

**Independent Review on
Progress with Implementation
of the Victorian Regional
Forest Agreements (RFAs)**

FINAL REPORT

May, 2010

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Acronyms & Abbreviations

ABC	Actions for Biodiversity Conservation
AFCS	Australian Forestry Certification Scheme
AFS	Australian Forestry Standard
AHC Act	<i>Australian Heritage Commission Act 1975 (Cwth)</i>
Allocation Order	<i>Allocation to VicForests Order 2004</i>
CAR reserve system	Comprehensive, Adequate and Representative reserve system
CH	Central Highlands RFA
CMA	Catchment Management Authority
CRA	Comprehensive Regional Assessment
CRC	Cooperative Research Centre
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAFF	Australian Government (Department of Agriculture, Fisheries and Forestry)
DPI	Victorian Government (Department of Primary Industries)
DSE	Victorian Government (Department of Sustainability and Environment)
Eastern Victoria	Area of Victoria east of the Hume Hwy
ECC	Environment Conservation Council
EG	East Gippsland RFA
EIAP	Expert Independent Advisory Panel
EID Act	<i>Extractive Industries Development Act 1995 (Vic)</i>
EMS	Environmental Management System
EPA Victoria	Environmental Protection Agency Victoria
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999 (Cwth)</i>
ESP Act	<i>Endangered Species Protection Act 1992 (Cwth)</i>
EVC	Ecological Vegetation Class
FFG Act	<i>Flora and Fauna Guarantee Act 1988 (Vic)</i>
FMA	Forest Management Area

G	Gippsland RFA
GMZ	General Management Zone
IFPS	Integrated Forest Planning System
Joint Study	Australian Heritage Commission/NRE study of the National Estate
JoSHL	Joint Sustainable Harvest Level
LCC	Land Conservation Council
MAHP	Monitoring Annual Harvesting Performance
MIG	Montréal Process Implementation Group
MRSD Act	<i>Mineral Resources (Sustainable Development) Act 1990 (Vic)</i>
NE	North East RFA
NRE	Department of Natural Resources and Environment
Period 1	Period of time on which the first five-yearly review of the Victorian RFAs is based (date RFA signed to 30 June 2004)
Period 2	Period of time on which the second five-yearly review of the Victorian RFAs is based (1 July 2004 to 30 June 2009)
RFA	Regional Forest Agreement
RFA Act	<i>Regional Forest Agreements Act 2002 (Cwth)</i>
RNE	Register of the National Estate
SFMS	Sustainable Forest Management System
SFRI	Statewide Forest Resource Inventory
SFT Act	<i>Sustainable Forests (Timber) Act 2004 (Vic)</i>
SMZ	Special Management Zone
SPZ	Special Protection Zone
Sustainability Charter	<i>Sustainability Charter for Victoria's State forests</i>
VEAC	Victorian Environmental Assessment Council
VicFISAP	Victorian Forest Industry Structural Adjustment Program
W	West Victoria RFA

Foreword

I submit this report to the Victorian and Australian Governments in accordance with the Terms of Reference issued to me.

The report provides the results of my independent review of progress in implementing the five Victorian Regional Forest Agreements as specified in the following clauses of the agreements:

- Clauses 30,31 and 32 of the East Gippsland RFA
- Clauses 36,37 and 38 of the Central Highlands and North East RFAs
- Clauses 37,38 and 39 of the West Victoria and Gippsland RFAs

The review covered two periods:

1. From the date the RFAs were signed up to 30 June 2004
2. From 1 July 2004 to 30 June 2009

Leanne Wallace

Independent Reviewer

21 May 2010

Executive Summary

In this report I present the results of my independent review of progress of implementation of five Victorian Regional Forest Agreements (RFAs) - East Gippsland, West Victoria, North East, Gippsland, Central Highlands.

The review covers two periods:

1. From the date the RFAs were signed up to 30 June 2004
2. From 1 July 2004 to 30 June 2009

In preparing the report I have taken into consideration the draft Report on Progress released by the Victorian and Australian Governments on 11 December 2009, 30 submissions received on the report, additional teleconferences with a number of submitters and additional information sought from relevant government agencies.

The draft Report on Progress provided detailed information on progress by both Governments against the milestones and obligations included in the various RFAs. The report is also transparent where milestones and obligations have not been met.

The submissions covered a wide range of issues including:

- lack of completion of the first five yearly review in Period 1
- lack of data for sustainability indicators and the quality of reporting
- impact on threatened species and water quality
- regeneration activity
- impact of additional national park reservations

In deciding whether I would make a recommendation under each headline area covered by the RFAs I have considered whether any submissions were made on the issue and whether the Parties had met the milestones and obligations.

I have made no recommendations in the following headline RFA areas:

- Ecologically sustainable forest management
- Plantations
- Other forest uses
- Competition principles
- Data agreement
- Forest management
- Compensation
- Industry development funding

I have made a total of 28 recommendations for the other headline areas. The recommendations are divided into two types:

1. Recommendations on the draft *Report on Progress with Implementation of the Victorian RFAs* ('R' recommendations – 13 recommendations)
2. Recommendations on any additional issues that should be considered by the Parties for the continued implementation of the RFAs ('C' recommendations – 15 recommendations)

I have made a number of recommendations about inclusion of additional information in the final Report on Progress covering the following areas:

- accountability arrangements for VicForests
- a more detailed explanation of the delay in the five yearly review
- reports of internal audits of compliance with the Code of Forest Practices for timber production
- relevant initiatives in the *Timber Industry Strategy, 2009* relating to private forestry and support for industry development
- mechanisms for the Allocation Order and Timber Release Plans to be reviewed following catastrophic events
- actions (including timeframes) being taken to address the backlog of regeneration and completion of regeneration surveys
- current and planned research activities including research into climate change and carbon sequestration
- 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

I have also made recommendations for timeframes for completion of a number of outstanding commitments. These include the following:

- Statewide Guidelines for Management of Cultural Heritage Values in Forests, Parks and Reserves (jointly agreed by no later than December 2011)
- development and review of recovery plans for species listed under both the EPBC and FFG Acts (timeframes to be included in the Final Report on Progress)
- review of forest management planning (timeframes to be included in the Final Report on Progress)
- completion of all outstanding pest plant and pest animal control programs (timeframes to be included in the Final Report on Progress)
- completion of a review of the current Victorian sustainability indicators (by the end of 2011)
- review and publishing of the Portland-Horsham Forest Management Plan by December 2010

- complete modelling by December 2011 to establish priority areas for future surveys of Aboriginal sites in the RFA regions

There are a number of key issues that I have recommended the Parties consider for the continued implementation of the RFAs. The most critical of these is consideration of cancelling the West Victoria RFA or substantially amending the RFA given the significant additions to reserves and reduction in timber availability made since the agreement was signed.

I have also recommended that the Parties give priority to monitoring of sustainability indicators to enable comprehensive reporting in the next *State of the Forests* report due in 2013.

The next five yearly review of progress is due by June 2014. I have also asked the Parties to consider a more proactive process for the review including development and publication of criteria which they will consider in making recommendations about any extensions to the RFAs.

1 Introduction

1.1 Background to the Review

The State of Victoria and the Commonwealth of Australia entered into five Regional Forest Agreements (RFAs) between February 1997 and March 2000. These 20-year agreements establish the framework for the conservation and sustainable management of forests within each of the five Victorian RFA regions. The main objectives of the Victorian RFAs are:

- to identify a Comprehensive, Adequate and Representative (CAR) reserve system and provide for the conservation of those areas
- to provide for the ecologically sustainable management and use of forests in each RFA region, and
- to provide for the long-term stability of forests and forest industries.

To assist in achieving their objectives, each of the Victorian RFAs contains milestones and obligations agreed to by the Parties upon signing of the RFAs. A draft Report on Progress of achieving the milestones and obligations was jointly prepared by the State of Victoria and Commonwealth of Australia and released on 11 December 2009.

1.2 Review Terms of Reference

The terms of reference for the independent review are set out in the scoping agreement signed by the Victorian Government and the Commonwealth of Australia in August 2009. A copy of the scoping agreement is provided in Appendix A.

The review is to assess and report on progress in implementation of five Victorian Regional Forest Agreements as specified in the following clauses of the agreements:

- Clauses 30,31 and 32 of the East Gippsland RFA
- Clauses 36,37 and 38 of the Central Highlands and North East RFAs
- Clauses 37,38 and 39 of the West Victoria and Gippsland RFAs

The review covers two periods:

1. From the date the RFAs were signed up to 30 June 2004
2. From 1 July 2004 to 30 June 2009

The Scoping Agreement specifies that the Independent Reviewer is to review public submissions received on the draft Report on Progress and undertake further targeted consultations, as required to clarify any issues raised. The Independent Reviewer is then to provide a report to the Steering Committee including issues raised in the public consultations. The written report has a number of functions:

- Provide comments and recommendations on the draft *Report on Progress with Implementation of the Victorian RFAs*, considering the public submissions received
- Describe the key issues raised in the public submissions

- Identify any additional issues that should be considered for the continued implementation of the RFAs; and
- Lists the names of the individuals and organisations who made submissions.

1.3 Review Process

In accordance with the Scoping Agreement a draft report was jointly prepared by the State of Victoria and Commonwealth of Australia to assess the performance of each of the Victorian RFAs between the date the RFAs were signed and 30 June 2004 (Period 1), and between 1 July 2004 and 30 June 2009 (Period 2).

The report was released on 11 December 2009 for an 11 week period of public comment. Submissions were received by the Department of Sustainability and Environment up to 28 February 2010 and forwarded to me for analysis.

The independent review was supported by a Steering Committee consisting of two representatives of the Australian Government Department of Agriculture, Fisheries and Forestry (John Talbot, General Manager, Forestry Branch, Climate Change Division; Andrew Wilson, Manager, Domestic Forest Policy, Forestry Branch) and two representatives of the Victorian Department of Sustainability and Environment (Dr Peter Appleford, Executive Director, Forests and Parks Division and Lee Miezis, Director Forests, Forests and Parks Division).

The Department of the Environment, Water, Heritage and the Arts also participated as observers at Steering Committee meetings.

This independent review report has been prepared based on the draft report released by the Victorian and Australian Governments, submissions received on the report, additional teleconferences with a number of submitters and additional information sought from relevant government agencies. The independent review report is then to be considered by the State of Victoria and Commonwealth of Australia in preparing a final report.

1.4 Submissions to the Review

A total of 30 submissions were received on the RFA progress report. Some submissions related to one issue (eg impact on a threatened species), others were concerning a specific RFA region (eg the West Victoria RFA) while others provided an overall commentary on all the RFAs.

The submissions covered a wide range of issues including the following:

- lack of completion of the first five yearly review in Period 1
- lack of data for sustainability indicators and the quality of reporting
- impact on threatened species and water quality
- regeneration activity
- impact of additional national park reservations
- reduction in timber supply

The Scoping Agreement specifies that I am to include the names of those organisations and individuals that made submissions. This was not advertised when the draft Report on Progress was placed on public submission. The Australian Government contacted all submitters to request their permission to include their names in this report.

The list of those individuals and organisations that provided submissions and agreed to their name being included is provided in Appendix B. All other submitters are noted as anonymous. A summary of the issues raised in each submission is provided in Appendix C. Summaries are included of those submissions where the submitter requested to be anonymous. All received submissions were considered in the review process.

1.5 Structure of the Report

A full list of my recommendations from this independent review is provided in Section 2. In Section 3, I have highlighted the background for each of the headline RFA areas including the relevant obligations/milestones under the agreements and the progress identified in the draft report released for public comment. I have then described the key issues raised in the submissions noting that the comments in these sections reflect the views of the submitters.

Under each headline RFA area I have included an analysis of issues and provided comments on the draft *Report on Progress with Implementation of the Victorian RFAs*

Where relevant I have made a recommendation. The recommendations are divided into two types:

1. Recommendations on the draft Report on Progress with Implementation of the Victorian RFAs ('R' recommendations)
2. Recommendations on any additional issues that should be considered by the Parties for the continued implementation of the RFAs ('C' recommendations)

The headline RFA areas covered are:

- Relationship to statutory obligations
- Milestones
- Five yearly review
- Ecologically sustainable forest management
- Monitoring, reporting and consultative mechanisms
- Sustainability indicators
- Private land
- Threatened flora and fauna
- Water
- The CAR reserve system
- Industry development
- Indigenous heritage

- Plantations
- Other forest uses
- Competition principles
- Research
- Funding
- Data agreement
- Forest management
- Compensation
- Industry development funding

2 Recommendations

Recommendations on the draft Report on Progress with Implementation of the Victorian RFAs (R recommendations)

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.

Recommendation R2: That the Parties include a more detailed explanation for the delay of the five yearly review in the final Report on Progress.

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.

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.

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*.

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).

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).

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.

Recommendation R9: That the Parties include additional information on the timing of the review of forest management planning in the final Report on Progress.

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.

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.

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.

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.

Recommendations on any additional issues that should be considered by the Parties for the continued implementation of the RFAs (C recommendations)

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.

Recommendation C2: That the Parties consider strengthening public reporting of progress in implementing the RFAs consistent with the Australian Government's response to the Hawke review.

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.

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.

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.

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."

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.

Recommendation C8: That the Victorian Government give priority to completion of all outstanding pest plant and pest animal control programs.

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.

Recommendation C10: That the Victorian Government review and publish the Portland-Horsham Forest Management Plan by December 2010.

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.

Recommendation C12: That the Victorian Government give priority to completion of regeneration activities and to improvements to the timeliness of reporting on those activities.

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*.

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).

Recommendation C15: That, in accordance with the obligation (EG-66), the Australian Government continues to consider assistance for the development of sustainability indicators.

3 Findings of the Review

3.1 Relationship to Statutory Obligations

Background

The obligations and milestones in relation to statutory obligations and the summary of progress are provided in the following table. I note that a number of the obligations are ongoing commitments that have been met for Periods 1 and 2.

Obligation/Milestone	Clause Numbers	Summary of Progress ¹
Obligation Parties will manage their respective responsibilities with regard to the National Estate in accordance with the provisions of this Agreement as detailed in the RFA Attachment	EG - 12 CH - 21 NE - 21 W - 21 G - 21	This commitment has been overtaken by events. In 2003, the Commonwealth repealed the <i>Australian Heritage Commission Act 1975 (Cwth)</i> and amended the <i>Environment Protection and Biodiversity Conservation Act 1999 (Cwth)</i> to provide for a National Heritage List to replace the Register of the National Estate. In Appendix 3 of the report it is noted that a commitment to prepare a set of statewide guidelines for the cultural heritage management of the forests, parks and reserves of Victoria has not been met.
Obligation The Commonwealth notes that its obligations to promote endangered species protection will involve ongoing cooperative work with Victorian agencies concerning the RFA region.	EG - 15 CH - 25 NE - 25 W - 25 G - 25	This ongoing commitment was met during Periods 1 and 2.
Milestone The Commonwealth undertakes to use its best endeavours to secure the enactment of legislation which amends the Environment Protection and Biodiversity Conservation Act 1999 (Cwth) by inserting definitions of 'Forestry Operations', 'RFA Forestry Operations' and 'RFA or Regional Forest Agreement' identical to those contained in the Regional Forest Agreements Bill (Cwth) and introduce such legislation into the Parliament of the Commonwealth by 30 June 2000. The purpose of these amendments is to give effect to the Commonwealth Government's intention that Forestry Operations in RFA regions may be undertaken without approval under the Environment Protection and Biodiversity Conservation Act 1999 (Cwth).	W - 26 G - 26	This milestone was achieved in Period 1.

