



SUBMISSION:

'A report on progress with the implementation of the Regional Forest Agreement for the South –West Forest Region of Western Australia'.

Period 3: 2009-2014

11 January 2017

Introduction

The Forest Industries Federation of WA (FIFWA) is the association for the timber industry in Western Australia. FIFWA is representative of almost all of the major companies and businesses that operate in the WA forest products industry, the private commercial growers, harvest and haulage operators and timber processors in both the plantation (softwood and hardwood) and native forestry sectors.

We appreciate the opportunity to comment on the *'Report on progress with the implementation of the Regional Forest Agreement for the South West Region of Western Australia'* Period 3: 2009- 2014 (hereafter referred to as the Report) and note that while we are supportive of the Regional Forest Agreement (RFA) in principle, we have a number of comments to make both in relation to a failure to meet fundamental objectives of the RFA and on the reporting on performance against key milestones and commitments made under the Agreement. We also take this opportunity to comment of the coming RFA renewal process.

Purpose and intent of the WA RFA

The following summary of the purpose of the WA RFA has been provided on page 4 of the Report;

'The WA RFA established a 20-year framework to manage the use of Western Australia's (WA) south-west forests to implement effective conservation, forest management and forest industry practices. The purpose of the WA RFA was to:

- identify a comprehensive, adequate and representative (CAR) reserve system and provide for conserving those areas*
- provide for ecologically sustainable forest management and use of forests*
- provide long-term stability of forests and forest-based industries.*

While it is true the WA RFA continues to be recognised by the parties to the Agreement (being the State of Western Australia and the Commonwealth of Australia), FIFWA maintains much of the original intent of the WA RFA has been undermined.

The intent was to provide for the above mentioned points in balance. Certainly significant attention has been paid to the conservation objectives of the RFA, evident by the fact the key milestones and objectives for environmental protection and biodiversity conservation have not only been met but greatly exceeded to the detriment of the last key purpose- long-term stability of forest-based industries.

This critical point was recognised by the independent reviewer in the combined first and second (1999-2009) five yearly performance report;

“Due to policy changes by the State of Western Australia in the first half of Period 1 that increased the area of reserved forest and reduced the allowable wood harvest, the forest employment and industry development outcomes sought in the RFA have generally not been achieved ...and are unlikely to be met in future periods under the current policy settings. (Kile 2013, pp 4).

FIFWA is supportive of the original intent of the WA RFA. FIFWA holds strongly the industry requires the level of continuity and confidence in long-term timber supply that the RFA was designed to provide to drive much needed development and investment in the industry. However this original intent of the WA RFA has been undermined and this must be given serious consideration during the renewal process, as discussed later in this submission.

Reporting Against Commitments and Milestones

- **Purpose and intent: Clause 19 and 43 of the WA RFA**

Neither Party will seek to use existing or future legislation or a Government Agreement to undermine or impede this Agreement	Clause 19
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The Report declares: *‘This ongoing commitment was achieved in Period 1, Period 2 and Period 3.*

