July 2004 (Period 2) covered an initial period of 15 years from 1

disease or other natural causes, significant changes in the land base zoned as available for timber harvesting, or any other event considered to have had a significant impact on the timber resources in State forests which are available for timber harvesting in accordance with sustainable forest management.

In 2007-08 (Period 2), DSE and VicForests undertook the Joint Sustainable Harvest Level (JoSHL) Project in response to industry concerns about impacts of the 2006-07 Great Divide fires on future timber availability. In undertaking the project, DSE and VicForests aimed to explore modelling approaches for predicting sustainable harvest levels that better incorporated the objectives of the Sustainability Charter.

The JoSHL Project evaluated sixty-two different scenarios, with each scenario comprising a different set of model constraints. The preferred scenario was determined via an iterative process that adjusted model constraints until an outcome that balanced the environmental, social and economic objectives of the Charter was achieved. DSE and VicForests then made a joint statement to the timber industry. The DSE and VicForests *Joint Sustainable Harvest Level Statement* (DSE 2008a) to industry suggested that (based on the best resource information and modelling available at that time) up to 500 000 m³ per annum of D+ sawlog on average could be harvested each year for the next 15 years from eastern Victoria (East Gippsland, Central Highlands, North East and Gippsland RFA regions) without compromising long term sustainability. This estimate was completed prior to the 2009 wildfires.

The *Allocation to VicForests Order 2009 Review* (DSE 2009a), a review of the allocation of timber resources to VicForests under Section 18(1) of the SFT Act, was completed in August 2009. The review covered Period 2 (June 2004 to June 2009), and gave regard to:

- the principles of ecologically sustainable development

August 2004 to 31 July 2019. The area of forest allocated to VicForests within the Allocation Order was based on the 2001 Estimates of Sawlog Resources.

Under Section 18(1) of the SFT Act, the Allocation Order must be reviewed every five years. The Minister may also review that allocation of timber resource (i.e. review the Allocation Order) at any time under Section 18(2) of the SFT Act if: the Minister considers that there has been a significant variation, as a result of fire, disease or other natural causes, in the timber resources in State forests which are available for timber harvesting in accordance with sustainable forest management; there has been any significant increase or reduction in the land base which is zoned as available for timber harvesting; or the Minister considers that there has been any other event or matter which has a significant impact on the timber resources in State forests which are available for timber harvesting in accordance with sustainable forest management. Section 17 of the SFT Act gives the Minister the power to amend or vary the Allocation Order, and Sections 20 and 21 of the SFT Act specify the timelines and consultation requirements for any reduction in timber allocation.

Section 43(1) of the SFT Act states an approved TRP may be reviewed at any time at the instigation of either the Secretary or VicForests. However, an approved TRP may only be changed if both the Secretary and VicForests agree to the change, and the change is not inconsistent with the Allocation Order or any Code of Practice relating to timber harvesting. This is because the property in timber resources within coupes on an approved TRP is vested in VicForests upon publication of a notice in the Victoria Government Gazette.

2007 Review

In 2007-08 (Period 2), DSE and VicForests undertook the Joint Sustainable Harvest Level (JoSHL) Project in response to industry