¹ Summary of progress outlined in "A Draft Report on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs)"

Obligation/Milestone	Clause Numbers	Summary of Progress ²
Obligation Parties agree to actively investigate, and participate in, World Heritage assessment of the Australia-wide Eucalypt theme, including any potential contribution from the RFA region.	EG - 16 CH - 26 NE - 26 W - 27 G - 27	These ongoing commitments were met in Periods 1 and 2.
Obligation Parties note that in order to progress work and then proceed to World Heritage nomination, the agreement of all relevant governments will be required.	EG - 17 CH - 27 NE - 27 W - 28 G - 28	These ongoing commitments were met in Periods 1 and 2.
Obligation Parties agree that any potential nomination for World Heritage involving areas in the RFA region could be achieved from within the CAR reserve system.	EG - 18 CH - 28 NE - 28 W - 29 G - 29	These ongoing commitments were met in Periods 1 and 2.
Obligation The Commonwealth agrees that it will give full consideration to the potential socio-economic consequences of any World Heritage nomination of places in the RFA region and that any such nomination will only occur after the fullest consultation and with agreement of the State.	CH - 29 NE - 29 W - 30 G - 30	These ongoing commitments were met in Periods 1 and 2.
Obligation The Parties agree that before any World Heritage nomination is made: <ul style="list-style-type: none"> all necessary management arrangements, including joint policy coordination arrangements will be agreed; and all related funding issues will be resolved to the satisfaction of both Parties. 	CH - 30 NE - 30 W - 31 G - 31	These ongoing commitments were met in Periods 1 and 2.
Milestone The Commonwealth will, subject to the passage of amendments to the relevant regulations under the <i>Export Controls Act 1982</i> , ensure that no controls under that Act will apply to the export of hardwood woodchips or unprocessed wood sourced from the East Gippsland region while this Agreement is in place. The Commonwealth will seek passage of the relevant amendments by 30 June 1997. In the interim, licences will be issued to applicants seeking to export hardwood woodchips or unprocessed wood derived from areas within the East Gippsland region. The licences will be valid while this Agreement is in place and will not include an export volume constraint.	EG - 20	This milestone was achieved in April 1997.

² Summary of progress outlined in "A Draft Report on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs)"

Obligation/Milestone	Clause Numbers	Summary of Progress ³
Obligation Parties note that no controls under the <i>Export Control Act 1982</i> will apply to hardwood woodchips or unprocessed wood sourced from the RFA region while this Agreement is in place.	CH - 32 NE - 32 W - 33 G - 33	This ongoing commitment was met during Periods 1 and 2.
Obligation The Commonwealth notes Victoria's intention to separate more clearly its commercial forestry activities within native State forests from the broader policy, strategic planning and regulatory functions associated with the management of those forests. Victoria also confirms its commitment to the ongoing implementation of its plans, codes and prescriptions relevant to the achievement of Ecologically Sustainable Forest Management (ESFM).	EG - 21 CH - 33 NE - 33 W - 34 G - 34	These ongoing commitments were met in Periods 1 and 2.

Key issues raised in submissions

There were a number of issues raised in submissions concerning obligations and milestones in relation to statutory obligations. One submission believes that statutory obligations have generally been met except for the West Victoria RFA.

Several submissions made comments about the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC). One submission supports the outcomes of the Hawke review of the EPBC. In particular, this submission supports a single list of threatened species through accreditation of state and territory listing processes. The submitter believes that this would improve the efficiency of how this obligation is met in the future.

A second submission sought immediate heritage listing through the EPBC of the Baw Baw plateau and escarpments. The listing was proposed based on information in the report *Ecological Survey Report No 46 – Flora and Fauna of the Eastern and Western Tyers Forest Blocks and Adjacent South-Eastern Slopes of Baw Baw National Park, Central Gippsland, Victoria*.

One submission questioned the statements made in the draft Report on Progress in response to the obligation to separate more clearly commercial forestry activities within native state forests from the broader policy, strategic planning and regulatory functions. The comment is made in the draft report that “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.” A further comment suggested that “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.”

The submission questions the legal validity of these statements in the draft Report on Progress: “Nowhere in the *Sustainable Forest (Timber) Act 2004* does it say or even imply that VicForests was created solely to operate in the eastern part of the state.” The Victorian Government has advised that the submission is correct. The same submission notes that

³ Summary of progress outlined in “A Draft Report on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs)”

annual sawlog licences were transferred to VicForests in 2004 who formally handed back responsibility 18 months later.

The submission also notes that the information about the accountability of VicForests is out of date and quotes the information in the *Timber Industry Strategy, 2009* on new arrangements. I note that the draft Report on Progress was released before the *Timber Industry Strategy* was made public.

The same submission questions why DSE has continued to deny access to logs in Wombat State Forest.

Analysis

National Estate

I note that the obligation in the RFAs on the National Estate has been overtaken by events. I also note that the Register of the National Estate will continue as a statutory register until February 2012.

Endangered Species

I note the comments in the draft Report on Progress on cooperation between the Victorian and Australian governments to promote endangered species protection. Additional information is provided in the report on the joint preparation of species data sheets. A number of submissions have criticised the lack of progress in this area. Further commentary and recommendations are provided in *Section 3.8 Threatened Flora and Fauna*.

Since the draft Report on Progress was placed on public exhibition, the Australian Government has released the final report of the Independent Review of the *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*. Tabled by the Minister for the Environment Protection, Heritage and the Arts on 21 December 2009, this report contained 71 broad ranging recommendations for legislative reform including that the Act should be repealed and replaced with a new Act, the Australian Environment Act. I understand that the Australian Government is currently giving formal consideration to the Report's recommendations, and will respond during 2010.

World Heritage

In relation to World heritage obligations I note that these commitments were met in Periods 1 and 2. I also note that no World Heritage nomination involving the RFA regions was made in Periods 1 and 2.

In 2009, the Victorian Government advised the Australian Government of its support for the inclusion of the following Victorian parks on Australia's World Heritage Tentative List: the Australian Alps national parks located in Victoria (Baw Baw, Mount Buffalo, Alpine and Snowy River national parks and Avon Wilderness Park) together with Errinundra, Coopracambra and Croajingolong national parks and Cape Conran Coastal Park in East Gippsland.

I have been advised that the Australian Alps is not currently on the World Heritage Tentative List.

The National Heritage values of the Baw Baw National Park (as a part of the Australian Alps) are a matter of national environmental significance protected under the *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*.

The Australian Alps, made up of eleven national parks and nature reserves, were included on the National Heritage List on 7 November 2008. The National Heritage Listed site matches the boundary of the existing Australian Alps National Parks covering over 1.6 million hectares of public land across eleven national parks and nature reserves in the ACT, NSW and Victoria. This includes the Baw Baw National Park.

The areas outside of the Baw Baw National Park are not currently subject to an EPBC Act National Heritage assessment or listing process.

Export Controls and Separation of Forestry Activities

I note that amendments to regulations to the *Export Controls Act (1982)* were made in Period 1 and that no controls under the Act have applied to hardwood woodchips of unprocessed wood sourced from the RFA regions.

As noted above, one submission made a number of comments on separation of commercial forestry activities. In my view Victoria's separation of its commercial forestry activities was consistent with the obligation in the RFAs. The Victorian Government has advised that Part 4 of the SFT Act provides for the transfer of licences in eastern Victoria. This occurred on 1 August 2004, being the date of commencement of VicForests. The transfer of licences in western Victoria was also provided for in this part of the Act however it was repealed in 2006. DSE managed these licences until their expiry.

The Victorian Government has provided additional information on the accountability arrangements for VicForests including the roles of the Treasurer, Minister for Agriculture and Minister for Environment and Climate Change. This additional information should be included in the final Report on Progress.

ESFM

I note the statement in the draft Report on Progress regarding Victoria's continued commitment to ecologically sustainable forest management. I will comment further on ESFM in *Section 3.5 Monitoring, reporting and consultative mechanisms*.

Cultural Heritage

In Appendix 3 of the report it is noted that a commitment to prepare a set of statewide guidelines for the management of cultural heritage values in the forests, parks and reserves of Victoria has not been met. While I note that NRE published Guidelines for the Management of Cultural Heritage Values: in the Forests, Parks and Reserves in East Gippsland this was done in 1997, more than ten years ago. It is of concern that the commitment to prepare a set of statewide guidelines has not been achieved in the last ten years.

I provide further commentary on this issue and recommendations in Section 3.5 Monitoring, reporting and consultative mechanisms and in Section 3.12 Indigenous Heritage.

Administrative arrangements and legislative changes

I note that there have been a number of administrative changes since the RFAs were signed including changes to the names of agencies. In addition, as noted above, there have been a number of legislative changes. These include the repeal of the Australian Heritage Commission Act 1975 (Cwth) and amendment of the Environment Protection and Biodiversity Conservation Act 1999 (Cwth). The Parties should amend the RFAs to reflect these administrative and legislative changes.

Recommendations

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.

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.

3.2 Milestones

Background

The obligation and milestone in relation to milestones and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Milestone and Obligation This Agreement establishes milestones and Parties will report annually on their achievement for the first five years, and then as they fall due and as part of the 5 yearly review, using an appropriate public reporting mechanism.	EG - 25 CH - 35 NE - 35 W - 36 G - 36	Aspects of this milestone and obligation were met during Periods 1 and 2. Victorian RFA Annual Reports were produced and agreed between the State of Victoria and the Commonwealth of Australia each year from 1998 to 2002, and reported on the achievement of milestones in the RFAs.

Key issues raised in submissions

There was only one submission in relation to the milestone and obligation to report annually on their achievement in the first five years. The submission questioned that RFA reports were issued annually and also noted missing information in the reports. The submission stated that RFA annual reports were produced over three years from February 2001 to November 2003 and covered a five year period from 1998 to 2002. In addition, the submission noted that the three annual reports that covered the West Victoria RFA did not report on the milestone that required that the Midlands FMP be reviewed by 2005.

Analysis

I note that the draft Report on Progress makes it clear that this milestone/obligation was not met in full. No Victorian RFA reports have been issued since November 2003 (the 2002 report). This combined with the lack of the first five yearly review has meant that there has been no public reporting on the RFA for over five years.

The final report of the Independent Review of the *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*, the Hawke review, has been mentioned previously in *Section 3.1: Relationship to Statutory Obligations*. The Hawke review also makes a number of recommendations relevant to the RFAs including that the current mechanisms

contained in the EPBC Act for Regional Forest Agreement (RFA) forest management be retained but be subject to rigorous independent performance auditing, reporting and sanctions for serious non compliance.

Recommendations

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.

3.3 Five yearly review

Background

The obligations and milestones in relation to the five yearly review and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation Within each five year period, a review of the performance of the Agreement will be undertaken. The purpose of the five yearly review is to provide an assessment of progress of the Agreement against the established milestones, and will include:</p> <ul style="list-style-type: none"> • the extent to which milestones and obligations have been met including management of the National Estate; • the results of monitoring of sustainability indicators; and • invited public comment on the performance of the Agreement. 	EG - 30 CH - 36 NE - 36 W - 37 G - 37	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 with <i>Our Forests, Our Future</i> . The first five yearly review is now being undertaken together with the second five yearly review.
<p>Obligation Each review will be scheduled concurrent with the five yearly reviews required for the East Gippsland RFA.</p>	CH - 36	As above.
<p>Obligation While the review process will not open up the Agreement to re-negotiation, both parties may agree to some minor modifications to incorporate the results of the review.</p>	EG - 31 CH - 37 NE - 37 W - 38 G - 38	As above.
<p>Milestone and Obligation The outcomes of the review will be made public. The mechanism for the review will be determined by both Parties before the end of the five year period and the review will be completed within three months.</p>	EG - 32 CH - 38 NE - 38 W - 39 G - 39	As above.

Key issues raised in submissions

A significant number of submissions were critical that the first five yearly reviews of the RFAs were not completed in Period 1. They also criticised the process and timing for the reviews that are now covering Periods 1 and 2. Issues raised included the following:

- The timing of this review - although one submission noted that decision to undertake five and ten year reviews concurrently is appropriate
- Concern about statements of progress that are yet to be done
- Lack of resources/commitment to undertake the reviews
- Disagree that *Our Forests, Our Future* reforms were a legitimate reason to delay the RFA review

A number of submissions commented about the comprehensiveness of the reviews. Issues raised included the following:

- A review of National Forest Policy should be undertaken
- There should be a more comprehensive five/ten year review to take account of climate change and the degradation of the native forest estate
- The scope of the Victorian reviews are narrower than those that took place in NSW

One submission noted that the scoping agreement specifies that the independent reviewer's report is to be submitted to the Steering Committee within 12 weeks of the opening of the submission period. The submission further notes that this would be four days after the closing date for submissions.

One submission believes that Victoria has complied with administrative obligations for the five yearly reviews. Several submissions questioned the legitimacy of the RFAs, given the Victorian Government's announcement of new national parks outside the RFA process. One submission argued that effectively the West Victoria RFA was cancelled. Another submission also argued for cancellation of the West Victoria RFA as there has been removal of substantial areas for harvesting from the original agreement.

In questioning the legitimacy of the RFA process, one submission proposes an alternative process like the South East Queensland Forest Agreement. This agreement was signed in 1999 by the Queensland Timber Board, the Queensland Government and environment groups.

One submission sought development of a proactive process to renew and modernise the RFAs. This submission noted that Tasmania had taken the initiative to discuss rolling RFAs that would provide a minimum of 15 years security at any time. The submission stressed the importance of conducting the 15 year review in a timely manner.

Analysis

Clearly the obligation to undertake a review of performance in each five year period was not met. This is stated in the draft Report of Progress.

A number of submissions expressed concern that the draft Report on Progress did not include sufficient justification as to why *Our Forests, Our Future* resulted in a delay in the conduct of the first five year reviews.

I note that the five yearly reviews were due to be conducted between February, 2002 (East Gippsland) and March, 2005 (West Victoria and Gippsland). The Victorian Government has provided me with additional information on the significance of the announcement of *Our Forests, Our Future* in February 2002.

The major components of the initiative included a 31% reduction in sawlog harvesting in State forests across Victoria, an \$80 million assistance package provided over 4 years to buy back licences and assist workers and affected communities and establishment of a new entity – VicForests – to manage the industry on a sustainable and commercial footing. I also note that another initiative was the establishment of a comprehensive system of annual monitoring and reporting on the extent of harvesting undertaken and its impacts on estimated sawlog reductions including sustainable yield rates in consultation with stakeholders.

I recognise that the implementation of these policy commitments required substantial legislative change, a significant restructure of the timber industry and changes to forest management. I also note that the resource requirements of these reforms, and the uncertainty which existed during the transition, meant that the first five-yearly review of Victoria's RFAs was significantly delayed.

The parties should include a more detailed explanation for the delay of the five yearly review in the final Report on Progress.

The commitment to complete the reviews within three months will not be achieved as there was an extended period of public consultation (11 weeks). This is also the reason as to why the reviewers report has not been submitted within 12 weeks of the opening of the exhibition period (as specified in the scoping agreement).

I note that the reviews cover the period to June, 2009. I support the statements made in the draft Report on Progress on actions currently underway but not yet completed. It would be helpful, however, to include some indications of timeframes within which actions will be completed. This is particularly important where a commitment made under the RFAs has not been met. I have made specific recommendations on completion dates for actions within the relevant sections that follow.

I have considered the substantial number of comments about the decisions made on new national parks in the West Victoria RFA region that were not in accordance with the RFA. The new national parks combined with a reduction in the availability of native forests for harvesting has obviously significantly impacted on the viability of the timber industry in the region.