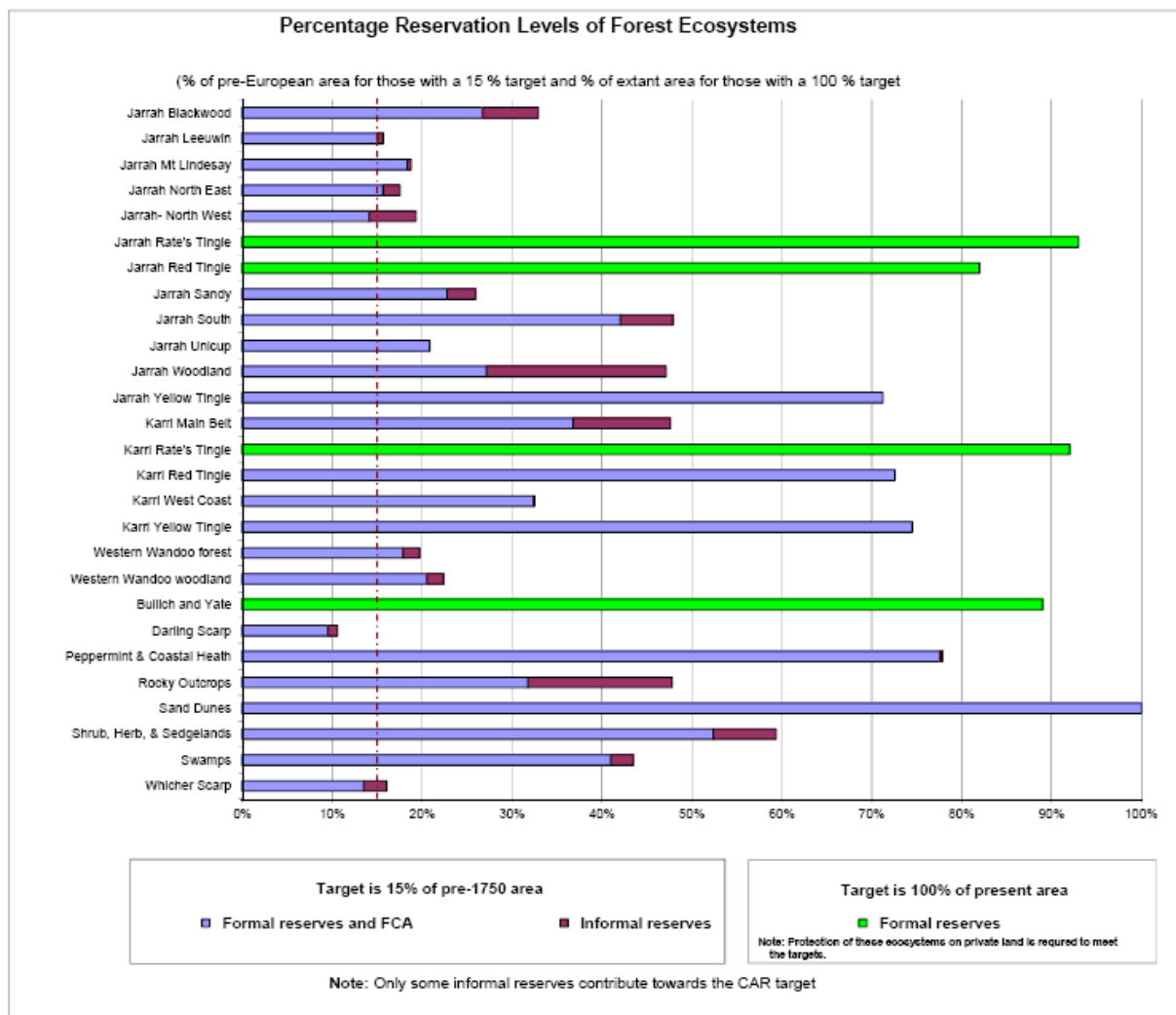
While the Agreement continues to be recognised by the Parties, FIFWA contends that the introduction of the States ‘Protecting our old Growth Forests Policy’ in 2001 and enacting legislation did impede the Agreement. This State government policy and resulting legislation undermined many aspects of the industry development commitments, and it is inaccurate reporting to claim Clause 19 was ‘achieved’ in any period and this should be amended in the reporting.

The introduction of the States ‘Protecting our Old Growth Forests Policy’ undermined the overall purpose and intent of the WA RFA, by exceeding the Comprehensive, Adequate and Representative (CAR) reserve system established through the Comprehensive Regional Assessment (CRA).

The CRA provided the information base for the WA RFA. The CRA involved more than 40 scientific projects assessing the environmental, heritage, social and economic uses and values of the forests. The Department of Parks and Wildlife recognise and acknowledge the experts contributing to the assessment being from such fields as; forest ecology, soil science, geomorphology, hydrology, archaeology, botany, zoology, geography, soil science and geology, as well as economics, social planning and regional development. The CRA provided the scientific basis upon which the State and Commonwealth governments negotiated the WA RFA.

