

Australian Sustainable Hardwoods



28 June 2019

Comment on Independent Consultation Paper
Modernisation of the Victorian Regional Forest Agreements

Australian Sustainable Hardwoods Pty Ltd (ASH) is a vertically integrated large manufacturer of timber products. [REDACTED]

Inconsistent Table or Statistic figures

1. Table 3 on p.19, 20 and 21 details the representation of key forest dependent threatened species in formal and informal reserves. However the table appears to not include large areas that will not be harvested in the informal reserve definition therefore significantly lowering the protected percentage. According to the VicForests 2017/18 Sustainability Report, an average of 2,800 hectares per annum is the current net harvested area (0.04%/annum of the total forest area). Informal reserves should include stream side reserves and other areas that cannot be harvested due to prescription. There is a disconnect between the informal reserve area and the statement on p.36 under 'Management of sustainable timber production' that only 6 percent of Victoria's public forest estate is available and commercial suitable for timber production. If the total area of timber production is only 6 percent, then the area of informal reserves must be significantly higher
2. Area of timber harvesting p.24 is over stated as per comment in point 1 above. Reference VicForests Sustainability Report 2017/18.
3. The value of wood products is very significantly understated (p29). VicForests is the first step in a value chain that is continuing to increase the value per m3 of wood products. There are several reports detailing the value of the industry including Schirmer (2018) \$740.5 per annum of Gross Regional Product just for Central Highlands and Gippsland areas. ASH, through increased manufacturing, has increased the product value per m3 by 21 percent over the past 3 years. These values and recognising the 'more from less' (more value, more employment, more GST, PAYG tax, direct State government receipts) has been ignored by the report. There is no recognised replacement for this value.
4. Omission. There are no statistics on the ledger that was to be kept detailing the areas of GMZ, SMZ and SPZ in the RFA period of the report.

General Comments

The Improvement needed comment p.25 and comment in 4.2.2 clearly and correctively states the Victorian RFA's have not achieved long term stability of supply for the timber industry, one of the three clear objectives of the RFA. However the report undersells the importance of the timber industry and does not address the significant contribution the timber



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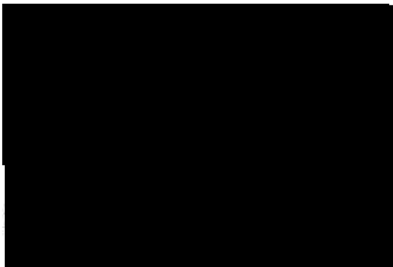
industry makes to the social purpose of Victoria; making a positive contribution and constant improvement environmentally, socially and economically.

The report correctly states inappropriate fire negative impacts the health of Victoria's forest and is the main threat to old-growth forest in Victoria p.26. The report states the 2 million hectares burnt in the 1939 fires and says large areas of forest were burnt in 2003, 2006, 2009 and 2014. It should also state the area burnt in these fires exceeded the 2 million hectares burnt in 1939. This puts into context the 2,800 hectares harvested and regenerated each year.

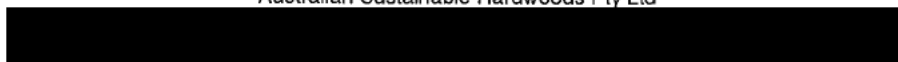
The report is made in a binary context (if have timber harvesting cannot have anything else) rather than a multiple use forestry context. Forests are dynamic with many change agents. Forests use and values also change over time. An area harvested today that will not be harvested again for 80 years and will fulfil many uses over this period, including recreation, conservation, access for fire and pest species management and the protection of threatened forest dependent species.

The report fails to truly reflect the value of the timber industry to the State of Victoria. For example at ASH, this is not just in the world best practice manufacturing and the investment product development, sophisticated marketing and methods to market, but also in the flow on effect through the use of waste. ASH dry sawdust is used to create thermal energy, the equivalent of \$6m of gas. ASH green sawdust has enabled the huge expansion to Victoria, rather than South Australia, of chicken boiler farms all located in proximately to ASH within Shire of Wellington.

I support the statement in 4.2.2 that without certainty of supply, it is difficult to invest with confidence, to (should add 'further') develop value added approaches to processing wood products or to support efforts to reduce greenhouse gas emissions using low embodied energy materials that store carbon. The RFA modernisation process should not just 'consider' opportunities to 'encourage' investment in innovation and new market opportunities, it should put the framework in place to **ENABLE** this outcome and achieve this key objective of the RFA that has failed miserably over the past 20 years.



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