There are also a number of other milestones and obligations from the West Victoria RFA that have not been met. They include completion of a review of sustainable yield levels, implementation of the Integrated Forest Planning Systems and the Statewide Forest Resource Inventory and production of a Forest Management Plan for the Portland and Horsham FMAs.

Some submissions argued for continuation of the West Victorian RFA as it provides a strong framework for the protection and management of public forested lands. These submissions do acknowledge that the RFA must be substantially amended.

Recommendations

Recommendation R2: That the Parties include a more detailed explanation for the delay of the five yearly review in the final Report on Progress.

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.

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.

3.4 Ecologically Sustainable Forest Management

Background

The obligations in relation to Ecologically Sustainable Forest Management and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation The Parties agree that ESFM is an objective which requires a long term commitment to continuous improvement and that the key elements for achieving it in accordance with clause 7 are:</p> <ul style="list-style-type: none"> • the establishment of a CAR reserve system; • the development of internationally competitive forest products industries; and • a fully integrated and strategic forest management system capable of responding to new information. 	NE - 39	The parties agree with these clauses.
<p>Obligation The Parties agree that Victorian processes and systems provide for ecologically sustainable management of forests in the North East region and that these processes and systems are accredited in clause 47 of this Agreement.</p>	NE - 40	The parties agree with these clauses.

Key issues raised in submissions

While a number of submissions noted the objective of ESFM, there were a significant number of submissions that raised concerns about delivery of ESFM.

One submission questioned the application of ESFM in the Central Highlands and makes recommendations to discontinue the RFA and phase out logging in the water catchments over a nine month period. A second submission argues that the poor performance on forest management planning means that these obligations have not been met.

One submission notes that ESFM is the integral framework for policy, planning and implementation of forest management. This submission notes that the recently released *Timber Industry Strategy* provides a long term framework for the sustainable development of timber industries but also raises questions about resourcing and support for its implementation.

Analysis

Further commentary on this issue will be provided under Section 3.5 Monitoring, reporting and consultative mechanisms.

Recommendations

No recommendations are made.

3.5 Monitoring, reporting and consultative mechanisms

Background

The obligations and milestones in relation to monitoring, reporting and consultative mechanisms and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Obligation Victoria will report on the results of monitoring of sustainability indicators.	EG - 26 CH - 41 NE - 41 W - 42 G - 42	This ongoing commitment was met during Periods 1 and 2.
Obligation Comprehensive Regional Assessments and the development of this Agreement have provided extensive opportunities for public participation and reporting. Parties recognise that the public reporting activities and on-going opportunities for public participation and consultation associated with existing Victorian and Commonwealth processes and instruments will continue. These processes are listed in the RFA Attachment.	EG - 27 CH - 42 NE - 42 W - 43 G - 43	This ongoing commitment was met during Periods 1 and 2.
Obligation In addition to these activities, Victoria agrees to publish future reports of internal audits of compliance with the Code of Forest Practices for Timber Production. Supporting documents will also be publicly available.	EG - 28 CH - 43 NE - 43 W - 44 G - 44	This ongoing commitment was met during Periods 1 and 2.
Milestone Victoria will further develop the transparency and accountability of its forest management processes through the implementation of an on-going quality assurance program. The program will be implemented, within three years, utilising expertise external to the forest agency in the Department of Natural Resources and Environment or its equivalent.	EG - 29 CH - 44 NE - 44	This milestone was achieved in Period 1.
Obligation Parties note that to develop the transparency and accountability of its forest management processes, Victoria is implementing an on-going quality assurance program utilising, as appropriate, expertise external to the forest agency in the Department of Natural Resources and Environment or its equivalent	W - 45 G - 45	This obligation was achieved in Period 1.

Obligation/Milestone	Clause Numbers	Summary of Progress
Milestone Victoria undertakes to: <ul style="list-style-type: none"> complete and publish regional prescriptions for timber production by the end of 1997(EG)/ 1998(CH); 	EG - 34 CH - 45(a)	<ul style="list-style-type: none"> This milestone was achieved in Period 1.
Milestone Victoria undertakes to: <ul style="list-style-type: none"> use its best endeavours to complete and publish management plans for all National and State Parks by the end of 1998; 	EG - 34 CH - 45(b)	This milestone was achieved in Period 1.
Obligation Victoria undertakes to: <ul style="list-style-type: none"> continue to manage the Dedicated Reserves within the CAR reserve system in accordance with the relevant government approved recommendations of the Land Conservation Council or Environment Conservation Council; 	EG - 34 CH - 45(c) NE - 45(a) W - 46(a) G - 46(a)	This ongoing commitment was achieved in Periods 1 and 2.
Obligation Victoria undertakes to: <ul style="list-style-type: none"> manage cultural values, both Aboriginal and non-Aboriginal, in East Gippsland, based on the Guidelines for the Management of Cultural Heritage Values in Forests, Parks and Reserves in East Gippsland which will be jointly agreed; 	EG - 34	This ongoing commitment was achieved in Periods 1 and 2.
Obligation Victoria undertakes to: <ul style="list-style-type: none"> manage cultural values, both Aboriginal and non-Aboriginal, in the RFA region, based on Statewide Guidelines for the Management of Cultural Heritage Values in Forests, Parks and Reserves which will be jointly agreed. 	CH - 45(d) NE - 45(b) W - 46(b) G - 46(b)	This commitment was not met in either Period 1 or Period 2. Statewide guidelines for the management of cultural heritage values in forests, parks and reserves have not been developed in Victoria.
Milestone Victoria undertakes to: <ul style="list-style-type: none"> implement the Integrated Forest Planning System and the Statewide Forest Resource Inventory in East Gippsland in time for the next review of sustainable yield due in 2001. 	EG - 34	Milestones were achieved in all RFA regions except the West Victoria RFA region. Policy changes through <i>Our Forests, Our Future</i> negated the value of undertaking the works in the West Victoria RFA region.
Milestone Victoria undertakes to: <ul style="list-style-type: none"> implement the Integrated Forest Planning System and the Statewide Forest Resource Inventory (SFRI) in the Central Highlands in time for the next review of sustainable yield due in 2001. 	CH - 45(e)	As above.

Obligation/Milestone	Clause Numbers	Summary of Progress ⁴
Milestone Victoria undertakes to: <ul style="list-style-type: none"> implement the Integrated Forest Planning System and the Statewide Forest Resource Inventory (SFRI) in the North East region in time for the next review of sustainable yield due in 2001. 	NE - 45(c)	As above.
Milestone Victoria undertakes to: <ul style="list-style-type: none"> implement the Integrated Forest Planning System and the Statewide Forest Resource Inventory (SFRI) across Victoria in accordance with the schedule set out in the RFA Attachment. 	W - 46(c) W – Attachment 10 G - 46(c) G – Attachment 10	As above.

Key issues raised in submissions

A significant number of submissions made comments about monitoring, reporting and consultative mechanisms.

The issues raised in relation to monitoring and reporting included the following:

- Quality and workability of indicators – over two thirds of the sustainability indicators have no data available
- Amendments to the reporting process – changes to the indicator framework in the State of the Forests Report issued in 2009
- Responsibility for monitoring and reporting – the Commonwealth should have a role in monitoring, compliance and enforcement, questions lack of independence of the State of the Forests report
- Quality and independence of monitoring and reporting - lack of independent code audits for 3 years, ignoring Expert Independent Advisory Panel (EIAP) recommendations
- Cultural heritage – timber harvesting only occurs on a fraction of public land and that statewide guidelines are required to provide integrated and effective protection of cultural values
- Monitoring of sustainability indicators - should apply across all land tenures including improved monitoring of performance and reporting for parks and reserves to provide comparable data, particularly for threatened species

Some submissions also commented on site-specific issues including in Strzelecki State Forest and Brown Mountain.

The issues raised in relation to consultative mechanisms included the following:

- Concern RFAs have not reduced forest conflict - there is a lack of broad community confidence in the RFAs

⁴ Summary of progress outlined in “A Draft Report on Progress with Implementation of the Victorian Regional Forest Agreements (RFAs)”

- Lack of public review and consultation – State of the Forests Report, forest management planning including Timber Release Plans

Analysis

Monitoring of Sustainability Indicators

I note the statement in the draft Report on Progress that the commitment to report on the results of monitoring of sustainability indicators was met in Periods 1 and 2. However, as outlined above in the responses in submissions, there is significant concern about the currency of the reports and the comprehensiveness of the data.

A critical issue is the substantial data gaps for over two thirds of the indicators for sustainable forest management. As noted in a number of submissions, the absence of data for a large proportion of indicators has made it difficult to assess and determine sustainability.

One submission argued for use of the precautionary principle as there is inadequate information. This submission sought a placement of all native forest logging on hold until adequate and comprehensive reporting is in place. While I do not support this action it does emphasise the significance of the issue and the depth of public response.

I note that DSE is developing a new monitoring system. The purpose of the Forest Monitoring and Reporting Information System is to “assess and monitor the extent, state and sustainable development of Victorian forests in a timely and accurate manner”.

The program will complement the current process. The Victorian Government has advised that previous State of the Forests reports have been based on data derived from data sets not specifically collected or managed for State level monitoring and reporting. The new monitoring and reporting system will provide a continuously updated tenure-blind public forest description using a combination of permanent plots, aerial photography and wall-to-wall satellite imagery. The new system is currently being developed and is expected to take 5-7 years to complete implementation.

This system will be an important foundation for reporting of sustainability but should be complemented by improvements to the practicality, measurability and cost-effectiveness of a full suite of sustainability indicators that can be applied at a regional level. I have made a recommendation on this issue in *Section 3.6 Sustainability Indicators*.

Public Reporting and Consultation

As noted above, there were a number of submissions made on the obligation to continue public reporting activities and opportunities for public participation and consultation. I note the examples provided in Appendix 4 to the draft Report on Progress. The increase in opportunities for public participation and consultation is consistent with the overall trends over the last ten years for more transparency in government operations.

Forest Management

I note the statement in the draft Report on Progress that the parties had met the obligation to publish future reports of internal audits of compliance with the Code of Forest Practices for timber productions. The Victorian Government has provided me with additional information on the publication of these reports. This information should be included in the final Report on Progress.

In 2002, the Victorian government released *Our Forests, Our Future* with a commitment to make the application of the Code (1996 version) more transparent. I have been advised

that the EPA engaged an independent environmental auditor to assess compliance with the Code in State forests between 2003 and 2007. Audit results from the previous forest audit program are available on the EPA Victoria website.

Responsibility for the forest audit program was handed back to DSE in 2008, and DSE undertook two pilot audits of VicForests to assess compliance with the Allocation Order and Timber Release Plan. The 2007/08 audit sampled nine fire salvage coupes from the Tambo, Benalla/Mansfield and Central Gippsland Forest Management Areas, and concluded that VicForests fire salvage operations investigated were compliant with the Allocation Order and the Timber Release Plan.

The 2008/09 audit concluded that VicForests has a process in place to address the requirements of the Allocation Order and the Timber Release Plan. The audit made fourteen findings and found that the process was followed in most instances and when followed, it achieved the desired outcomes. The audit also made seven recommendations for improvement in process for both DSE and VicForests. The 2007/08 and 2008/09 audits are available on the DSE website at www.dse.vic.gov.au/forests.

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 an independent review of the previous forest audit program administered by the Environment Protection Authority (EPA). This 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 assess compliance with the relevant planning and operational guidelines. The auditors will provide independent reports that will be published on the DSE website.

Quality Assurance Program

I note that Victoria is implementing an ongoing quality assurance program consistent with the milestones and obligations in the RFAs. The draft Report on Progress includes information on DSE's Environmental Management System for State forests.

While the report includes general information on the components of the EMS there is no information on the timing of the introduction of the new system. The Victorian Government has advised me that as a result of a recent internal review, the EMS for State forest has been incorporated into a broader quality assurance program that will cover both forests and parks. The quality assurance program will integrate the State forest EMS obligations into a broader quality management framework. Full integration into the quality assurance program will begin in 2010/11, with a two year timeframe to produce a single system across forests and parks.

Some submissions also made comments about the role of the Expert Independent Advisory Panels (EIAP), including reviewing harvesting rates aimed at improving monitoring of forest management. Particular comments were made about the West Victoria RFA.

The Victorian Government has advised me that the Minister for Environment and Climate Change has determined that EIAP will not be reappointed due to changed arrangements in Victoria's Timber Industry Strategy. DSE has adopted a process of appointing expert peer review panels for key projects relating to the collection and analysis of forest management data. This includes the forest monitoring and reporting information system and sustainable forest management decision support system.

Forest Planning and Inventory

I note the achievement of milestones for implementation of the Integrated Forest Planning System and the Statewide Forest Resource Inventory in all regions except the West Victoria RFA region. A further comment is made in the draft Report on Progress that resources for estimating the availability of timber resources have been redirected away from the West Victoria RFA region to the eastern part of the state.

Cultural Heritage

There were a number of comments about monitoring and reporting of cultural heritage values. As noted in *Section 3.1 Statutory obligations*, the lack of completion of statewide cultural heritage guidelines is an issue. I also note that while guidelines were published for East Gippsland in 1997 they are now more than 13 years old.

The Victorian Government has provided me with additional information on the guidelines for cultural heritage. The *Guidelines for the Management of Cultural Heritage Values in Forests, Parks and Reserves in East Gippsland* (1997) relate to both indigenous and non-indigenous cultural heritage. These Guidelines remain the basis for management of historic places (non-indigenous cultural heritage) on public land, including forests. However, the Guidelines require amendment to incorporate recent changes in legislation and agencies, along with DSE management policies and codes. Statewide guidelines have not yet been prepared.

I note that there are a number of legislative and regulatory arrangements for the protection and management of Aboriginal and post-European heritage including the *Aboriginal Heritage Act 2006* (Vic) and the *Aboriginal Heritage Regulation 2007* (Vic). This is a complex regulatory and policy environment that would be complemented by the preparation of statewide guidelines that cover parks, reserves and forests. As this was a clear milestone and obligation in all the RFAs, statewide guidelines for cultural heritage should be completed as a high priority.

Recommendations

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.

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.

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.

3.6 Sustainability indicators

Background

The obligations and milestones in relation to sustainability indicators and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Milestone and Obligation Parties agree that the current forest management system could be enhanced by further developing appropriate mechanisms to monitor and review the sustainability of forest management practices. To ensure that this occurs, Parties agree to establish an appropriate set of sustainability indicators to monitor forest changes. Any indicators established will be consistent with the Montréal Process Criteria (as amended from time to time), the current form of which is specified in the RFA Attachment, and will take into account the framework of regional indicators developed by the Montréal Process Implementation Group (MIG). Indicators will be practical, measurable, cost-effective and capable of being implemented at the regional level.</p>	<p>EG - 37 CH - 48 NE - 48 W - 49 G - 49</p>	<p>These milestones were completed during Period 2. These obligations were met during Periods 1 and 2.</p>
<p>Milestone Parties will assess the outcomes of the Montréal Process Implementation Group (MIG) process by the end of 1997. After considering the extent to which the MIG process provides, or is likely to provide, relevant indicators, the process to be used in developing indicators for application in East Gippsland will be determined. Any process adopted will provide for appropriate public consultation and determine the frequency of reporting.</p>	<p>EG - 38</p>	<p>As above.</p>
<p>Obligation In developing effective indicators, Parties agree to take into account the results of the Forest and Wood Products Research and Development Corporation's pilot studies for the development of effective regional indicators.</p>	<p>EG - 39 CH - 49 NE - 49 W - 50 G - 50</p>	<p>As above.</p>
<p>Milestone Development of indicators, and collection of results for those indicators which can be readily implemented, will be completed in time to enable assessment during the first review of this Agreement.</p>	<p>EG - 40 CH - 50 NE - 50 W - 51 G - 51</p>	<p>As above.</p>

Key issues raised in submissions

A number of submissions were critical of the data gaps for over two thirds of the indicators. One submission also noted that a number of Category A indicators (largely implementable now) have still not been developed or implemented. Another submission noted that no indication had been given in the draft Report on Progress on the significance of the data gaps.