The Parties agreed that the Comprehensive, Adequate and Representative (CAR) Reserve System with amendments from the CRA assessment would adequately provide for the protection of rare or threatened flora and fauna species. The Parties went on to acknowledge the CAR reserve system met the 'JANIS' Reserve Criteria. However significant additions were made to the reserve system following the introduction of the State Government's 'Protecting Our Old Growth Forest Policy' in 2001. The reserve system for almost every forest type now greatly exceeds the standard set under the 'Nationally Agreed Criteria for the Establishment of a Comprehensive, Adequate and Representative Reserve System' for Forests in Australia. Under the 'JANIS' criteria the target for forest reservation is set at 15% of pre -1750 forested area. This target has now been exceeded in virtually every forest type since the introduction of the States 'Protecting our old Growth Forests Policy' as demonstrated in the graph below.

Figure 1: Reservation against Car Target for Forest Ecosystems. Conservation Commission. Draft FMP 2014-2023 pg. 33



Western Australia agrees to produce and publish a Forest Management Plan to implement the commitments of this Agreement by 30 June 2004 taking into account the importance of RFA certainty and commencing the planning process by early 2001	Clause 43
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The Report declares: *'This milestone was achieved in Period 1, Period 2 and Period 3. The FMP 2004–2013 began on 1 January 2004. The FMP 2014–2023 began on 1 January 2014. These gave effect to the values and intent of the WA RFA by implementing reserve proposals for the CAR reserve system and consolidating sustained yield levels'*.

This is inaccurate reporting as the *'importance of RFA certainty'* was never taken into account and the full suite of commitments made under the Agreement were not implemented through the 2004-2013 nor the 2014-2023 Forest Management Plan(s) (FMP), undermining the durability and certainty of commitments made to the industry.

Certainly no effect was given to the *'values'* and *'intent'* of the RFA in implementing the FMP.

- **The CAR Reserve System: Clauses 56 and 66 of the WA RFA**

The Parties agree that the CAR Reserve System, actions under the <i>Wildlife Conservation Act 1950</i> (WA) and the <i>Endangered Species Protection Act 1992</i> (Cwth), and the Forest Management Systems as amended by this Agreement, provide for the protection of rare or threatened flora and fauna species and ecological communities.	Clause 56
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The Report declares: This ongoing commitment was achieved in part in Period 1, Period 2 and Period 3.

The Parties agree that the CAR Reserve System established under this Agreement meets the JANIS Reserve Criteria as defined in Clause 2	Clause 66
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The Report Declares: *'This ongoing commitment was achieved in Period 1, Period 2 and Period 3'*.

The CAR reserve system certainly would have provided for Clause 56. However the CAR reserve system was gazumped by the introduction of the Old Growth Forest Policy (as previously discussed). FIFWA does not agree the expansion of the CAR reserve system based on State government election policy counts as an *'improvement'* to Western Australia's Forest Management System under attachment 5, clause 48 of the WA RFA.

With 62% of the forest now in permanent reserve and unavailable for timber harvesting (up from the 44% commitment under the Agreement) the industry feels it is inadequate to simply acknowledge the commitment made to a CAR Reserve System as *'achieved in part'*, when the increased level of reservation has clearly exceeded the commitment made by the Parties. It is also insufficient to claim the CAR reserve system *'meets the JANIS reserve*

criteria', when it clearly drastically exceeds the JANIS reserve criteria. This should be accurately reported.

However FIFWA does agree that the resulting reserve system provides for the '*protected threatened flora and fauna and ecological communities including those listed at the national level and migratory species*'. Although FIFWA maintains the resulting reserve system is in excess to requirements for this purpose.