<ul style="list-style-type: none"> • Victoria’s State of the Forests reporting • the structure and condition of the forest and its impact on future timber resource availability • VicForests’ compliance with the Allocation Order, including the conditions specified in the order, during the previous 5 years • the provisions of any Code of Practice • VicForests’ compliance with any Code of Practice during the previous 5 years, and • any existing timber commitments VicForests had under any managed licences and any agreements VicForests had entered into. <p>The review found that nearly 52 000 hectares of forest available and suitable for timber harvesting in eastern Victoria was burnt in the 2009 fires. Approximately 14 800 hectares (Ash forest: 13 500 hectares; Mixed Species forest: 1 300 hectares) of the forest burnt in these fires was killed, and the condition of these stands can be reasonably predicted as new, regenerating stands. Effects on timber availability are likely to be greatest in Ash forest, of which 11.2% of the available and suitable area was burnt, compared to only 0.4% in the Mixed Species forest. The Allocation Order is currently being amended to account for the effects of these fires, amongst other things. The amended Allocation Order will allocate the area of forest (by forest-type and FMA) from which VicForests can harvest and/or sell timber resources in the next three, five-year periods. VicForests will determine the volume of timber that can be sustainably harvested from the allocated area.</p> <p>West Victoria RFA region</p> <p>In the West Victoria RFA region, the 2001 Estimates of Sawlog Resources continue to be the most current estimates of timber availability. As discussed previously, timber harvesting in the Otways was phased out by June 2008.</p> <p>Each year DSE reconciles the area of forest harvested by forest-type and</p>	<p>concerns about impacts of the 2006-07 Great Divide fires on future timber availability. In undertaking the project, DSE and VicForests aimed to explore modelling approaches for predicting sustainable harvest levels that better incorporated the objectives of the Sustainability Charter.</p> <p>The JoSHL Project evaluated sixty-two different scenarios, with each scenario comprising a different set of model constraints. The preferred scenario was determined via an iterative process that adjusted model constraints until an outcome that balanced the environmental, social and economic objectives of the Charter was achieved. DSE and VicForests then made a joint statement to the timber industry. The DSE and VicForests <i>Joint Sustainable Harvest Level Statement</i> (DSE 2008a) to industry suggested that (based on the best resource information and modelling available at that time) up to 500 000 m³ per annum of D+ sawlog on average could be harvested each year for the next 15 years from eastern Victoria (East Gippsland, Central Highlands, North East and Gippsland RFA regions) without compromising long term sustainability. This estimate was completed prior to the 2009 wildfires.</p> <p><u>2009 Review</u></p> <p>The <i>Allocation to VicForests Order 2009 Review</i> (DSE 2009a), a review of the allocation of timber resources to VicForests under Section 18(1) of the SFT Act, was completed in August 2009. The review covered Period 2 (June 2004 to June 2009), and gave regard to:</p> <ul style="list-style-type: none"> • the principles of ecologically sustainable development • Victoria’s State of the Forests reporting • the structure and condition of the forest and its impact on future timber resource availability • VicForests’ compliance with the Allocation Order, including the conditions specified in the order, during the previous 5 years • the provisions of any Code of Practice
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FMA, and publishes the findings in the Monitoring of Annual Harvesting Performance (MAHP) reports. An Expert Independent Advisory Panel (EIAP) reviews the MAHP process and makes recommendations to the Minister for Environment and Climate Change where improvements are necessary. This annual process of verification provides a mechanism for an independent review of DSEs performance and recommendations for future improvements in the MAHP process. The MAHP and EIAP reports are available on the DSE website (www.dse.vic.gov.au).

- VicForests' compliance with any Code of Practice during the previous 5 years, and
- any existing timber commitments VicForests had under any managed licences and any agreements VicForests had entered into.

The review found that nearly 52 000 hectares of public native forest available and suitable for timber harvesting in eastern Victoria was burnt in the 2009 fires. Approximately 14 800 hectares (Ash forest: 13 500 hectares; Mixed Species forest: 1 300 hectares) of the forest burnt in these fires was killed, and the condition of these stands can be reasonably predicted as new, regenerating stands. Effects on timber availability are likely to be greatest in Ash forest, of which 11.2 per cent of the available and suitable area was burnt, compared to only 0.4 per cent in the Mixed Species forest. The Allocation Order was amended on 5 May 2010, and again on 23 September 2010, to account for the effects of these fires, amongst other things. The Allocation Order specifies the area available for timber harvesting, and depicts the forest stands from which VicForests can harvest and/or sell timber resources, in each of three, five-year periods. VicForests must advise the Secretary of the long term sustainable harvest level that it has calculated from the forest stands to which it has access, and provide to the Secretary quality assured data, models and assumptions that it has used in making the calculation for the purposes of audit for compliance with the framework for sustainable forest management in Victoria.

West Victoria RFA region

In the West Victoria RFA region, the 2001 Estimates of Sawlog Resources continue to be the most current estimates of timber availability. As discussed previously, timber harvesting in the Otways was phased out by June 2008.

Reconciliation of harvesting extent

Each year of Period 2 DSE reconciled the area of forest harvested by

	<p>forest-type and FMA, and published the findings in the Monitoring of Annual Harvesting Performance (MAHP) reports. An Expert Independent Advisory Panel (EIAP) reviewed the MAHP process and made recommendations for improvement to the then Minister for Environment and Climate Change. This annual process of verification provided a mechanism for an independent review of DSEs performance and recommendations for future improvements in the MAHP process. The MAHP and EIAP reports from Period 2 are available on the DSE website (www.depi.vic.gov.au).</p> <p>As a result of the changes to the governance arrangements for commercial timber harvesting in Victoria, the area of forest harvested will now be reconciled and reported as part of the Forest Audit Program.</p>
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Recommendation R11

That the Victorian Government include additional information in the final Report on Progress on initiatives in the Timber Industry Strategy, 2009 that will support industry development and increase certainty for economic and social development.