Analysis

The draft Report on Progress states that the milestones and obligations for sustainability indicators have been met. I note the comments in the draft Report on Progress on the development of a *Framework of Regional (Sub-National) Level Criteria and Indicators of Sustainable Forest Management in Australia* (the Framework). I also note that the Framework (including 44 regional-level indicators) was then used as the basis for *Criteria and Indicators for Forest Management in Victoria* adopted in 2007. The first State of the Forests report to provide information in response to these criteria was released in August 2009, a month after the review period. As noted in a number of submissions, this is a substantial period of time after the original commitment was made – one submission is highly critical that 13 years after the original RFAs, DSE can only report on one third of indicators for sustainable forest management.

There is an obvious inconsistency between the data gaps due to measurement difficulties and the obligation that indicators are “practical, measurable, cost-effective and capable of being implemented at the regional level”.

I have been advised that DSE has recently undertaken a review to determine the measurability of the Criteria and Indicators. This review found that many of the indicators are difficult to measure, and in some cases cost prohibitive. While the Department is mindful that the detection of trends over time is fundamental to meaningful monitoring and reporting, and that the continuity of certain datasets is important to many stakeholders, it is also important that the Criteria and Indicators are designed in a way that ensures that they can be measured.

The Victorian Government has advised that a project to formally review the *Sustainability Charter for Victoria's State Forests* (the Charter) will commence in the latter part of 2010. A review of the Criteria and indicators will be undertaken following the completion of the review of the Charter.

I note that the Hawke review of the EPBC makes a specific recommendation that the Commonwealth and States should agree on sustainability indicators by the end of 2010. While I recognise that the next State of the Forests report is not due until 2013 in my view the Parties should undertake a review of the current sustainability indicators and complete this review by the end of 2011.

Recommendations

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.”

3.7 Private land

Background

The obligation in relation to private land and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Obligation Victoria will continue to encourage private forest owners to ensure that their management operations are consistent with the Code of Forest Practices for Timber Production, and to have in place adequate mechanisms to protect nature conservation and catchment values.	EG - 42 CH - 52 NE - 52 W - 53 G - 53	This ongoing commitment was met during Periods 1 and 2.

Key issues raised in submissions

A small number of submissions raised issues on the obligation in relation to private land. One submission agreed that this obligation had been met. Another submission noted that it was unfair that private land owners must provide an estimate of log volumes to be harvested but public forest owners don't have to do this. This submission also argues that this presents an unfair advantage to the public forest manager and is also probably a breach of competitive neutrality requirements under National Competition Policy.

In the draft Progress Report it is noted that 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." One submission noted that the Forest Practitioners Accreditation Scheme was only funded as a pilot and no longer has financial support from the State Government. This submission does note that the Government is now offering to assist councils through the *Timber Industry Strategy*.

Analysis

The obligation in the RFAs in relation to private land was specifically about encouraging private forest owners to ensure their management practices are consistent with the Code of Forest Practices for Timber Production. I agree with the statement in the draft Report on Progress that this ongoing commitment was met during Periods 1 and 2.

The Victorian Government has provided me with additional information on the requirements of the Victorian Planning Provisions (Clause 52.18). Specifically the Provisions require that all timber production activities (except agroforestry (the simultaneous and substantial production of forest and other agricultural products from the same land unit), windbreaks and commercial plantations of 5 hectares or less) on private land must comply with the *Code of Practice for Timber Production 2007* to the satisfaction of the responsible authority.

In most cases the responsible authority will be municipal council where the timber production activity is located.

Victoria should include additional information in the final Report on Progress on how they "will continue to encourage private forest owners to ensure that their management operations are consistent with the Code of Forest Practices for Timber Production and to have in place adequate mechanisms to protect nature conservation and catchment values."

Recommendations

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*.

3.8 Threatened flora and fauna

Background

The obligations and milestones in relation to threatened flora and fauna and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation The Parties agree that the CAR reserve system, actions under the <i>Flora and Fauna Guarantee Act 1988 (Vic)</i> and the <i>Endangered Species Protection Act 1992 (Cwth)</i>, and the application of the strategies in the RFA Attachment provide for the protection of rare or threatened flora and fauna species and ecological communities. These will guide the development of the range of management strategies to be included in future Forest Management Plans.</p>	<p>W - 55 G - 55</p>	<p>These milestones and obligations were met during Periods 1 and 2.</p>
<p>Milestone and Obligation Where threatened species, ecological communities and threatening processes restricted to Victoria are listed under both the <i>Flora and Fauna Guarantee Act 1988</i> and the <i>Endangered Species Protection Act 1992</i>, any new or revised Action Statements will be jointly prepared to meet the requirements of both acts. Where the Action Statements meet the requirement of the <i>Endangered Species Protection Act 1992</i>, the Commonwealth agrees to adopt Action Statements as Recovery Plans under Section 46 of the <i>Endangered Species Protection Act 1992</i>.</p>	<p>G - 43 CH - 55 NE - 55 W - 56 G - 56</p>	<p>These milestones and obligations were met during Periods 1 and 2.</p>
<p>Milestone and Obligation Recovery Plans for items listed under both Acts and extending beyond Victoria will be prepared jointly with Victoria and other relevant governments, and incorporate the agreed Action Statement as the Victorian component of the National Recovery Plan.</p>	<p>EG - 44 CH - 56 NE - 56 W - 57 G - 57</p>	<p>This milestone and obligation was met during Periods 1 and 2.</p>
<p>Milestone Parties will continue to consult on the priorities for listing threatened species, ecological communities and threatening processes, and the preparation of Action Statements and Recovery Plans, recognising that priorities can change in the light of new information. Currently agreed priorities and commitments for the next five years are outlined in the RFA Attachment.</p>	<p>EG - 45 CH - 57 NE - 57 W - 58 G - 58</p>	<p>This milestone was achieved during the review period.</p>

Obligation/Milestone	Clause Numbers	Summary of Progress
Obligation Parties reaffirm their commitment that species in the RFA region for which Recovery Plans or Action Statements have already been prepared will have all recommended actions completed or significantly advanced in accordance with the timelines specified in the Recovery Plans or Action Statements.	CH - 58 NE - 58 W - 59 G - 59	This ongoing commitment was met during Periods 1 and 2.
Milestone Parties agree that within five years pest plant and pest animal control programs will be developed in accordance with the relevant Forest Management Plan.	EG - 46 CH - 59 NE - 59	Progress towards these milestones was achieved in Periods 1 and 2.
Milestone Parties agree that within five years pest plant and pest animal control programs will be developed within the framework established by the relevant Catchment Management Authority.	W - 60 G - 60	

Key issues raised in submissions

A number of submissions raised issues in relation to the milestones and obligations for threatened flora and fauna. The issues raised included the following:

- Lack of progress with completing actions statements for species listed under the *Flora and Fauna Guarantee Act, 1988* the outcomes of the Auditor General's review of the Act and concerns about the quality of recovery plans and action statements and their implementation
- Classification of management zones and protection of threatened species through Special Protection Zones
- The need for legislation to permanently protect any Special Protection Zones from logging or mining activity
- Decline in forest dependent species

A number of submissions also made comments about specific threatened species issues. These included the following:

- Insufficient action to conserve Leadbetter's Possum under the Central Highlands RFA including lack of review of the action statement
- The lack of mention of impact on koalas in the reporting of progress of the Gippsland RFA
- Protection of Plains Grassy Woodlands in the West Victoria RFA
- Protection of a number of threatened species in the Portland/Horsham Forest Management Areas

Analysis

Threatened Flora and Fauna

I note that changes to the EPBC Act have meant that Action Statements prepared under the FFG Act could no longer meet the requirements of the Commonwealth legislation. I note that Victoria has addressed this by undertaking to prepare national recovery plans for the vast majority of EPBC-listed threatened species and ecological communities that occur in Victoria. I also note that Victoria has taken a lead role in preparing recovery plans for threatened species that extend beyond the state.

I note that progress in preparing recovery plans for species listed under the EPBC and FFG Acts has been slow:

- East Gippsland – 8 out of 25 species have recovery plans adopted (32%), and recovery plans for a further 15 species are in preparation
- Central Highlands – 8 out of 23 species have recovery plans adopted (35%) and recovery plans for a further 15 species are in preparation
- North East – 10 out of 23 species have recovery plans adopted (43%), and recovery plans for a further 13 species are in preparation
- West Victoria - 22 out of 41 species have recovery plans adopted (54%), and recovery plans for a further 19 species are in preparation
- Gippsland - 11 out of 30 species have recovery plans adopted (37%), and recovery plans for a further 19 species are in preparation

I note from both the draft Report on Progress and the submissions that there have been significant delays in preparing action statements for a number of threatened species. A comment is made in the draft Report on Progress that “any delays reported are primarily a consequence of resourcing issues, the time taken for formal endorsement of plans, and in some cases a lack of available expertise or baseline data.”

The State of the Forests Report also notes that information on threatened species is poor. Priority should be given to improving the monitoring information for forest-dependent threatened species.

The Victorian Government has advised me that DSE is currently reviewing the FFG Act and will make recommendations to Government regarding options for legislative change. The review will examine opportunities to improve administrative efficiency and effectiveness, in terms of biodiversity conservation outcomes, of Victorian legislation and associated programs, while noting the Government’s commitment to reduce the regulatory burden. Importantly, the review will address the specific issues raised by the Auditor General in his report. A key consideration of the review will be better alignment with the lists under the EPBC.

Pest Plant and Pest Animal Programs

I note that the draft Report on Progress identifies that there has been progress towards achievement of pest plant and pest animal control programs. I also note that the focus of investment of the Victorian Government was not to develop pest plant and pest animal control programs in accordance with the relevant Forest Management Plan. The draft Report notes that development of pest plant and pest animal programs is underway.

I have been advised that the milestone in each RFA to develop pest plant and pest animal control programs has yet to be achieved as priorities have changed over the last 10 years. DSE is currently seeking to quantify the investment in invasive species in preparation for a new planning approach for forests. Forest district action planning guidelines, under development, are intended to guide the development of a three year rolling works plan for each district. These plans will include programs/actions for weed and pest management. This is anticipated to be implemented in 2010/11.

It is important that a timeframe for completion of all outstanding pest plant and pest animal control programs is included in the final Report on Progress.

Recommendations

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).

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).

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.

Recommendation C8: That the Victorian Government give priority to completion of all outstanding pest plant and pest animal control programs.

3.9 Water

Background

The obligations in relation to water and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation Parties agree that the provision of adequate flows of high quality surface water and maintenance of groundwater processes is a fundamental goal of forest management and note that a range of measures (in the RFA Attachment) have been implemented through the Victorian Forest Management System to address the issues associated with water supply, water quality and groundwater processes in forests. As part of the Forest Management System, Victoria proposes to conduct hydrological research on the impacts of timber harvesting on water quality and yield.</p>	<p>W - 61 G - 61</p>	<p>These obligations were met during Periods 1.</p>

Obligation/Milestone	Clause Numbers	Summary of Progress
Obligation Victoria will develop a project brief for this research which will include the Otway Ranges, in consultation with industry and community stakeholders, by 30 June 2000.	W - 61	These obligations were met during Periods 1.

Key issues raised in submissions

A number of submissions were made in relation to water. While several submissions commented about the impact of logging in the Central Highlands on Melbourne's water catchment, others commented about the reduction of water to aquifers from the lack of thinning operations.

One submission notes the hydrological research in the Melbourne water supply catchments but the lack of assessment of other water catchments. This submission also notes that DSE has not undertaken the review of the Midlands FMP so there has been no opportunity to review the effectiveness of measures to manage water quality and yield.

Another submission comments about the lack of data on catchment yields. This submission goes on to argue against continued logging of the Thomson catchment.

Another submission comments that there was inadequate consultation with communities affected by catchment management as part of the original RFA process. This submission goes on to argue for a logging ban within the Melbourne water catchments. It also argues that rezoning 70,000 ha of State forest as a water catchment area should be seen as a "minor change" to the RFA.

Analysis

I note the statements in the draft Report on Progress that the obligations for water in the RFAs have been met. I also note that the draft Report states that Action 2.21 of the Victorian Government's White Paper *Securing Our Water Future Together* was implemented during the review period. One submission noted that Action 2.21 of the White Paper had not been completed. This submission notes that while the sustainability assessment has been undertaken it has not been released, despite being completed over a year ago.

The Department of Sustainability and Environment has completed the Harvesting in Catchments project, a commitment of the Victorian Government's *Our Water Our Future, Water Plan 2004*.

The sustainability assessment, which was the final part of the project, is complete. The Victorian government has advised that they will consider its release once there is a better understanding of the impacts of the 2009 fires. The fires affected about one-third of Melbourne's water supply catchments which included the Armstrong, Bunyip and Tarago catchments that were considered as part of the Harvesting in Catchments project.

Recommendations

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.

3.10 The CAR reserve system

Background

The obligations and milestones in relation to the CAR reserve system and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Milestone and Obligation Victoria agrees to implement the CAR reserve system, including the required public land tenure changes, described in the Attachment and identified on the RFA Maps.	EG - 49 CH - 62 NE - 62 W - 64 G - 64	This milestone and obligation was achieved, with the majority of required changes made in Period 1 and the remainder in Period 2.
Obligation Parties agree that changes to that component of the CAR reserve system in State forest will only occur in accordance with this Agreement, will not lead to a net deterioration in the protection of identified CAR values, and will be publicly available.	EG - 50 CH - 63 NE - 63 W - 65 G - 65	This ongoing commitment was met during periods 1 and 2, except in the North East and West Victoria RFA regions. Changes to the component of the CAR reserve system in State forests were not made in accordance with the RFAs. The Victorian Government also committed to additions to the conservation reserve system in the East Gippsland RFA during Period 2. It is not possible to assess if changes to that component of the CAR reserve system in State forest will not lead to a net deterioration in the protection of identified CAR values.
Obligation Parties agree that best endeavours will be used to maintain the levels of protection of national estate values in a regional context; however, minor changes to the levels of protection of individual values may occur as a result of changes to the CAR reserve system in State forest.	CH - 64 NE - 64 W - 66 G - 66	This commitment has been overtaken by events. The means of protecting national estate values has changes since the RFAs were signed.
Milestone Victoria agrees to produce and publish by June 1997 an amendment to the East Gippsland Forest Management Area Plan that describes the changes to management zones and protection levels to different values brought about by this Agreement. In addition the amendment will: <ul style="list-style-type: none"> • explain the role of the JANIS Reserve Criteria in attaining a CAR reserve system; and • amend the 'Guidelines for Reviewing Management Strategies and Zones' on page 79 of the Forest Management Area Plan as described in Box 1 in Attachment 5. 	EG - 51	This milestone was achieved during Period 1.