- **Industry Development: Clauses: 71-80.**

The vast majority of the industry development clauses have not been achieved. This has been acknowledged by the independent reviewer in the combined reporting periods 1 and 2 and is demonstrated and discussed below;

The Parties agree that any changes to State Forest or Timber Reserves available for timber harvesting will only occur in accordance with this Agreement and will not lead to deterioration in the Sustained Yield in terms of volume, species and quality.	Clause 72
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The Report declares: '*This ongoing commitment was not achieved in Period 1, Period 2 or Period 3*'.

FIFWA agrees with the reporting against clause 72.

<p>The Parties acknowledge that Forest-based industries dependent upon the South-West Forest Region make a significant contribution to both the regional and State economies and are an essential component of many communities in the Region. The Parties intend that this Agreement will enhance opportunities for further growth and development of Forest-based industries dependent upon the South-West Forest Region and provide long-term stability for these industries. The Parties therefore acknowledge that this Agreement must provide enhanced security of access to resources for Forest- based industry for the life of the Agreement. The Agreement will facilitate industry development including:</p> <ul style="list-style-type: none"> (a) new investment, plantation development, reforestation, downstream processing, value-adding and jobs growth in wood-based manufacturing industries; (b) further introduction of new technology, enhanced utilisation of regrowth timber for sawn products, thinning of regrowth forests and more efficient utilisation of residual wood, including for the production of charcoal; 	Clause 73
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(c) investment in Mineral and Petroleum Exploration, Mining and Mineral processing and Petroleum Operations; and (d) tourism and recreation investment	
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The Report declares: *'This commitment was 'achieved in part' in Period 1, Period 2 and Period 3'.*

It is a stretch to see how this clause has been 'achieved in part'.

Clause 73 refers to an intent by the Parties *'to enhance opportunities for further growth and development of Forest-based industries'* and *'provide long-term stability for these industries'*. This has not been achieved.

Further, Clause 73 states that the *'Agreement must provide enhanced security of access to resources for Forest-based industry for the life of the Agreement'*. This has not been achieved.

New investment in plantation expansion during the reporting period has not been achieved. Although FIFWA acknowledges the recent (2016) State Government's Softwood Strategy including \$21million for new plantation establishment. This commitment falls outside the reporting period.

Industry development achieved during the reporting period can be attributed to the resilience and tenacity of the industry and is not an outcome specifically facilitated by the Agreement.

FIFWA acknowledges the tourism and recreation initiatives and notes while the industry is supportive of a range of tourism and recreational activities which co-exist in State forests, this is a small part of the overall industry development clause.

Further the statement the *'FPC continued to engage with industry, including as a member of the Forest Industries Federation of Western Australia'* is incorrect. The FPC are not FIFWA members.

The Parties agree that this Agreement is expected to provide, based on current sawlog specifications, logging and sawmilling technology, royalty structure, market demand and price, sawlog Sustained Yield levels for the period 1999-2003 inclusive of 324,000 m3 per annum of Jarrah first and second grade sawlogs averaged over the period, 186,000 m3 per annum of Karri first and second grade sawlogs and 78,000 m3 per annum of Marri sawlogs. For the period 2004-2018 inclusive, this Agreement is expected to provide sawlog Sustained Yield levels of 286,000 m3 per annum of Jarrah first and second grade sawlogs, 178,000 m3 per annum of Karri first and second grade sawlogs subject to clause 76 and 80,000 m3 per annum of Marri sawlogs. Environmental, heritage, economic,	Clause 75
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<p>social and ecologically sustainable forest management issues have been taken into account in providing a land base and management practices that are expected to produce these yields. The quantities in this clause are based on scheduling of timber harvesting so as to produce a non-declining yield of sawlogs. The Sustained Yield of sawlogs for the period 2004 to 2018 makes allowance for a higher level of harvest for jarrah and karri sawlogs for the period 1999 to 2003 and has been confirmed by a Panel of Independent Experts. The Parties acknowledge that sawlog Sustained Yield levels in Western Australia are subject to periodic review under the CALM Act</p>	
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The Report declares: *'This ongoing commitment was not achieved in Period 1, Period 2 or Period 3'*.