Text from Draft Report – Obligation CH-69, 1 st to 12 th paragraphs, pages 44-46	Text from Final Report – Obligation CH-69, 1 st to 15 th paragraphs, page 49-51
<p>These ongoing commitments were met during Periods 1 and 2.</p> <p>The Parties reaffirm their acknowledgement of the significant contribution of forest-based industries in the RFA regions to both regional and State economies, and that these industries are an essential component of many communities in the RFA regions.</p> <p>Growth and development of forest-based industries in Victoria occurred during Period 1 and Period 2. Increases in the productivity of Victoria’s timber industry were achieved through increasing levels of investment, the adoption of new technologies, and increases in the capacity and competitiveness of processing and value-adding sectors. To remain competitive the industry has also been pursuing higher value markets by</p>	<p>These ongoing commitments were met during Periods 1 and 2.</p> <p>The Parties reaffirm their acknowledgement of the significant contribution of forest-based industries in the RFA regions to both regional and State economies, and that these industries are an essential component of many communities in the RFA regions.</p> <p>Growth and development of forest-based industries in Victoria occurred during Period 1 and Period 2. Increases in the productivity of Victoria’s timber industry were achieved through increasing levels of investment, the adoption of new technologies, and increases in the capacity and competitiveness of processing and value-adding sectors. To remain competitive the industry has also been pursuing higher value markets by</p>

moving away from green timber towards dried and engineered wood products.

Since the mid 1990s there has been significant investment in Victoria's forestry and forest products industry. An *Analysis of the Victorian forestry and forest products industry* (URS Forestry 2007) undertaken by URS Forestry for the Victorian Department of Primary Industries (DPI), identified the key factors contributing to the increased level of investment as being: 1) the expansion of the softwood processing sector as the volume of softwood plantation resources available for harvest increased; 2) an expansion of value adding investment and restructuring in the hardwood sawmilling sector; and 3) significant trade in forestry and forest products processing assets.

Major investments in Victoria since the mid-1990s include:

- the upgrade of the Maryvale pulp and paper mill
- a new particleboard line installed in Benalla, and
- new sawmill investments and upgrades in Lara, Colac, Morwell, Dartmoor, Benalla, and Dandenong.

The rapid establishment of hardwood pulpwood plantations has also generated large volumes of new investment, particularly in south west Victoria (URS Forestry 2007).

There was a decline in the availability of timber resources over Periods 1 and 2. This decline resulted from:

- a review of timber resource availability in 2001 which determined that harvesting levels at that time were above that which could be sustained in the long term
- landscape scale fires in 2003, 2006-07 and 2009 which burnt over 2 million hectares of eastern Victoria, significantly impacting the availability of timber resources into the future, and
- the phase out of timber harvesting in the Otway State Forest. Victoria

moving away from green timber towards dried and engineered wood products.

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- a review of timber resource availability in 2001 which determined that harvesting levels at that time were above that which could be sustained in the long term
- landscape scale fires in 2003, 2006-07 and 2009 which burnt over 2 million hectares of eastern Victoria, significantly impacting the availability of timber resources into the future, and
- the phase out of timber harvesting in the Otway State Forest. The then Victorian Government determined that the objectives of the

<p>recognised the objectives of the West Victoria RFA could be best met through a transition from the native forest timber industry in the region, to a plantation-based timber industry. The conversion of the Otway State Forest to the Great Otway National Park and Forest Park significantly reduced the availability of native forest timber resources in the West Victoria RFA region. The Victorian Government supported the industry and affected communities during this transition.</p> <p>Victoria’s native hardwood processing industry has adapted to declining resource availability and increasing competition from softwood plantation products, by pursuing value-adding opportunities and embracing new specialty markets for its products. Between 2001 and 2006 it is estimated that the Victorian native hardwood processing industry invested over \$50 million in new processing equipment and technologies, including technologies required for the production of higher-value dried timber products. It is estimated that over 75% all timber produced in Victoria is now (Period 2) dried to produce a high-value product, compared to 25% 10-15 years ago (Period 1) (URS Forestry 2006; 2007).</p> <p>VicForests was established in August 2004 (Period 2) as a separate, fully commercial entity to manage the harvest and commercial sale of timber in the forests of eastern Victoria. VicForests established market-based approaches for timber sales, to enhance competition and efficiency in the utilisation of forest produce. URS Forestry (2007) noted that rising sawlog prices under the new market-based auction system resulted in structural adjustment within the native hardwood sector, including sawmill consolidation.</p> <p>During Period 2 VicForests pursued forest certification in order to demonstrate timber harvesting and associated activities in Victoria’s native forests are undertaken sustainably. Forest certification provides buyers with the certainty that the product they are buying comes from a</p>	<p>West Victoria RFA could be best met through a transition from the native forest timber industry in the region, to a plantation-based timber industry. The conversion of the Otway State Forest to the Great Otway National Park and Forest Park significantly reduced the availability of native forest timber resources in the West Victoria RFA region. The then Victorian Government supported the industry and affected communities during this transition.</p> <p>Victoria’s native hardwood processing industry has adapted to declining resource availability and increasing competition from softwood plantation products, by pursuing value-adding opportunities and embracing new specialty markets for its products. Between 2001 and 2006 it is estimated that the Victorian native hardwood processing industry invested over \$50 million in new processing equipment and technologies, including technologies required for the production of higher-value dried timber products. It is estimated that over 75 per cent all timber produced in Victoria is now (Period 2) dried to produce a high-value product, compared to 25 per cent 10-15 years ago (Period 1) (URS Forestry 2006; 2007).</p> <p>VicForests was established on 28 October 2003 (Period 1) as a separate, fully commercial entity to manage the harvest and commercial sale of timber in the forests of eastern Victoria. VicForests commenced operations on 1 August 2004 and has established market-based approaches for timber sales, to enhance competition and efficiency in the utilisation of forest produce. URS Forestry (2007) noted that rising sawlog prices under the new market-based auction system resulted in structural adjustment within the native hardwood sector, including sawmill consolidation.</p> <p>During Period 2 VicForests pursued forest certification in order to demonstrate timber harvesting and associated activities in Victoria’s native forests are undertaken sustainably. Forest certification provides</p>
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legal and well-managed source, and assists industries to retain and expand on existing international and domestic markets. VicForests Sustainable Forest Management System, which allows VicForests to measure their operational performance and outcomes, was certified under the AFCS in 2007 and VicForests maintained that certification for the remainder of Period 2. The AFCS is endorsed by the Programme for Endorsement of Forest Certification schemes, which is the largest assessor of sustainable forest management world-wide. Certification under the AFCS involves certification against the AFS (AS 4708) which is an Australian Standard that incorporates the principles of sustainable forest management. Victoria's public native forest estate and most of Victoria's timber plantations are now managed under at least one of the two main third-party forest certification schemes operating within Australia: the AFS and Forest Stewardship Council certification schemes.