Obligation/Milestone	Clause Numbers	Summary of Progress
Milestone Victoria agrees to produce and publish by 30 June 1998 the Central Highlands Forest Management Plan that reflects the outcomes of this Agreement.	CH - 65	This milestone was achieved during Period 1.
Milestone Victoria agrees to produce and publish by 30 June 2000 the North East Forest Management Plan that reflects the outcomes of this Agreement.	NE - 65	This milestone was achieved during Period 1.
Milestone Victoria agrees to: a) produce and publish a Forest Management Plan for the Portland and Horsham FMAs by 30 June 2002; and b) review and where appropriate update forest management plans for the Midlands and Otway FMAs by 2005. to reflect the outcomes of this Agreement. The RFA Attachment provides further details on the Forest Management Plan process and other relevant forest management issues.	W – 67 W – Attachment 9	This milestone was not achieved. Work towards achieving this milestone is ongoing. DSE has recently commenced a strategic review of forest management planning in Victoria.
Milestone Victoria agrees to produce and publish by 31 December 2001 the Gippsland Forest Management Plan that reflects the outcomes of this Agreement. Attachment 9 provides further details on the Forest Management Plan process and other relevant forest management issues.	G – 67 G – Attachment 9	This milestone was achieved during Period 1.

Key issues raised in submissions

There were a significant number of submissions that raised issues on the CAR reserve system. The issues included the following:

- New reserves announced outside the RFA process
- Lack of data to validate statements about maintenance of CAR values
- CAR reserve system does not meet JANIS criteria
- Environmental Vegetation Classes (EVCs) - critical that private land owners have to describe EVCs they wish to log in but public forest managers do not
- Climate change – consider a more holistic approach to landscape values to ensure proper protection of the natural environment
- Forest Management Plans – some plans haven't been completed and a number are overdue for review (for example, Otway, East Gippsland, Midlands and Central Highlands)

A number of submissions also made comments about specific CAR reserve issues:

- Strzelecki ranges – argues for a new reserve (30,000 ha), questions about the terms and conditions of the Land Management Cooperative Agreement between the State and

Hancock Victoria Plantations, misclassification of 7,000 ha of native forest reforestation as plantation

- East Gippsland - argues that SPZs not be returned to the logging industry in some sort of exchange for the national park additions

One submission quotes the State of the Environment Report, Victoria 2008 to support their claim that there are significant gaps in the reserve system. Specifically they state that the report shows that the Strzelecki Bioregion has about 2% of the bioregion in reserve and only 13% of EVCs meeting reserve targets. This submission argues that all cool temperate rainforest and damp forest must be reserved to meet minimum targets.

A number of submissions argued that the leasing of public native forests to Hancock Victoria Plantations pre-empted the CAR reserve system. These submissions also stated that the actions by Hancock Victoria Plantations will effectively mean that hardwood forest will be converted to plantation, a practice that they say has been banned in Victoria since 1986.

Analysis

Reserve System

I note that all of the public land tenure changes identified in the Victorian RFAs have now been implemented.

The draft Report on Progress is transparent about the decisions made by the Victorian Government in the North East and West Victoria RFA regions that were not in accordance with the RFAs. A number of statements are made in the draft Report on Progress that these decisions did not lead to a net deterioration in the protection of CAR values.

In the case of the announced additions to the East Gippsland RFA region the statement is also made that the additions will be achieved without any net job losses or reduction in available timber resources.

The draft Report on Progress also noted that it is not possible to assess whether changes to that component of the CAR reserve system in State forest would not lead to a net deterioration in the protection of CAR values. I note that in part this is due to changes in the measurement of CAR values since the RFAs were originally signed.

As noted above, a number of submissions raised questions about the public land managed by Hancock Victoria Plantations.

The Victorian Government has provided me with additional information on this issue. I understand that consistent with the JANIS criteria, privately managed forests and plantations are not available for inclusion in the forest reserve system without consent of the owner and the establishment of secure arrangements for their protection. In accordance with the *National Forest Policy Statement*, public land managed by companies such as Hancock Victorian Plantations is regarded as private land for the purposes of developing a CAR reserve system.

An assessment of the conservation values of the Strzelecki Ranges in 2000 identified the areas of highest biodiversity value known as the 'Cores and Links' managed by Hancock Victorian Plantations (HVP).

I understand that an agreement between the Victorian Government and HVP in 2008 resulted in the protection of the Cores and Links and all native forests in HVP estate in the

Strzelecki ranges. The agreement has significantly increased the area managed for conservation in the Strzelecki ranges.

The 8,000 hectare Cores and Links will be included in the reserve system. I also have been advised that a once-only harvest of 1,500 hectares of plantations in the Cores and Links over 20 years will enable HVP to meet its regional wood supply obligations. The once-only harvest areas will be regenerated into native forest.

All native forest (over 15,000 hectares) within HVP Strzelecki ranges estate surrounding the Cores and Links is permanently protected. A Land Management Co-operative Agreement (LMCA) is registered on the title of the land. The LMCA is publically available from the Land Titles Office.

Forest Management Planning

In relation to Forest Management Planning I note that a number of plans were produced within the agreed timeframes. Production of the plan for the Portland and Horsham FMAs was due by 30 June 2002 and still has not been completed. Review and update of the plans for the Midlands and Otway FMAs were due by 2005.

The Victorian Government has advised me that the Great Otway National Park and Otway Forest Park Management Plan “Caring for Country – The Otways and you” produced by DSE and Parks Victoria was released in December 2009. The management plan (completed as a combined plan) is available on the Parks Victoria website at www.parkweb.vic.gov.au

The Government has advised that the draft Portland-Horsham FMP is expected to be completed in 2010.

The draft Report on Progress includes information on the review of forest management planning being undertaken by the Victorian Government. I also understand that no reviews of forest management plans will commence while this review is under way. The Parties should include additional information on the timing of the review in the final Report on Progress.

Recommendations

Recommendation R8: That the final Report on Progress include 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.

Recommendation R9: That the Parties include additional information on the timing of the review of forest management planning in the final Report on Progress.

Recommendation C10: That the Victorian Government review and publish the Portland-Horsham Forest Management Plan by December 2010.

3.11 Industry Development

Background

The obligations in relation to industry development and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation The Parties agree that State Forest outside the CAR reserve system is available for timber harvesting in accordance with the Victorian Forest Management System.</p>	<p>CH - 67 NE - 66 W - 68 G - 68</p>	<p>These ongoing commitments were met during periods 1 and 2.</p>
<p>Obligation Victoria also confirms that the Sustainable Yield for forests for the RFA region will continue to be based on areas available for timber harvesting outside the CAR reserve system.</p>	<p>EG - 23 CH - 67 NE - 66 W - 68 G - 68</p>	<p>These ongoing commitments were met during periods 1 and 2.</p>
<p>Obligation Parties agree that any changes to the area of State forest will not lead to a net deterioration in the timber production capacity of those areas available for harvesting in terms of volume, species and quality.</p>	<p>CH - 68 NE - 67 W - 69 G - 69</p>	<p>This ongoing commitment was met during periods 1 and 2, except in the North East and West Victoria RFA regions. Changes have been made to the area of State forest in Victoria since the RFAs were signed.</p>
<p>Obligation Parties will facilitate industry development through enhanced resource certainty, recognising that a purpose of this Agreement is to provide long term stability of forests and forest industries. The Commonwealth will facilitate industry development by not preventing enterprises obtaining, using or exporting timber, woodchips or unprocessed wood products sourced from the East Gippsland region. In addition, parties will encourage:</p> <ul style="list-style-type: none"> • introduction of new technology; • value adding; • utilisation of regrowth timber for sawn products; • thinning of regrowth forests; and • extraction of residual wood. 	<p>EG - 53</p>	<p>The Parties reaffirm their acknowledgement of the significant contribution of forest-based industries in the RFA regions to both the regional and State economies, and that these industries are an essential component of many communities in the RFA regions. Growth and development of forest-based industries in Victoria occurred during Period 1 and Period 2. There was a decline in the availability of timber resources over Periods 1 and 2.</p>

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation The Parties acknowledge that the forest-based industries in the RFA 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 in the RFA region and provide long term stability for these industries. The Parties therefore acknowledge that this Agreement must provide enhanced security of access to resources on forested land for the life of the Agreement. This, in turn will facilitate industry development through:</p> <ul style="list-style-type: none"> • new investment, plantation development, reforestation, downstream processing, value-adding and jobs growth in forests-based industries; • further introduction of new technology, enhanced utilisation of regrowth timber for sawn products, thinning of regrowth forests and more efficient utilisation of residual wood; • investment in mineral exploration and mining; and • tourism and recreation investment. 	<p>CH - 69 NE - 68 W - 70 G - 70</p>	<p>As above.</p>
<p>Obligation As part of providing greater security of access to forest resources, the Commonwealth will not prevent enterprises obtaining, using or exporting timber, woodchips or unprocessed wood products sourced from the RFA region in accordance with this Agreement.</p>	<p>CH - 70 NE - 69 W - 71 G - 71</p>	<p>This ongoing commitment was met during Periods 1 and 2.</p>
<p>Obligation The Parties acknowledge that this Agreement is expected to provide as a minimum the current legislated sustainable yield of D+ sawlogs (415 000 m³ per annum) from the Dandenong, Central and Central Gippsland Forest Management Areas (FMAs) for the next twenty years, but recognise that sustainable yield levels in Victoria are subject to periodic review. Economic and social issues have been taken into account in providing a land base that is expected to deliver these yields. Sustainable yield levels in these FMAs will be reviewed when new resource information becomes available from the Statewide Forest Resource Inventory (SFRI) which should be completed by the end of 1999. When the sustainable yield for these FMAs is confirmed following this review, Victoria agrees to supply the revised sustainable yield level from these FMAs to the industry, in accordance with the requirements of the Forests Act. However, the Parties note that Victoria is committed to supply, as a minimum, the current licensed volume of D+ sawlogs (345 000 m³ per annum) for the next twenty years from these FMAs.</p>	<p>CH - 71</p>	<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. Since signing the RFAs, Victoria has periodically reviewed the availability of timber resources.</p>

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation The Parties acknowledge that this Agreement is expected to provide as a minimum the current level of supply of D+ sawlogs (68 000 m³ per annum) from the North East region (comprising the Benalla/Mansfield and Wangaratta FMAs and part of the Wodonga FMA) for the next twenty years, but recognise that timber supply levels in Victoria are subject to change based on periodic review of sustainable yield. Economic and social issues have been taken into account in providing a land base that is expected to deliver these yields. Sustainable yield levels in this region will be reviewed based on new resource information now available from the Statewide Forest Resource Inventory (SFRI). Victoria will make available to industry any additional timber volumes identified through periodic reviews, in accordance with relevant legislation.</p>	NE - 70	As above.
<p>Obligation The Parties:</p> <p>(a) acknowledge that this Agreement is expected to provide 77 900 m³ per annum of D+ sawlogs from the West Victoria region comprising:</p> <p>(i) the Midlands FMA (40 000 m³ per annum subject Clause 00),</p> <p>(ii) the Otway FMA (27 000 m³ per annum),</p> <p>(iii) the Portland FMA (10 000 m³ per annum) and</p> <p>(iv) the Horsham FMA (900 m³ per annum)</p> <p>but recognise that timber supply levels in Victoria are subject to change based on periodic review of Sustainable Yield and that Sustainable Yield estimates are based on the full extent of FMAs;</p> <p>(b) acknowledge that completion of SFRI will result in updated datasets which will form the basis of Sustainable Yield forecasts for each FMA, and agree that when these datasets become available during the course of this Agreement, Sustainable Yield will be reviewed in consultation with industry and community stakeholders and that, following this, Sustainable Yield rates are likely to change;</p> <p>(c) agree that, in particular, the Sustainable Yield rate for Midlands FMA will be reviewed by 31 December 2003, in consultation with industry and community stakeholders, following completion of SFRI for this area. It should be noted that SFRI data were not available at the time of the Timber Resource Analyses used to develop the RFA;</p> <p>(d) recognise that the expected available volume of D+</p>	W - 72	As above.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>sawlogs referred to in Clause 72(a) includes a component of forest stands which may be less desirable to harvest under existing market conditions, due to low yields, accessibility and product distribution but not areas which are considered unproductive for sawlogs, for example less than 22 metre stand height. The available volume is dependent on the capacity of the timber industry to harvest all areas contributing to the estimate;</p> <p>(e) agree that economic and social issues have been taken into account in providing a land base that is expected to deliver the yields in Clause 0(a).</p>		
<p>Obligation The Parties:</p> <p>(a) acknowledge that this Agreement is expected to provide 115 000 m3 per annum of D+ sawlogs from the Gippsland region comprising:</p> <p>(i) the Tambo FMA (62 000 m3 per annum), (ii) eleven blocks of the Wodonga FMA (13 000 m³ per annum) and (iii) the eastern part of the Central Gippsland FMA (40 000 m3 per annum of the expected 175 000 m3 from the whole FMA)</p> <p>but recognise that timber supply levels in Victoria are subject to change based on periodic review of Sustainable Yield and that Sustainable Yield estimates are based on the full extent of the FMAs;</p> <p>(b) recognise that the expected available volume of D+ sawlogs referred to in Clause 72 (a) includes forest stands which may be less desirable to harvest under existing market conditions, due to low yields, accessibility and product distribution. The available volume is dependent on the capacity of the timber industry to harvest these areas. Timber Resource Analyses identified that approximately 8 per cent of the total Gippsland resource and 20 per cent of the mixed species resource is sourced from forest stands which fall into this category;</p> <p>(c) agree that economic and social issues have been taken into account in providing a land base that is expected to deliver the yields in Clause 72 (a).</p>	G - 72	As above.
<p>Obligation The Parties agree that Victoria will manage the forest estate in the Central Highlands, North East, Gippsland and West Victoria RFA region to at least maintain its timber production capacity in terms of volume, species and quality.</p>	CH - 71 NE - 70 G - 75	As above.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation The Parties agree that Victoria will continue to implement silvicultural programs that aim to at least maintain its timber production capacity in terms of volume, species and quality.</p>	W - 75	As above.
<p>Obligation It will be necessary to provide industry with sufficient time to adjust to the revised timber resource availability resulting from the West Victoria and Gippsland RFA outcomes. The Parties agree that this adjustment will take place within two years of the date of signing this agreement in conjunction with the actions in Clause 77 of the West Victoria and Gippsland RFAs.</p>	W - 73 W - Attachment 11 G - 73 G - Attachment 11	This obligation was met in Period 1.
<p>Obligation Victoria agrees that Sustainable Yield levels will be reviewed based on new resource information from the SFRI when available, and the use of IFPS.</p>	W - 74 G - 74	This obligation was met in the Gippsland RFA region, but not in the West Victoria RFA region. Policy changes through <i>Our Forests, Our Future</i> negated the value of undertaking the works in the West Victoria RFA region.
<p>Obligation Wherever possible Victoria will enhance Statewide silvicultural programs and reforestation works to improve the productive capacity of State forests.</p>	CH - 72 NE - 71 W - 76 G - 76	Aspects of this ongoing commitment were met during Periods 1 and 2.
<p>Obligation Both Parties are committed to the implementation of a Hardwood Timber Industry Development and Restructuring Program for Victoria. Parties agree to develop a Memorandum of Understanding for a joint Commonwealth-Victorian Hardwood Timber Industry Development and Restructuring Program which will establish the respective roles and responsibilities of the two governments in administering the program. The Parties further agree that a total of \$27.6 million is available to implement the program across the five Victorian RFA regions (refer RFA Attachment).</p>	CH - 73 NE - 72	These commitments were met during Period 1.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation The Parties agree that the funding available through the joint Commonwealth-Victorian Hardwood Timber Industry Development and Restructuring Program (VicFISAP) has been increased to \$42.6 million across the five Victorian RFA regions. The Parties agree to review the Memorandum of Understanding for the VicFISAP which establishes the respective roles and responsibilities of the two governments in administering the program to take into account the outcomes of this Agreement. The Parties acknowledge that Victoria will provide an additional \$20 million dollars to facilitate improvements in the productive capacity of public native forests, establish hardwood plantations, and other forest-based initiatives that will generate significant employment opportunities in regional Victoria. This brings the total funding package associated with the five Victorian RFAs to \$63 million. RFA Attachment provides details.</p>	<p>W – 77 W – Attachment 11 G – 77 G – Attachment 11</p>	<p>These commitments were met during Period 1.</p>

Key issues raised in submissions

There were a significant number of submissions that raised issues on industry development. The issues included the following:

- Forest regeneration – timeliness of forest regeneration activities and delay in release of reports of forest area regenerated after logging, management of regeneration
- Impact of wildfires on timber resource and biodiversity conservation - logging is changing microclimate and leading to more wildfires
- Uncertainty about sustainable levels of logging
- RFAs have not provided certainty - available resource from public forests has been impacted significantly

One submission viewed the additional reservations as a breach of the RFA that have led to mistrust and destabilisation of forest industries.