FIFWA agrees with the reporting against clause 75.

<p>The parties acknowledge the recommendation of the panel of Independent Experts that the Sustained Yield of Karri sawlogs could be set at 178,000 m³ per annum from 2004 with some minor revisions to the rotation length of a small number of Karri regrowth stands. Western Australia agrees to the introduction of revised Karri rotation lengths as part of the next Forest Management Plan, noting that harvesting associated with these revisions will occur beyond the life of the current Forest Management Plan.</p>	<p>Clause 76</p>
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The Report declares: *'This commitment was not achieved in Period 1, Period 2 or Period 3'*.

FIFWA agrees with the reporting against clause 76.

While the volumes set by the RFA under clauses 75 and 76 have not been achieved the volumes provided for under the 2014-2023 FMP enable industry to access an 'upper limit' of jarrah and karri sawlogs with the approval of the Environment Minister given markets for non-sawlog lower grade materials are established (such as markets for biomass or engineered wood products).

While there is a range of new and emerging market opportunities for native forest timber including markets utilising lower quality log resource and forest residues the State Government is yet to endorse the use of these materials to facilitate access to the full volumes under the allowable 'upper limits' of the FMP.

‘The Forest Employment and Industries Development Strategy’ (attachment 14) of the WA RFA prioritises the;

- *‘Investigation of alternative uses for lower grade and residue jarrah’*
- *‘Support for the establishment of marketing, processing, design and other related manufacturing networks between existing and emerging forest industry participants’*
- *‘Support for pre-feasibility and feasibility studies for forest based industry projects which have strategic significance and economic potential for the state and the nation;*

Yet FIFWA notes the Parties to the Agreement have not facilitated the opportunity for industry to optimise the full volumes available under the WA RFA through the FMP.

Both Parties are committed to the implementation of a range of Forest-based industry development initiatives (Attachment 14). The Parties agree to develop a Memorandum of Understanding for a joint Commonwealth-Western Australian South-West Forest Industry Structural Adjustment Program (WA FISAP) which will establish the respective roles and responsibilities of the two governments in administering the program. The Parties further agree that a total of \$59 million is available to implement these initiatives (refer Clause 98).	Clause 79
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The Report declares: *‘This milestone was achieved in Period 1, Period 2 and Period 3. In Period 3, FPC continued to help implement development initiatives in the forest industry. Initiatives were undertaken to supply plantation residues for a new biomass power station.’*

FIFWA reiterates the points made against clauses 75 and 76 in that the Parties have not given priority nor facilitated markets for non-sawlog lower grade materials to enable industry to access the full volumes allowable under the FMP.

The proposed ‘new biomass power station’ has not eventuated however alternative market development opportunities identified by Industry have not had a consistent level of support by the Parties.

The Parties recognise the importance of certainty of resource supply to industry and the role this plays in investment in value-adding. Western Australia will explore mechanisms to enable contracts for the sale of wood to extend beyond the period of Forest Management Plans and make them renewable as well as transferable.	Clause 80
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The Report declares; *‘this ongoing commitment was achieved in part during Period 1, Period 2 and Period 3.’*

Investment security Guarantees (ISG’s) were initially offered to graded sawlog contract holders to provide a level of security beyond the first 10 year FMP contract period.

However it should be noted that in the 3 reporting period the ISG’s were not renewed in line with the intent of Clause 80 of the WA RFA at the commencement of the 2014-2023 FMP despite continuous requests from the industry to do so.

The industry has actively sought alternative mechanisms to the ISG’s to provide certainty of resource supply to the industry in line with the intent of the WA RFA, without success. With only a couple of exceptions the industry remains largely unsecured leading into the next contract period and this uncertainty is known to hampering much needed new investment in the industry.