Despite declines in the availability of timber resources, adaptation measures of Victoria's timber industry including investment in value-added technologies, resulted in the value of output from Victoria's forestry and forest products industry remaining relatively steady at \$5-6 billion (in 2004-05 dollars) over Periods 1 and 2. In addition, employment in the forest product industries grew at an average of 2.5% per annum over Periods 1 and 2.

In addition to funding initiatives to support the timber industry, Victoria invested in a variety of tourism and recreation initiatives in each of the RFA regions during Periods 1 and 2. In 2008 (Period 2), Victoria released the *Nature-Based Tourism Strategy 2008-2012* (Tourism Victoria 2008) which provides direction to guide the sustainable and prosperous growth of Victoria's nature-based tourism industry.

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In addition to funding initiatives to support the timber industry, Victoria invested in a variety of tourism and recreation initiatives in each of the RFA regions during Periods 1 and 2. In 2008 (Period 2), the then Victorian Government released the *Nature-Based Tourism Strategy 2008-2012* (Tourism Victoria 2008) which provides direction to guide the sustainable and prosperous growth of Victoria's nature-based tourism industry.

On 13 December 2011, the Victorian Government released the *Timber*

Industry Action Plan (DPI 2011) which applies to all RFA regions. Building on the 2009 *Victoria's Timber Industry Strategy* (which was released by the then Victorian Government in December 2009), the *Timber Industry Action Plan* will assist industry to increase the economic value to Victoria from timber production and processing in a socially and environmentally sustainable manner. It will enable ongoing investment in a productive, competitive and sustainable timber industry that ensures Victorian forest industries continue to provide jobs and income for regional families and communities, as well as high quality forest products for future generations.

Key priorities within the *Timber Industry Action Plan* are:

- productive, competitive and sustainable timber industry;
- develop and support efficient timber markets;
- innovative forestry science, technology and practice change; and
- strong timber industry communities.

The Victorian RFAs are an important part of achieving the Victorian Government's policy. The Australian Government remains committed to the Victorian RFAs and the Victorian Government is committed to renewing the Victorian RFAs every five years to provide 20-year resource security.

Recommendation R12

That the Victorian Government include additional information on the actions (including timeframes) being taken to address the backlog of regeneration and completion of regeneration surveys in the final Report on Progress.