One submission also noted that the area of failed regeneration now is the same as 2000. Another submission called for regeneration results to be made public at a coupe level through the online Forest Explorer system.

Analysis

Timber Availability and Industry Development

I note that the draft Report on Progress states that the commitments were met to make the area of State forest outside the CAR reserve system available for timber harvesting. I also note that *Our Forests, Our Future* reformed the process for setting sustainable timber harvesting levels in Victoria.

The draft Report on Progress is transparent that the obligation has not been met that any changes to the area of State forest will not lead to a net deterioration in timber production

capacity (volume, species and quality). As noted earlier in *Section 3.10 The CAR reserve system* this was due to additions to the reserve system in the North East and West Victoria RFA regions.

Another submission notes that the East Gippsland RFA is not covered by the obligation that any changes to the area of State forest will not lead to a net deterioration in the timber production capacity of those areas available for harvesting. Attachment 5 to the East Gippsland RFA provides guidelines for reviewing management strategies and zones. The attachment to the agreement specifies that proposed zone amendments will be assessed according to whether they ensure there is no net deterioration in timber production capacity.

I note that the obligation was not met to review Sustainable Yield levels in the West Victoria RFA region. A review of Sustainable Yield levels in the West Victoria RFA region will not be conducted by DSE.

I also note that the draft Report on Progress is clear that there was a decline in the availability of timber resources over Periods 1 and 2 due to:

- Adjustment to sustainable timber harvesting levels following a review in 2001
- Landscape scale fires
- Phase out of timber harvesting in Otway State Forest

The Victorian Government has provided me with additional information on the mechanisms for the Allocation Order and Timber Release Plans to be reviewed following catastrophic events such as fires. The additional information includes details of the legislative and regulatory process. This information should be included in the final Report on Progress.

The reduction in availability of timber has obviously impacted significantly on a number of rural and regional communities. I note the views in a number of submissions that the RFAs have not provided certainty for economic and social development. Timber industry economic output has remained static over the decade of the RFAs and log output from public native forest has declined steeply.

While the plantation industry has increased in the same period, plantation growing and processing is more concentrated than native forest logging and processing, and few towns or centres have both.

The Victorian Government has provided me with additional information on initiatives under the *Timber Industry Strategy* that will support industry development and increase certainty for economic and social development. I note that through the Strategy, the Government will help industry improve its commercial and environmental sustainability so that it continues to generate wealth for regional towns and families into the future. The Victorian Government should provide additional information on these activities in the final Report on Progress.

Regeneration

The draft Report on Progress identifies that aspects of the obligation were met to enhance the silvicultural programs and reforestation works to improve the productive capacity of State forests. There were a substantial number of submissions that raised concerns about the quality and timeliness of regeneration surveys.

I note that the *Code of Practice for Timber Production 2007* sets standards for regeneration of areas subjected to timber harvesting. In addition the proportion of area regenerated after harvesting should be reported in the State of the Forests reports. DSE is responsible for the

regeneration of coupes harvested prior to 1 August 2004. Following the creation of VicForests on 1 August 2004, the regeneration of a timber harvesting coupe became the responsibility of the agency, either DSE or VicForests, which managed that harvesting operation.

The Victorian Government has provided me with additional information on the actions being taken to address the backlog of regeneration and completion of regeneration surveys.

The Government has advised that there will always be a gap of approximately 4-5 years between when a coupe is harvested and when the results of the regeneration survey audit are published. This is because there is a time lag between when the coupe is harvested and treated (seeded/planted) for regeneration, and an 18-36 month period between seeding/planting and the regeneration survey, a time lag between when VicForests supplies the list of coupes proposed for finalisation, and a time lag between when DSE conducts audits of the coupes proposed for finalisation to determine whether they have indeed been adequately regenerated and publishes the results – as the statewide report needs to be compiled and released.

DSE is currently working on a new forest audit system to cover the range of compliance activities relating to timber harvesting and associated activities under the regulatory framework. It is likely that the new audit system will include changes to the coupe finalisation process, including the process for undertaking audits and reporting the findings of survey audits.

The Parties should include further details on these activities in the final Report on Progress.

Recommendations

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.

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.

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.

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.

Recommendation C12: That the Victorian Government give priority to completion of regeneration activities and to improvements to the timeliness of reporting on those activities.

3.12 Indigenous Heritage

Background

The obligations and milestone in relation to Indigenous heritage and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Obligation Victoria will, in accordance with the East Gippsland Forest Management Area Plan, formalise a consultation, participation and negotiation mechanism with the relevant Aboriginal groups in East Gippsland to ensure the appropriate management of Aboriginal heritage, including the maintenance of traditional and historic uses and values, in East Gippsland.	EG - 54	Aspects of these milestones and obligations were achieved in Periods 1 and 2. Statewide Indigenous partnership frameworks and strategies were developed by Victoria during Periods 1 and 2.
Milestone and Obligation The Parties agree to develop a package of measures that will be implemented by Victoria to ensure the appropriate management of Aboriginal heritage including the maintenance of traditional historic uses and values, in the RFA region. These measures are the development of: Statewide guidelines for the management of cultural heritage values; provision for participation and negotiation through the establishment of formal consultation mechanisms with local Aboriginal communities; modelling to establish priority areas for future surveys of Aboriginal sites; and training of staff. These measures are further outlined in the RFA Attachment.	CH - 74 NE - 73 W – 78 W – Attachment 8 G – 78 G – Attachment 8	Aspects of these milestones and obligations were achieved in Periods 1 and 2. The Parties have not yet developed statewide guidelines for the management of cultural heritage values in parks, forests and reserves.

Key issues raised in submissions

Only one submission provided comments on the obligations and milestones for Indigenous heritage. The submission recognised the importance of obligations in this area and noted that commitments have not been fully met.

Analysis

The draft Progress Report noted that aspects of these milestones and obligations were met in Periods 1 and 2. The obligation has not been met to formalise a consultation, participation and negotiation mechanism with the relevant Aboriginal groups in East Gippsland to ensure the appropriate management of Aboriginal heritage.

The Report provides information on a number of strategies, frameworks and actions plans for facilitating the participation of Traditional Owners and Indigenous people in public land and park management and primary industries. I note that DSE's *Indigenous Partnership Framework* expires this year.

The Victorian Government has advised that an internal review or stocktake has commenced to determine progress against the deliverables since the Framework was launched in 2007. The review will outline progress to date, identify gaps, and opportunities (including possible improved governance arrangements) that will inform a final review report.

In my view the revised *Indigenous Partnership Framework* should meet the milestone and obligation to establish formal consultation mechanisms for local Aboriginal communities, including those in East Gippsland.

I note that an important outcome was the statewide implementation of Indigenous cross-cultural awareness training for all DSE, DPI and Parks Victoria staff. I also note that Indigenous facilitators are employed in all RFA regions to support greater engagement of communities.

The draft Report on Progress also states that modelling has only been undertaken in the North East Region to establish priority areas for future surveys of Aboriginal sites. This has not been extended to the other RFA areas in accordance with the RFA.

I also reiterate my comment in Section 3.1 *Relationship to Statutory Obligations* that it is of concern that the commitment to prepare a set of statewide guidelines for the management of cultural heritage values has not been achieved in the last ten years.

Recommendations

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*.

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).

3.13 Plantations

Background

The milestone in relation to plantations and the summary of progress is provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Milestone The Commonwealth will seek to remove export controls on unprocessed timber sourced from Victorian plantations before the end of March 1997.	EG - 56	This milestone was achieved in Period 1.

Key issues raised in submissions

Only one submission made comments on this milestone and they noted that the milestone had been achieved.

Analysis

I note that export controls on unprocessed timber were removed after assessment by the CSIRO of Victoria's *Code of Practice for Timber Production* (1989) in April, 1996. Approval was subsequently granted by the then Minister for Primary Industries and Energy, the Hon. John Anderson MP.

Recommendations

No recommendations are made.

3.14 Other Forest Uses

Background

The obligations and milestones in relation to other forest uses and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation Parties agree that forest uses other than timber production will be determined in accordance with Victorian legislation with due regard for protection of environmental and heritage values. In some limited circumstances that do not relate to the substance of this Agreement (for example foreign investment approval, export controls for non-forest products and major infrastructure developments) Commonwealth legislative provisions may also apply.</p>	<p>EG - 57 CH - 77 NE - 76 W - 83 G - 83</p>	<p>This ongoing commitment was met in Periods 1 and 2.</p>
<p>Obligation Parties recognise that under legislative provisions in Victoria, issuing of new exploration licences and subsequent mining is not permitted in National Parks, Wilderness Parks, State Parks and Reference Areas.</p>	<p>CH - 78 NE - 77 W - 84 G - 84</p>	<p>This ongoing commitment was met in Periods 1 and 2.</p>
<p>Obligation Parties recognise that exploration and mining may be permitted in parts of the CAR reserve system, other than those identified in the previous clause, where the identified conservation values are not incompatible with exploration and mining. To this end, Victoria will ensure that in accordance with relevant Victorian legislation proposed Mining Operations in the CAR reserve system will be subject to an Environmental Effects Statement or planning permission (eg planning permit) as required. In the case of exploration, the provisions of the Mineral Resources Development Act 1990 (Vic) require the application of conditions to protect environmental values, and may in the case of proposed road construction or bulk sampling require an exploration impact statement. Victoria will ensure these provisions apply to proposed exploration activities in the CAR reserve system. The Parties note that, in accordance with the relevant Forest Management Plan, no new activities under the Extractive Industries Development Act 1995 (Vic) will be permitted in the State forest component of the CAR reserve system unless it will make a significant contribution to the regional economy and unless the values within the CAR reserve system can be maintained or provided for elsewhere.</p>	<p>EG - 59 CH - 79 NE - 78 W - 85 G - 85</p>	<p>This ongoing commitment was met in Periods 1 and 2.</p>

Obligation/Milestone	Clause Numbers	Summary of Progress
Obligation Rehabilitation of any mining site will be in accordance with the provisions of the Mineral Resources Development Act 1990 or the Extractive Industries Development Act 1995, and it will aim to achieve world's best practice.	EG - 60 CH - 80 NE - 79 W - 86 G - 86	This ongoing commitment was met in Periods 1 and 2.
Milestone The Parties recognise that the Central Highlands region is an important source of water, particularly for Melbourne. Victoria will develop a long term timber harvesting and water production strategy for the Thomson Reservoir catchment in accordance with the Central Highlands Forest Management Plan when timber resource data (SFRI) becomes available in 1999.	CH - 81	This milestone was achieved during the review period.
Milestone Parties agree that the harvesting of firewood, posts and poles, will be phased out within the CAR reserve system within three years of signing this Agreement.	W - 87 G - 87	This milestone was achieved in Period 1.

Key issues raised in submissions

There were two submission that raised issues in relation to other forest uses. One submission asked why reports on hydrological studies have not been released. This submission also quotes an Australian National University publication on the carbon carrying capacity of Australia's forests and woodlands.

A second submission supports long term timber harvesting and water production in Melbourne's water supply catchments and notes bushfire is one of the most significant threats to water production.

Analysis

I note that the ongoing commitment to prohibit issuing of new exploration licences and subsequent mining in National Parks, Wilderness Parks, State Parks and Reference Areas was met during Periods 1 and 2.

The draft Report on Progress provides information on the commitment to develop a long term timber harvesting and water production strategy for the Thomson Reservoir catchment. I note that the sustainability assessment completed in late 2008 has not yet been released. Further information on the issue of water production has been included in *Section 3.9 Water*.

Recommendations

No recommendations are made.

3.15 Competition Principles

Background

The obligation and milestone in relation to competition principles and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Milestone and Obligation Parties recognise that under the Competition Principles Agreement, Governments aim to achieve more transparency and greater efficiency in Government owned business enterprises. The Commonwealth agrees that the day to day pricing and allocation arrangements for wood from public forests are matters for Victoria. Victoria confirms its commitment to the pricing and allocation principles set out in the National Forest Policy Statement. Victoria confirms that legislation and policies relevant to the allocation and pricing of hardwood logs from State forests will be reviewed as part of the Competition Principles Agreement before the end of 1999. Competitive neutrality principles will be taken into account in any changes following the review.</p>	<p>EG - 61 CH - 82 NE - 80 W - 88 G - 88</p>	<p>This milestone and obligation was achieved in Period 1. These ongoing commitments were met during Periods 1 and 2.</p>

Key issues raised in submissions

There were only two submissions on the obligation/milestone in relation to competition principles. The first submission believed that this obligation had been met. The second submission argued that the RFAs have failed to deliver on competition principles as royalties are as low as \$2.50 per tonne. This submission quoted from a 1983 report to the Minister for Economic Development from the Forests Advisory Committee, *A Review of Royalty Systems to Price Wood from Victorian Native Forests*. The pulplog royalties for 1981 quoted from the report was \$3.30 per pulplog for hardwood pulplogs. The conclusion drawn by this submission that the Victorian government is returning less to the public for native forests than it did 20 years ago.

The submission also notes that the Wilderness Society and Australian Conservation Foundation commissioned an economic study on competitive neutrality. The submission states that were VicForests subject to proper competition principles and be responsible for returning a commercial risk free rate of return, it would potentially need to return hundreds of millions of dollars per year to Victorian tax payers.

Analysis

I note that this milestone and obligation was met during the period. I also note that *Our Forests, Our Future* was prepared in accordance with national competition policy principles.

Under *Our Forests, Our Future* VicForests was established as a separate commercial forest service entity. VicForests commenced operations on 1 August 2004.

The Victorian Government's commitment to National Competition Policy principles is also reinforced in Victoria's *Timber Industry Strategy, 2009*.

Recommendations

No recommendations are made.

3.16 Research

Background

The obligations and milestone in relation to research and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Obligation The results of the Comprehensive Regional Assessments of the forest values of the RFA region indicated a number of areas requiring further research. The Compendium of Victorian Forest Research (1998) provides a bibliography of research in progress as well as published and unpublished works. Parties have outlined Statewide research priorities in the RFA Attachment.	EG - 62 CH - 83 NE - 81 W - 89 G - 89	This milestone was achieved in Period 1. These ongoing commitments were met during Periods 1 and 2.
Obligation Parties agree to consult each other in the development of future research projects that may affect the Agreement and note that the subject areas and priorities may change throughout the duration of the Agreement.	EG - 63 CH - 84 NE - 82 W - 90 G - 90	As above.
Obligation Parties agree to make publicly available, wherever possible, research reports relevant to this Agreement.	EG - 64 CH - 85 NE - 83 W - 91 G - 91	As above.
Milestone In addition, Victoria agrees to publish its rainforest research by December 1998.	EG - 64	As above.

Key issues raised in submissions

One submission makes a recommendation to revise the RFAs to acknowledge the increasing evidence that native forest logging increases wildfire risk. The same submission also recommends that the RFAs be revised to ensure logging practices are not allowed close to rainforest given that logging affects rainforests' ability to act as a natural firebreak.