WA RFA Renewal

<p>Milestone The process for extending the Agreement for a further period will be agreed by the Parties as part of the fifteen year review set out in Clause 36.</p>	<p>Clause 6</p>
<p>Milestone The Parties note that under the CALM Act, Forest Management Plans are revised every ten years. Towards the end of the first and third five year periods of this Regional Forest Agreement, a joint Commonwealth/Western Australian review on performance against the milestones and commitments made in this Agreement will be undertaken at the same time as the Forest Management Plan revision process, thereby taking into account the required Environmental Protection Authority assessment of, and recommendations on, the revised Forest Management Plans due at those times and the associated statutory public consultation processes. The Commonwealth and the State will jointly report on performance before the end of the second five year period of this Agreement.</p>	<p>Clause 36</p>

FIFWA remains committed to the original intent and purpose of the WA RFA, however as noted in this submission FIFWA remains concerned that many of the industry development clauses were so easily undermined by a change in State Government policy.

If the Parties wish to secure a stable and sustainable native forest industry in Western Australia it is imperative a renewed RFA is based on genuine and binding commitments to deliver certainty and security of supply of resource to the industry.

These binding commitments must be supported in a renewed RFA with a 20 year rolling life. This would provide the necessary security and confidence to drive much needed development and investment in the industry for a long-term sustainable industry.

Of note ‘Table 1: A Summary of progress with Implementing WA RFA Milestones’ in the Report does not report against the industry development clauses, primarily because

milestones were never set against the industry development clauses and were focused instead on the conservation aims of the Agreement. FIFWA contends that in renewing the RFA triple bottom line reporting should be adopted against milestones for social and economic outcomes as well as for environmental purposes.

Further FIFWA notes the basis of the WA RFA is the National Forest Policy Statement (1992). This commonwealth policy has not been updated in 25 years and FIFWA holds strongly it is time for a revised National Forestry Policy Statement to underpin a renewed WA RFA.

Conclusion

Changes in State legislation increased forest reservation dramatically in WA since 1999, exceeding the commitments made by the Parties under the WA RFA and reducing the envisaged level of sustained timber yield available to the industry. While the implementation of the Agreement has been impeded, FIFWA supports the original intention of the RFA and supports a renewed RFA that upholds the original purpose.

FIFWA maintains a renewed RFA must embrace the following characteristics;

- Binding commitments between the Parties which provide security of access to resource for the forest based industry for the life of the Agreement.
- Introduce bankable mechanisms to provide long term supply contracts (beyond the term of the current FMP) for the industry.
- Facilitate markets for non-sawlog lower grade material to enable industry access to the full volumes allowable under the FMP.
- Facilitate new investment in softwood plantation expansion.
- Introduce 'Milestones' against strong industry development commitments.
- Introduce rolling 20 year RFA terms, underpinned by an updated relevant National Forest Policy Statement.

We would like to thank you for the opportunity to comment on the 'Report on Progress with the Implementation of the Regional Forest Agreement for the South –West Forest Region of Western Australia Period 3: 2009-2014'. We look forward to future consultation in relation to the revision and renewal of the WA RFA and in particular to discussing ways to safeguard the durability of commitments made to the industry at this time. For any queries relating to this submission please contact Melissa Haslam on (08) 9427 3055.

Sincerely,

A handwritten signature in black ink, appearing to read 'M Haslam', written in a cursive style.

Melissa Haslam
Executive Director.

References

Conservation Commission of Western Australia (2012b). Draft Forest Management Plan 2014-2023. Perth, Western Australia.

Conservation Commission of Western Australia (2012a). Forest Management Plan 2004–2013 End-of-term audit of performance report. Government of Western Australia, Perth.

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Kile, G. (2013). Review of the Implementation of the Regional Forest Agreement for the South-West Forest Region of Western Australia for the Period 1999 – 2009. Department of Parks and Wildlife, Perth.