Text from Draft Report – Obligation CH-72, 1 st to 8 th paragraphs, pages 51-52	Text from Final Report – Obligation CH-72, 1 st to 9 th paragraphs, pages 57-59
<p>Aspects of this ongoing commitment were met during Periods 1 and 2.</p> <p>Following the 2003 Alpine fires and 2006-07 Great Divide fires Victoria implemented a significant silvicultural program to facilitate recovery of forest stands available for timber harvesting. This program included salvage harvesting, and regeneration of forest stands which were immature when burnt and therefore devoid of viable seed. DSE has undertaken assessments of burnt areas, site preparation, seed collection, and establishment using aerial seeding and planting. Recovery work has focussed on forest stands comprising tree species which are sensitive to fire and are of the highest commercial value, such as the Ash species.</p> <p>Thinning (both commercial and non-commercial) is a silvicultural tool that has been applied in all RFA regions during the review period. The thinning undertaken removed the smaller and poorer quality trees from forest stands, allowing the remaining trees to grow faster. Research has shown that thinning in this manner improves the productive capacity of a stand. The timber removed can be utilised for products such as pulp and firewood.</p> <p>The effective regeneration of harvested areas within State forest is required to maintain ecosystem sustainability and future productive capacity of the forest. Successful regeneration is required to meet the objectives of the Sustainability Charter, in particular:</p> <ul style="list-style-type: none"> • Objective 1: To maintain and conserve biodiversity in State forests, 	<p>Aspects of this ongoing commitment were met during Periods 1 and 2.</p> <p>Following the 2003 Alpine fires and 2006-07 Great Divide fires Victoria implemented a significant silvicultural program to facilitate recovery of forest stands available for timber harvesting. This program included salvage harvesting, and regeneration of forest stands which were immature when burnt and therefore devoid of viable seed. DSE has undertaken assessments of burnt areas, site preparation, seed collection, and establishment using aerial seeding and planting. Recovery work has focussed on forest stands comprising tree species which are sensitive to fire and are of the highest commercial value, such as the Ash species.</p> <p>Thinning (both commercial and non-commercial) is a silvicultural tool that has been applied in all RFA regions during the review period. The thinning undertaken removed the smaller and poorer quality trees from forest stands, allowing the remaining trees to grow faster. Research has shown that thinning in this manner improves the productive capacity of a stand. The timber removed can be utilised for products such as pulp and firewood.</p> <p>The effective regeneration of harvested areas within State forest is required to maintain ecosystem sustainability and future productive capacity of the forest. Successful regeneration is required to meet the objectives of the Sustainability Charter, in particular:</p> <ul style="list-style-type: none"> • Objective 1: To maintain and conserve biodiversity in State forests,

<p>and</p> <ul style="list-style-type: none"> Objective 2: To maintain and improve the capacity of forest ecosystems to produce wood and non-wood products. <p>The <i>Code of Practice for Timber Production 2007</i> requires all State forest areas in Victoria which have been subjected to timber harvesting to be regenerated to approximate the composition and spatial distribution of canopy species common to the coupe prior to harvesting, where they can be determined. Compliance with the Code is required under the SFT Act.</p> <p>Harvested stands that do not meet the required standards following the first regeneration treatment must be re-treated until that standard is achieved. <i>Monitoring Annual Harvesting Performance in Victoria's State forests 2006-07</i> (DSE 2008b) reported that:</p> <ul style="list-style-type: none"> 4 690 hectares of forest is known to require re-treatment to achieve successful post-harvest regeneration. A further 2 501 hectares is predicted to require re-treatment to achieve successful regeneration, making a total estimated area requiring re-treatment of 7 191 ha, and an additional 19 000 hectares of forest is estimated to be overdue for regeneration surveys, with 63% of this area occurring in the East Gippsland FMA. <p>The majority of forest areas requiring re-treatment were harvested prior to 1 August 2004, and are therefore DSEs responsibility to regenerate. Re-treatment operations are higher risk than standard first-attempt operations due to increased browsing by herbivores. The effects of adverse growing conditions, such as frosts and desiccation, are usually amplified on re-treated coupes due to the lack of shelter from slash and overwood. In addition, ongoing drought conditions have adversely affected the successful re-treatment of coupes in recent years. Some coupes have to be treated up to three times before stocking is assessed</p>	<p>and</p> <ul style="list-style-type: none"> Objective 2: To maintain and improve the capacity of forest ecosystems to produce wood and non-wood products. <p>The <i>Code of Practice for Timber Production 2007</i> requires all State forest areas in Victoria which have been subjected to timber harvesting to be regenerated to approximate the composition and spatial distribution of canopy species common to the coupe prior to harvesting, where they can be determined. Compliance with the Code is required under the SFT Act.</p> <p>Harvested stands that do not meet the required standards following the first regeneration treatment must be re-treated until that standard is achieved. <i>Monitoring Annual Harvesting Performance in Victoria's State forests 2006-07</i> (DSE 2008b) reported that:</p> <ul style="list-style-type: none"> 4 690 hectares of forest is known to require re-treatment to achieve successful post-harvest regeneration. A further 2 501 hectares is predicted to require re-treatment to achieve successful regeneration, making a total estimated area requiring re-treatment of 7 191 ha, and an additional 19 000 hectares of forest is estimated to be overdue for regeneration surveys, with 63 per cent of this area occurring in the East Gippsland FMA. <p>The majority of forest areas requiring re-treatment were harvested prior to 1 August 2004, and are therefore DSEs responsibility to regenerate. DSE is progressively addressing this issue. Re-treatment operations are higher risk than standard first-attempt operations due to increased browsing by herbivores. The effects of adverse growing conditions, such as frosts and desiccation, are usually amplified on re-treated coupes due to the lack of shelter from slash and overwood.</p> <p>Through the East Gippsland Enhanced Productivity Project, DSE aims to regenerate 750 hectares of failed regeneration, and conduct 2 300</p>
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<p>as meeting the minimum standards of the Code.</p> <p>During the review period small areas of State forest have been reforested, mainly in the Otways (West Victoria RFA region) and the Central Highlands RFA region.</p>	<p>hectares of regeneration surveys, in the East Gippsland FMA by 30 June 2012. DSE will continue to pursue funding opportunities to complete remaining re-treatment works and outstanding regeneration surveys, and will make information available to the public on regeneration activities.</p> <p>During the review period small areas of State forest have been reforested, mainly in the Otways (West Victoria RFA region) and the Central Highlands RFA region.</p>
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Recommendation R13