Another submission notes that the Commonwealth and Victorian Governments have funded forestry related research over the periods of the RFAs and that the research has supported continuous improvement of regulatory requirements and management practices. This submission also states that research priorities in the *Timber Industry Strategy* should be funded as a priority. The submission also identifies future research into the integration of forestry with other values such as water yield management, development of renewable energy and fire risk mitigation.

Analysis

While I note that Victoria published rainforest research in the report *Rainforests and Cool Temperate Mixed Forests of Victoria* this was not done until 1999 – after the milestone date of December 1998.

I note that research on ecologically sustainable forest management has been a priority during the review period as has research into the appropriate mechanisms for monitoring and continually improving management practices. Priority should continue to be given to research in these areas.

I also note that an emerging research priority has been climate change and carbon sequestration.

The Victorian Government has provided me with additional information on current and planned research activities including research into climate change and carbon sequestration. This additional information should be added to Appendix 5 Research in the final Report on Progress.

Recommendations

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.

3.17 Funding

Background

The obligations in relation to funding and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Obligation The parties agree that achieving the objectives of this Agreement will require the commitment of financial resources from both Governments.	EG - 65	These commitments were met during Periods 1 and 2.
Obligation The Commonwealth will consider assistance for the development of sustainability indicators and work on endangered species. Under these circumstances where possible and appropriate, Victoria will administer funds provided by, and on behalf of, the Commonwealth for projects agreed within the context of this Agreement. Where this occurs, Victoria will establish appropriate financial review and monitoring arrangements agreed by the Commonwealth.	EG - 66	These commitments were met during Periods 1 and 2.

Key issues raised in submissions

No submissions were made in relation to this area.

Analysis

I note the substantial financial commitments made by the parties for industry adjustment. Both parties committed \$62.6 million from June, 1999 to June, 2005 to Vic FISAP to help businesses take advantage of RFA certainty and adjust to resource restrictions. I also note that the Victorian Government allocated \$80 million for industry adjustment arising from *Our Forests, Our Future*.

I note that the draft Report on Progress states that Commonwealth assistance for the development of sustainability indicators was not required. I have previously commented about the issues concerning the indicators that have been developed (see *Section 3.5 Monitoring, reporting and consultative mechanisms*).

Recommendations

Recommendation C15: That, in accordance with the obligation (EG-66), the Australian Government continues to consider assistance for the development of sustainability indicators.

3.18 Data Agreement

Background

The milestones in relation to data agreement and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Milestone Parties agree to develop an agreement concerning the management of the data used to develop this Agreement within six months of signing. The data agreement will cover: ownership and custodianship; archival lodging and location and associated documentation standards; and access, use and maintenance of the data. Parties also agree to lodge archival copies of data within six months of signing this Agreement.</p>	EG - 67	This milestone was achieved in the East Gippsland RFA region in Period 1. The milestone was not achieved in the other RFA regions.
<p>Milestone Parties note the development of a State-wide data agreement. Both Parties agree to develop a schedule to the State-wide agreement concerning the management of the data used to develop this Agreement within six months of signing. The data agreement covers: ownership and custodianship; archival lodging and location and associated documentation standards; and access, use and maintenance of the data. Parties also agree to lodge archival copies of data within six months of signing this Agreement.</p>	CH - 86 NE - 84	As above.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Milestone Parties note the signing of a State-wide data agreement on 28 March 2000. Both Parties agree to develop a schedule to the State-wide agreement concerning the management of the data used to develop this Agreement by 30 June 2000. The data agreement covers: ownership and custodianship; archival lodging and location and associated documentation standards; and access, use and maintenance of the data. Parties also agree to lodge archival copies of data by 31 March 2001.</p>	<p>W - 92 G - 92</p>	<p>As above.</p>

Key issues raised in submissions

No submissions were made in relation to this area.

Analysis

I note that the milestone concerning a data management agreement was achieved in the East Gippsland RFA region but not in the other RFA regions. I note that this is also the case for the preparation of data schedules and lodging of archival copies of data.

I understand that there is no planned action by the Australian or Victorian Governments to develop a data schedule or lodge archival copies of data for the Central Highlands, North-East, Gippsland or West Victoria RFAs.

I have been advised that archival copies of data were not captured from DSE live data layers when analysis undertaken to inform each of Victoria's Regional Forest Agreements, excepting East Gippsland, was undertaken. While the lodgement of archival copies of data is not possible for the Central Highlands, North-East, Gippsland and West Victoria RFA regions, the Comprehensive Regional Assessments (CRAs) into which the findings of the data analysis informed are available and thus contain the knowledge derived from the data layers. The CRAs are available on the Department of Agriculture, Fisheries and Forestry website at: www.daff.gov.au.

Recommendations

No recommendations are made.

3.19 Legally Binding Provisions

3.19.1 Forest management

Background

The obligations and milestones in relation to legally binding provisions (forest management) and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
Milestone Victoria will: Complete and publish regional prescriptions for timber production by the end of 1998.	CH – 88.1	This milestone was achieved in Period 1.
Milestone Victoria will: Implement the Integrated Forest Planning System and the Statewide Forest Resource Inventory (SFRI) in the Central Highlands in time for the next review of sustainable yield due in 2001.	CH – 88.2	This milestone was achieved in Period 1.
Obligation Victoria will: Publish future reports of audits of compliance with the Code of Forest Practices for Timber Production.	CH – 88.3	This ongoing commitment was met during Periods 1 and 2.
Milestone Victoria will: Review legislation and policies relevant to the allocation and pricing of hardwood logs from State forest as part of the Competition Principles Agreement before the end of 1999.	CH – 88.4	This milestone was achieved in Period 1.
Milestone Victoria will: Use its best endeavours to complete and publish management plans for all National and State Parks by the end of 1998.	CH - 88.5	This milestone was achieved in Period 1.
Obligation Victoria will: Implement the CAR reserve system, including any required public land tenure changes, described in the RFA Attachment and identified on RFA Maps.	NE - 86.1 W - 94.1 G - 94.1	This commitment was met during Periods 1 and 2.
Milestone Victoria will: Produce and publish by 30 June 2000 the North East Forest Management Plan that reflects the outcomes of this Agreement.	NE - 86.2	This milestone was achieved in Period 1.
Milestone Victoria will: Produce and publish by 30 June 2002 the Portland and Horsham Forest Management Plan that reflects the outcomes of this Agreement.	W - 94.2	This milestone was not achieved. Work towards achieving this milestone is ongoing.

Obligation/Milestone	Clause Numbers	Summary of Progress
Milestone Victoria will: Produce and publish by 31 December 2001 the Gippsland Forest Management Plan that reflects the outcomes of this Agreement.	G - 94.2	This milestone was achieved in Period 1.
Milestone Victoria will: Implement the Integrated Forest Planning System and the Statewide Forest Resource Inventory (SFRI) in the North East region in time for the next review of sustainable yield due in 2001.	NE - 86.3	This milestone was achieved in Period 1.
Milestone Victoria will: Implement the Integrated Forest Planning System and the Statewide Forest Resource Inventory by 31 December 2003 for the Midland FMA, 30 June 2005 for the Otway FMA and 30 June 2006 for the Portland FMA.	W - 94.3	This milestone was not achieved. Policy changes through <i>Our Forests, Our Future</i> negated the value of undertaking the works in the West Victoria RFA region.
Milestone Victoria will: Implement the Integrated Forest Planning System and the Statewide Forest Resource Inventory (SFRI) in the Gippsland region by 31 December 2002.	G - 94.3	This milestone was achieved in Period 1.
Obligation Victoria will: Publish future reports of audits of compliance with the Code of Forest Practices for Timber Production.	NE - 86.4 W - 94.4 G - 94.4	This ongoing commitment was met during Periods 1 and 2.
Obligation Victoria will: Take into account competitive neutrality principles in any changes arising from the <i>Forest Act 1958</i> , National Competition Policy Review and Government Response (May 1999).	NE - 86.5	This ongoing commitment was met during Periods 1 and 2.
Obligation The Commonwealth will: Maintain accreditation of Victoria's forest management system for the RFA region as amended by this Agreement providing changes to the system are consistent with the provisions of this Agreement.	CH - 89.1 NE - 87.1 W - 95.1 G - 95.1	This ongoing commitment was met during Periods 1 and 2.
Obligation The Commonwealth will: Not prevent enterprises obtaining, using or exporting timber, woodchips or unprocessed wood products sourced from the RFA region in accordance with this Agreement.	CH - 89.2 NE - 87.2 W - 95.2 G - 95.2	This ongoing commitment was met during Periods 1 and 2.

Key issues raised in submissions

No submissions were made in relation to this area.

Analysis

An analysis of the issues in relation to regional prescription for timber production, forest planning, audits of compliance, management planning and forest inventory is provided in *Section 3.5 Monitoring, reporting and consultative mechanisms*.

An analysis of the issues in relation to implementing the CAR reserve system and Forest Management Plans is provided in *Section 3.10 The CAR reserve system*.

An analysis of the issues in relation to sourcing timber from the RFA areas is provided in *Section 3.11 Industry development*.

An analysis of the issues in relation to the allocation and pricing of hardwood logs and competitive neutrality principles is provided in *Section 3.15 Competition principles*.

Recommendations

No recommendations are made.

3.19.2 Compensation

Background

The obligation and milestone in relation to legally binding provisions (compensation) and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
The RFAs detail the provisions for compensation.	CH - 90 NE - 88 W - 96 G - 96	There have been no claims for compensation provisions during the review period.

Key issues raised in submissions

No submissions were made in relation to this area.

Analysis

I note that there have been no claims for compensation in the period.

Recommendations

No recommendations are made.

3.19.3 Industry development funding

Background

The obligations in relation to legally binding provisions (industry development funding) and the summary of progress are provided in the following table.

Obligation/Milestone	Clause Numbers	Summary of Progress
<p>Obligation The Commonwealth will, subject to the terms and conditions under any Commonwealth Act which appropriates money, provide an amount of \$13.8 million and Victoria will provide \$13.8 million to implement a Hardwood Timber Industry Development and Restructuring Program subject to the development of a Memorandum of Understanding between the two Parties which establishes the respective roles and responsibilities of the two governments in administering the Program.</p>	CH - 91	These commitments were met during Period 1.
<p>Obligation As provided for in the Memorandum of Understanding for a Hardwood Timber Industry Development and Restructuring Program for Victoria (refer clause 72) the Commonwealth will, subject to the terms and conditions under any Commonwealth Act which appropriates money, provide an amount of \$13.8 million and Victoria will provide \$13.8 million to implement a Hardwood Timber Industry Development and Restructuring Program subject to the provisions of the Memorandum of Understanding between the two Parties which established the respective roles and responsibilities of the two governments in administering the Program.</p>	NE - 89	As above.
<p>Obligation The Commonwealth will, subject to the terms and conditions under any Commonwealth Act which appropriates money, provide an amount of \$18.8 million and Victoria will provide \$23.8 million to implement a Hardwood Timber Industry Development and Restructuring Program across the five Victorian RFA regions. A revision of the Memorandum of Understanding between the two Parties which established the respective roles and responsibilities of the two governments in administering VicFISAP will be required to take into account the outcomes of this Agreement.</p>	W - 97 G - 97	As above.

Key issues raised in submissions

No submissions were made in relation to this area.

Analysis

An analysis of the issues in relation to industry development funding is provided in *Section 3.11 Industry Development*.

Recommendations

No recommendations are made.

Appendix A Scoping Agreement

Victorian Regional Forest Agreements

Scoping agreement for the review of progress with implementation of the Victorian Regional Forest Agreements

**The Commonwealth of Australia
and
The State of Victoria**

August 2009

1. Preamble

The purpose of this Scoping Agreement is to confirm the arrangements agreed by the Victorian and Commonwealth Governments (the Parties) to undertake the first review of performance against the specified milestones and obligations of the five Victorian Regional Forest Agreements (RFAs) in accordance with the provisions of Clauses 30, 31 and 32 of the East Gippsland RFA, Clauses 36, 37 and 38 of the Central Highlands and North East RFAs, and Clauses 37, 38 and 39 of the West Victoria and Gippsland RFAs.

The provisions of this Agreement are not intended to give rise to legally enforceable rights or obligations between the Parties.

The Parties agree that this Scoping Agreement will be consistent (including with respect to the definition of terms) with the RFAs, the *National Forest Policy Statement* (NFPS), and other relevant agreements and policies. The Parties recognise that this Agreement cannot impose on a party any obligation that is inconsistent with a law of the State of Victoria or the Commonwealth of Australia where that law is binding on that party.

2. Background

The State of Victoria and the Commonwealth of Australia entered into 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. They establish the framework for the management of forests within the Victorian RFA regions. The Victorian and Commonwealth Governments committed to ensuring the RFAs are durable and that the obligations and commitments that they contain are delivered to ensure effective conservation, forest management and forest industry outcomes.

The duration of the RFAs is twenty years, which can be extended with the agreement of both Parties as part of the third five yearly review.

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 a requirement for reviews.

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

3. The requirement for a five yearly review

Clauses 30, 31 and 32 of the East Gippsland RFA, Clauses 36, 37 and 38 of the Central Highlands and North East RFAs, and Clauses 37, 38 and 39 of the

West Victoria and Gippsland RFAs require a review of the performance of the RFAs be undertaken within each five year period.

The purpose of the 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 Agreement.

4. Principles for the conduct of the review

The Parties agree that:

- (a) The review will assess and report on progress made against the milestones specified in the RFAs. The milestones and obligations that subject to the review are listed in Attachment 1 of this Agreement.
- (b) The review will cover two periods: the first from the date the RFAs were signed to 30 June 2004 and the second from 1 July 2004 to 30 June 2009.
- (c) The review will satisfy the requirement to undertake a review of the performance of the RFAs for the first two five year periods.
- (d) The five Victorian RFAs will be reviewed simultaneously and a single report on the outcomes of the review prepared.
- (e) The review does not open up the RFAs to re-negotiation.
- (f) Following the completion of the review, the Parties may agree minor modifications to the RFAs to incorporate the outcomes of the review.
- (g) Victoria's State of the Forests Reports, released in 2005 and 2009 fulfils the requirement in the RFAs to report on the results of monitoring sustainability indicators.
- (h) The review will be completed in accordance with the process described in item 6 of this Agreement.
- (i) The review will be conducted in a manner that is open and transparent and public comment will be invited.
- (j) The outcomes of the review will be made publicly available.

5. Governance

(a) Steering Committee

The Parties agree to the formation of a joint Commonwealth and Victorian Steering Committee (the Steering Committee).

The Steering Committee will comprise two representatives of the Commonwealth Department of Agriculture, Fisheries and Forestry and two representatives of the Victorian Department of Sustainability and Environment. It will be jointly chaired by the Commonwealth Department of Agriculture, Fisheries and Forestry and the Victorian Department of Sustainability and Environment.

The Steering Committee is responsible for:

- Implementing this Agreement.
- Appointing the Independent Reviewer.
- Allocating resources to undertake the review, including provision of administrative support to the Independent Reviewer.
- Preparing and publishing the draft Report on Progress with Implementation of the RFAs to inform the review.
- Inviting public comment on the draft Report on Progress with Implementation of the RFAs.
- Supporting the Independent Reviewer to review public submissions on the draft Report on Progress with Implementation of the RFAs, in accordance with the Terms of Reference for the Independent Reviewer included as Attachment 2 of this Agreement.
- Preparing and publishing the joint Government response to the report by the Independent Reviewer.
- Finalising the review and publishing the final Report on Progress with Implementation of the RFAs.