That the Victorian Government include additional information on current and planned research activities including research into climate change and carbon sequestration in the final Report on Progress.

<p>Text from Draft Report – Obligation EG-64, 1st to 6th paragraphs, pages 60-61</p>	<p>Text from Final Report – Obligation EG-64, 1st to 8th paragraphs, pages 68-69</p>
<p>This milestone was achieved in Period 1. These ongoing commitments were met during Periods 1 and 2.</p> <p>The report <i>Rainforests and Cool Temperate Mixed Forests of Victoria</i> (Peel 1999) was published by the Department of Natural Resources and Environment (NRE) in 1999.</p> <p>Throughout the review period research has continued on all themes and priorities listed in the RFAs. The importance of ecologically sustainable forest management and the development of appropriate mechanisms to monitor and continually improve management practices has remained central to the research carried out in Victoria. In addition to the themes listed in the RFAs, research during the review period has demonstrated a developing focus on issues relating to climate change and carbon sequestration.</p> <p>Research relating to forests and forestry which is funded by the Victorian Government is carried out by, and in collaboration with, a number of</p>	<p>This milestone was achieved in Period 1. These ongoing commitments were met during Periods 1 and 2.</p> <p>The report <i>Rainforests and Cool Temperate Mixed Forests of Victoria</i> (Peel 1999) was published by the Department of Natural Resources and Environment (NRE) in 1999.</p> <p>Throughout the review period research has continued on all themes and priorities listed in the RFAs. The importance of ecologically sustainable forest management and the development of appropriate mechanisms to monitor and continually improve management practices has remained central to the research carried out in Victoria. In addition to the themes listed in the RFAs, research during the review period has demonstrated a developing focus on issues relating to climate change and carbon sequestration.</p> <p>Research relating to forests and forestry which was funded by the then Victorian Government during the review period was carried out by, and</p>

<p>research agencies, universities, and Cooperative Research Centres (CRCs). These include: the Arthur Rylah Institute for Environmental Research; the CSIRO; The University of Melbourne; The Australian National University, La Trobe University; the University of Ballarat; and various CRCs including the eWater CRC, Bushfire CRC and the CRC for Forestry.</p> <p>Wherever possible, research reports have been made publicly available. Annual reports of the various research agencies are available online at each research agency's website; these reports describe the agency's current research projects and generally include a list of related research publications. Research results may also be reported in articles published in peer-reviewed journals.</p> <p>Consultation between Victoria and the Commonwealth regarding future research is achieved through Victorian representation on Commonwealth research priorities governance committees. Further information on major research projects carried out in Victoria during Periods 1 and 2 is provided in Appendix 5.</p>	<p>in collaboration with, a number of research agencies, universities, and Cooperative Research Centres (CRCs). These include: the Arthur Rylah Institute for Environmental Research; the CSIRO; The University of Melbourne; The Australian National University, La Trobe University; the University of Ballarat; eWater CRC; Bushfire CRC; and CRC for Forestry.</p> <p>Wherever possible, research reports were made publicly available. Annual reports of the various research agencies are available online at each research agency's website; these reports describe the agency's research projects and generally include a list of related research publications. Research results may also be reported in articles published in peer-reviewed journals. Further information on major research projects carried out in Victoria during Periods 1 and 2 is provided in Appendix 6.</p> <p>The Victorian Government recognises that the State's forest ecosystems are highly diverse and have a number of important values with regard to carbon storage, ensuring water security, maintaining biodiversity and habitat, and socio-economic uses. Many of these values have not been quantified and their interactions at management-relevant scales are not well understood. In addition, effects of fire regimes, management practices, and climate variability/change on these values and their interactions remain largely unknown.</p> <p>DSE has designed its current research program to develop improved capacity and evidence base to manage impacts of fire (natural and managed), climate variability and forest management regimes on water quantity and quality, biodiversity values, carbon assets, other social and economic values, and the vulnerability and resilience of Victoria's public forests now and in the future, through:</p> <ul style="list-style-type: none"> • integrated understanding of multiple forest values for adaptive forest management • effects of fire, climate and management on the vulnerability and
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	<p>resilience of Victorian forests</p> <ul style="list-style-type: none"> • understanding and managing Victoria’s forest carbon • water security from Victoria’s forested catchments in the face of climate variability/climate change and fire • understanding interactions between fire, landscape pattern and biodiversity; and • assessing social, economic and community safety values of forests in fire-prone landscapes. <p>Consultation between the Parties regarding future research is achieved through Victorian representation on Commonwealth research priorities governance committees.</p>
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Recommendations C13 and C14

That the Victorian Government include consideration of the milestones and obligations for establishment of formal consultation mechanisms with Aboriginal communities in the RFA regions in the revised Indigenous Partnership Framework.

That the Victorian Government complete modelling by December 2011 to establish priority areas for future surveys of Aboriginal sites in the RFA regions (noting that this work has already been undertaken in the North East).

Text from Draft Report – 5.12 Indigenous Heritage, 1 st to 7 th paragraphs, pages 55-56	Text from Final Report – 5.12 Indigenous Heritage, 1 st to 10 th paragraphs, pages 62-63
<p>Aspects of these milestones and obligations were achieved in Periods 1 and 2.</p> <p>Statewide Indigenous partnership frameworks and strategies were developed by Victoria during Period 1 and Period 2. Victoria’s <i>Indigenous Partnership Framework 2007-2010</i> (DSE 2007d) and <i>Indigenous Partnership Strategy and Action Plan</i> (Parks Victoria 2005) aim to facilitate the participation of Traditional Owners and Indigenous people in all aspects of public land and park management, respectively. The <i>Keerna - Indigenous Partnership Framework</i> (DPI 2006) aims to strengthen opportunities for Indigenous participation in primary</p>	<p>Aspects of these milestones and obligations were achieved in Periods 1 and 2.</p> <p>The <i>Native Title Act 1993</i> (Cwth), the <i>Aboriginal Heritage Act 2006</i> (Vic) and the <i>Traditional Owner Settlement Act 2010</i> (Vic) contain specific requirements for formal consultation and/or engagement between the Victorian Government and traditional owners on native title and cultural heritage matters. The <i>Aboriginal Heritage Act 2006</i> (Vic) and the <i>Traditional Owner Settlement Act 2010</i> (Vic) were passed by the Victorian Parliament after the signing of the Victorian RFAs.</p> <p>In October 2010, the Victorian Government entered into the first</p>

<p>industries. Developed in Period 2, these policies have replaced the <i>Indigenous Partnership Strategy</i> (NRE 2001b) of Period 1. Each of the frameworks and strategies identifies initiatives relating to cultural awareness, community partnerships and engagement, Indigenous employment and cultural heritage management.</p> <p>An important outcome of the development of these frameworks and strategies was the statewide implementation of Indigenous cross-cultural awareness programs, which provide cross-cultural awareness training for all DSE, DPI and Parks Victoria staff. Indigenous facilitators are employed by DSE in all RFA regions to encourage effective engagement with Indigenous communities and identify areas for greater participation.</p> <p>In addition to the frameworks and strategies above, Indigenous groups continue to have the opportunity to protect Indigenous cultural heritage through their input into Timber Release Plans, Wood Utilisation Plans, forest management plans and fire operations plans. In accordance with the <i>Code of Practice for Timber Production 2007</i>, the statewide <i>Management Procedures for Timber Harvesting, Rooding and Regeneration in Victoria's State Forests 2009</i> outline measures for the protection of Indigenous cultural heritage in areas of forest available for timber harvesting. Statewide fire operations are carried out in accordance with guidelines recently developed for the management of Indigenous cultural heritage values during fire suppression on public land.</p> <p>The Parties have not yet developed statewide guidelines for the management of cultural heritage values in parks, forests and reserves. However, there have been recent changes in Victorian legislative arrangements relating to Aboriginal heritage. The <i>Aboriginal Heritage Act 2006</i> (Vic) and <i>Aboriginal Heritage Regulations 2007</i> (Vic) provide a consistent approach to protecting and managing Aboriginal cultural heritage as well as providing clear guidance about when, and how,</p>	<p>Recognition and Settlement Agreement under the <i>Traditional Owner Settlement Act 2010</i> (Vic) with the Gunaikurnai people. This agreement recognises their Native Title Rights and interest over parts of the East Gippsland, Gippsland, North East and Central Highlands RFA areas. The Victorian Government is currently working with the Gunaikurnai people to develop agreed consultation and engagement processes relating to land management and other activities in their Native Title area.</p> <p>The Victorian Government has also entered into a Recognition and Settlement Agreement with the Dja Dja Wurrung people in March 2013 which covers a part of the West Victoria RFA region. The Victorian Government is also working with the Dja Dja Wurrung people to develop agreed consultation and engagement processes relating to land management and other activities in their Native Title area.</p> <p>Statewide Indigenous partnership frameworks and strategies were developed by Victoria during Period 1 and Period 2. Victoria's <i>Indigenous Partnership Framework 2007-2010</i> (DSE 2007d) and <i>Indigenous Partnership Strategy and Action Plan</i> (Parks Victoria 2005) aim to facilitate the participation of Traditional Owners and Indigenous people in all aspects of public land and park management, respectively. The <i>Keerna - Indigenous Partnership Framework</i> (DPI 2006) aims to strengthen opportunities for Indigenous participation in primary industries. Developed in Period 2, these policies have replaced the <i>Indigenous Partnership Strategy</i> (NRE 2001b) of Period 1. Each of the frameworks and strategies identifies initiatives relating to cultural awareness, community partnerships and engagement, Indigenous employment and cultural heritage management.</p> <p>An important outcome of the development of these frameworks and strategies was the statewide implementation of Indigenous cross-cultural awareness programs, which provide cross-cultural awareness training for all DSE, DPI and Parks Victoria staff. Indigenous facilitators</p>
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<p>Aboriginal cultural heritage management issues must be considered.</p> <p>Throughout Periods 1 and 2, Victoria undertook activities to increase Indigenous engagement and participation. All RFA regions have provided training in natural resource management to Indigenous students to develop the capacity of Indigenous communities to engage with government into the future. In the East Gippsland, Central Highlands, North East and Gippsland RFA regions, fire recovery projects continue to be carried out following the 2002-03, 2006-07 and 2009 fires. These projects are undertaken in partnership with Indigenous people, who receive accredited training for their participation.</p> <p>In the North East RFA region, Hughes and Buckley (2000), in consultation with Aboriginal communities, developed a sensitivity zoning plan for the North East region based on a predictive modelling approach to assist in the management of sensitive archaeological areas. Modelling to establish priority areas for future surveys of Aboriginal sites was not undertaken within the other RFA regions during the review period.</p>	<p>are employed by DSE in all RFA regions to encourage effective engagement with Indigenous communities and identify areas for greater participation.</p> <p>The <i>Aboriginal Heritage Act 2006</i> (Vic) and <i>Aboriginal Heritage Regulations 2007</i> (Vic) provide a consistent approach to protecting and managing Aboriginal cultural heritage as well as providing clear guidance about when, and how, Aboriginal cultural heritage management issues must be considered. The Victorian Government has reviewed the <i>Aboriginal Heritage Act 2006</i> (Vic) and in 2014 will consider whether there is a need for the development of Statewide guidelines for the management of cultural heritage values.</p> <p>In addition to the legislation, frameworks and strategies above, Indigenous groups continue to have the opportunity to protect Indigenous cultural heritage through their input into Timber Release Plans, Wood Utilisation Plans, forest management plans and fire operations plans. In accordance with the <i>Code of Practice for Timber Production 2007</i>, the statewide <i>Management Procedures for Timber Harvesting, Roding and Regeneration in Victoria's State Forests 2009</i> outline measures for the protection of Indigenous cultural heritage in areas of forest available for timber harvesting. Statewide fire operations are carried out in accordance with guidelines recently developed for the management of Indigenous cultural heritage values during fire suppression on public land.</p> <p>Throughout Periods 1 and 2, Victoria undertook activities to increase Indigenous engagement and participation. All RFA regions have provided training in natural resource management to Indigenous students to develop the capacity of Indigenous communities to engage with government into the future. In the East Gippsland, Central Highlands, North East and Gippsland RFA regions, fire recovery projects continue to be carried out following the 2002-03, 2006-07 and 2009 fires. These</p>
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projects are undertaken in partnership with Indigenous people, who receive accredited training for their participation.

In the North East RFA region, Hughes and Buckley (2000), in consultation with Aboriginal communities, developed a sensitivity zoning plan for the North East region based on a predictive modelling approach to assist in the management of sensitive archaeological areas. Surveys for Aboriginal sites now occur across public land in Victoria as part of requirements of the *Aboriginal Heritage Act 2006 (Vic)*. This legislation defines sensitive areas in the landscape and requires cultural heritage management plans, including surveys, to be undertaken when activities that may impact cultural heritage are proposed. The Victorian Government Response to the review of the *Aboriginal Heritage Act 2006 (Vic)* includes support for further country mapping.