(b) Ministerial

The Parties to the Agreement are represented by:

Victoria:

The Hon. Gavin Jennings MLC
Minister for the Environment and Climate Change

Commonwealth:

The Hon. Tony Burke MP
Minister for Agriculture, Fisheries and Forestry

The Ministers shall:

- Approve the appointment of the Independent Reviewer.
- Approve the joint Government response to the report by the Independent Reviewer.

6. Process for conducting the Review

The review will be conducted in accordance with the following process:

(a) Preparation

- The draft Report on Progress with Implementation of the Victorian RFAs, that addresses the milestones and obligations outlined in Attachment 1 will be prepared.
- The Independent Reviewer is appointed.

(b) Public submissions

- The draft Report on Progress with Implementation of the Victorian RFAs is published and released for a period of public submissions of not less than eight weeks.
- The Independent Reviewer reviews public submissions received on the draft Report on Progress with Implementation of the Victorian RFAs, undertaking further targeted consultation as required.
- The Independent Reviewer provides a report on the draft Report on Progress with Implementation of the Victorian RFAs to the Steering Committee, including issues raised in the public submissions.

(c) Government response

- The Victorian and Commonwealth Governments jointly respond to the report prepared by the Independent Reviewer.

(d) Finalisation of the review

- The Steering Committee prepares a final Report on Progress with Implementation of the Victorian RFAs.

7. Reporting protocols

The Steering Committee shall, where appropriate, report to the responsible Ministers on an as needs basis through the Chairs.

8. Financial issues

The State and the Commonwealth are responsible for all their own costs incurred in the implementation of this Agreement. The Parties will share evenly the agreed additional costs of the review, including the Independent Reviewer and associated costs; and the preparation, publication and distribution of reports.

Signing page

IN WITNESS WHEREOF this Agreement has been signed for and on behalf of the

Parties on the 23 day of September in the year

Signed for and on behalf of the
Commonwealth of Australia by the Hon.
Tony Burke MP, Minister for Agriculture
Fisheries and Forestry

[signed]

[signed]

Signature of witness

Signature of representative

SKYE LARIS

TONY BURKE

Name of witness (print)

Name of representative (print)

Signed for and on behalf of the
Victorian Government by the Hon.
Gavin Jennings MLC, Minister for the
Environment and Climate Change

[signed]

[signed]

Signature of witness

Signature of representative

PRUDENTIA STEWART

GAVIN JENNINGS

Name of witness (print)

Name of representative (print)

Attachment 1: Items for the Review

Milestones and obligations contained in the following clauses of the Victorian RFAs.

RFA	East Gippsland	Central Highlands	North East	West Victoria	Gippsland
	Clause number				
Relationship to statutory obligations	12, 15-18, 20-21, 23	21, 25-30, 32-33	21, 25-30, 32-33	21, 25-31, 33-34	21, 25-31, 33-34
Milestones	25	35	35	36	36
Five yearly review	30-32	36-38	36-38	37-39	37-39
Ecologically sustainable forest management	34		39-40		
Monitoring, reporting and consultative mechanisms	26-29	41-45	41-45	42-46	42-46
Sustainability indicators	37-40	48-50	48-50	49-51	49-51
Private land	42	52	52	53	53
Threatened flora and fauna	43-46	55-59	55-59	55-60	55-60
Water				61	61
The CAR reserve system	49-51	62-65	62-65	64-67	64-67
Industry development	53	67-73	66-72	68-77	68-77
Indigenous heritage	54	74	73	78	78
Plantations	56				
Other forest uses	57, 59, 60	77-81	76-79	83-87	83-87
Competition principles	61	82	80	88	88
Research	62-64	83-85	81-83	89-91	89-91
Funding	65, 66				
Data agreement	67	86	84	92	92
Forest management		88-89	86-87	94-95	94-95
Compensation		90	88	96	96
Industry development funding		91	89	97	97
	Attachment number				
CAR reserve system	1	1	1	1	1
Threatened flora, fauna and communities	4	2	2	2	2
Listing, protection and management of national estate values in the Gippsland Region	2	3	3	3	3
Milestones	3	4	4	4	4
Indigenous heritage				8	8
Forest management				9	9
Program for completion of SFRI and sustainable yield forecasts for RFAs in Victoria				10	10
Industry adjustment and development				11	11

Attachment 2: Terms of Reference for the Independent Reviewer

Background

The Australian and Victorian Governments signed five Regional Forest Agreements (RFAs) between February 1997 and March 2000.

The RFAs establish the framework for the management of forests within the Victorian RFA regions. The duration of the RFAs is twenty years.

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.

An important element of each of the Victorian RFAs is the requirement to review the performance of the RFAs. A review is an assessment of progress made against the milestones and obligations specified in the RFAs.

Clauses 30, 31 and 32 of the East Gippsland RFA, Clauses 36, 37 and 38 of the Central Highlands and North East RFAs, and Clauses 37, 38 and 39 of the West Victoria and Gippsland RFAs require that:

Within each five year period, a review of the performance of the Agreement will be undertaken. The purpose of the five yearly review is to provide an assessment of progress of the Agreement against the established milestones, 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 Agreement.*

While the review process will not open up the Agreement to re-negotiation, both Parties may agree to some minor modifications to incorporate the results of the review.

The outcomes of the review will be made public. Both Parties will determine the mechanism for the review before the end of the five year period and the review will be completed within three months.

Terms of Reference

The role of the Independent Reviewer will be to review the draft *Report on Progress with Implementation of the Victorian RFAs* and associated public comment, and report to the Steering Committee. The review will cover two periods: the first from the date the RFAs were signed to 30 June 2004 and the second from 1 July 2004 to 30 June 2009.

The Independent Reviewer is required to:

1. Receive written submissions from the public on the draft *Report on Progress with Implementation of the Victorian RFAs*.
2. Review written submissions and undertake further targeted consultation with organisations or individuals as required, to clarify any issues raised.

3. Provide a written report to the Steering Committee, which:
 - provides comment and recommendations on the draft *Report on Progress with Implementation of the Victorian RFAs*, considering the public submissions received.
 - describes the key issues identified in the public submissions
 - identifies any additional issues that should be considered for the continued implementation of the RFAs; and
 - lists the names of the individuals and organisations who made submissions.
4. Deliver all written submissions and information used by the Independent Reviewer to the Steering Committee with the report.

Timing

The Independent Review must submit its report to the Steering Committee within 12 weeks of public comment being invited on the draft *Report on Progress with Implementation of the Victorian RFAs*.

General

The terms of reference should be read in conjunction with the Scoping Agreement.

Appendix B Submissions to the Review

No.	Name	Address
1.	David Lewis	Hallstone, VIC
2.	Dean Haywood	Melbourne, VIC
3.	Environment East Gippsland Inc plus supporting agents	Orbost, VIC
4.	Friends of Leadbeater's Possum Inc	Healesville, VIC
5.	Friends of the Koalas Inc	Cowes, VIC
6.	Anonymous	Hamilton, VIC
7.	Anonymous	Healesville, VIC
8.	Anonymous	Goongerah, VIC
9.	Jenifer Parker	Gippsland Region, VIC
10.	Anonymous	Seddon, VIC
11.	John Fraser	Downer, VIC
12.	Julie Constable and Kim Devenish	Foster, VIC
13.	Anonymous	
14.	Lawyers for Forest Inc	East Malvern, VIC
15.	Anonymous	
16.	Anonymous	
17.	Pat Liffman	Barry's Reef, VIC
18.	Timber Communities Australia	Healesville, VIC
19.	Maria Riedl	Mildura, VIC
20.	My Environment Inc.	
21.	Jane Power and Nick Mitchell	Fish Creek, VIC
22.	Portland Field Naturalists' Club	Portland, VIC

23.	Otway Ranges Environment Network and the Melbourne Water Catchment Network	Travancore, VIC
24.	Anonymous	
25.	The Wilderness Society Vic Inc	Fitzroy, VIC
26.	Timber Towns Victoria	Melbourne, VIC
27.	Victorian Association of Forest Industries	Melbourne, VIC
28.	Anonymous	Mount Eliza, VIC
29.	VicForests	Melbourne, VIC
30.	Institute of Foresters of Australia	Yarralumla, ACT

Appendix C Summary of issues raised in written submissions to the Review

No.	Issues
1.	<p>Strzelecki - The terms and conditions of the Land Management Co-operative Agreement between the State and Hancock Victorian Plantations (and/or related parties) and the associated plans showing the protected/reserved area should be made public.</p>
No.	Issues
2.	<p>The Victorian Government failed to honour its undertaking to review the RFA in 2002 and the second 5 year review, due in 2007, is well overdue.</p> <p>In this International Year of Biodiversity, I find it appalling that the best that the Victorian and Federal Government can offer is this bit of sham public consultation over an Agreement that has done little to protect biodiversity in East Gippsland.</p> <p>While this review is supposed to be reporting on progress of the RFA u to 30/6/09, I am amazed that so much of the Victorian Government's report deals with projects and initiatives that have not yet seen the light of day.</p> <p>So far, the Victorian Government has reported their sustainability indicators in two State of the Forests reports. In the first report, released in 2005, Minister Thwaites stated that "the community is entitled to scientifically robust and transparent information" and that the reports were designed to allow the public to assess whether our forests were being sustainably managed. This report was also introduced as a benchmark report providing baseline data that could be used as a comparison with later years.</p> <p>When the second report was released in 2009, the Government had changed the indicator framework and some of the methods for data collection, so that for many indicators, it was not possible to make comparisons with the earlier report. In any case, when the second report was released, it was clear that some areas of reporting had been ignored by the Government. For the key area of conservation of biological diversity, over half the indicators still had no data available. In this UN Year of Biodiversity, it is worthwhile examining the ability of the Victorian Government to report on this key area, 13 years after the signing of the East Gippsland RFA:</p> <p>It is quite scandalous that after a lengthy review process, the Government released new indicators in the 2007 report Criteria and Indicators for Sustainable Management in Victoria and these new indicators appear to be unworkable in many cases.</p> <p>Since problems with the sustainability indicators and criteria appear to be so insurmountable for the Department, it should be required to immediately seek assistance from universities and other organizations and provide funding so that programs to assess all indicators are in place by the time of the next State of the Forest report.</p> <p>Even when the Victorian Government appears to have data for indicators, there are doubts about the accuracy and quality of some of this data. For example, indicator 2.5 is supposed to report on the proportion of forest area regenerated following logging, but a close inspection of these figures shows that a large area of forest has not been surveyed and when it has been surveyed, the work has not followed procedures correctly. The area of failed regeneration now is essentially the same as it was in 2000.</p> <p>The failure to provide adequate funding and resources for this work over the entire span of the RFA Agreement to date is a clear indication that the Victorian Government is not committed to the goal of sustainable forestry.</p> <p>When it comes to reporting the results of regeneration surveys, the Victorian Government appears to be incapable of providing timely and accurate reports. When the Department of Sustainability and Environment released its last report in 2008, it covered surveys up to 2000/01. Even so, this report stated that 19,000 Ha of logged forests had still not been surveyed – most of this in East Gippsland. Given that surveys are supposed to be completed no longer than 30 months after the logged area has been re-seeded, it is clear that the Victorian Government is a long way behind in its reporting schedule. When the Commonwealth Government released its National State of the forest report last year, the Victoria was the only state that was unable to provide regeneration data for the</p>

	<p>reporting period of the report. Rather than being critical of the Victorian Government, the Commonwealth accepted the old and totally inaccurate data after accepting an excuse about as ridiculous as “the dog ate my homework”</p> <p>The failure to follow Departmental procedures for regeneration surveys means that the results cannot be considered accurate and is one more example of poor management by the Department.</p> <p>Assessors had failed to record the species present on 8% of the field sheets and for 25% of the coupes, the assessors had either failed to indicate if any of the species were present or indicated that some species were missing.</p> <p>These results are alarming because the EPA had reported similar findings in their reports for 2005 and 2007.</p> <p>Given the importance the Department places on these surveys, it is important that problems with the regeneration data are corrected. Errors in this data clearly have the potential to provide misleading data for resource estimation programs. To address these problems, I believe that the review should recommend:</p> <ul style="list-style-type: none"> a) Surveys are completed faster so that the reporting of Victorian regeneration results is aligned with other States i.e. for the next State of the Forest report, the Victorian Government will have results for the actual period of the report. b) The Department of Sustainability immediately releases results of regeneration surveys for the period 2001/02-2005/06 c) The Department of Sustainability and Environment begins to provide regeneration results for the public at a coupe level through the online Forest Explorer system d) The Victorian Government be required to immediately make available all necessary funds to address the backlog regeneration issue e) The Department of Sustainability and Environment conducts an audit of computer systems to check the quality of data and devise methods for better data validation so that errors are minimised. f) The Department of Sustainability and Environment is required to start detailed regular reporting on the extent of backlog regeneration. g) The Department of Sustainability introduces practices to ensure that all regeneration surveys are conducted according to Departmental guidelines. i) The Department of Sustainability and Environment conducts a check of regeneration surveys with “rounded” scores to make sure that correct regeneration survey methods have been used. <p>In summary, since RFA, little has changed to improve forest management. Market forces are still the ruling factor over and above conservation, water, carbon and other public values. The DNRE/DSE sill lack credibility as conservation and forest managers, community concern over forest destruction grows and forest conflict rages and protests continue.</p>
No.	Issues
3.	<p>We are astonished that in its 14th year of logging native forests since the East Gippsland RFA was signed; the governments are belatedly and without any apparent embarrassment, setting up a review process that was promised to have been done 9 years ago. Logging has continued at an unsustainable rate, regeneration failure is ongoing, reports are late or non-existent, sustainability figures are still based on very questionable data or/and guesswork, and as the Auditor General’s review of the FFGA pointed out last April, there is next to no information on the health or whereabouts of Victorias flora and fauna, especially the rare and endangered species.</p> <p>The below table also shows that original sustainability indicators, even the earlier Category A list, have still not been developed or implemented.</p> <p>1.2.b The status (threatened, rare, vulnerable, endangered, or extinct) of forest dwelling species at risk of not maintaining viable breeding populations, as determined by legislation or scientific assessment. Auditor General’s report shows this is not known.</p> <p>2.1.d Annual removal of wood products compared to the sustainable volume. As the sustainable volume of available sawlogs from public forests has historically been overestimated decade after decade, and as there are still major inaccuracies and unknowns in data being used, this can’t be achieved.</p>

	<p>2.1.g Area and per cent of harvested area of native forest effectively regenerated. As assessments and reports are still way overdue, and as those reports that have been done are very poorly put together, this also can't be achieved.</p> <p>3.1.a Area and per cent of forest affected by processes or agents that may change ecosystem health and vitality. For example, very little research has been carried out on the impacts of the major bushfires in the last 10 years. The full long term impacts of catchment logging and drying out of the landscape is unknown although evidence is clear (Tea tree Flat), the loss of hollow bearing trees across the forest estate and its impact on dependent species is either unknown, being denied or the government is failing to act on findings. The impacts of feral and invasive species is poorly studied in our forests. Reports generated from 'Southern Ark' are not comprehensive and don't look at cat predation.</p> <p>4.1.a (Interim) Area and per cent of forest land systematically assessed for soil erosion hazard, and for which site-varying scientifically-based measures to protect soil and water values are implemented. This is still an area that has not been properly dealt with, let alone implemented.</p> <p>6.5.a Direct and indirect employment in the forest sector and forest sector employment as a proportion of total employment. (Direct) No credible statistics have been collected on employment. Those supplied by industry are spurious. Study by Monash Uni Gippsland last decade shows logging jobs account for a minor amount of the total employment of Gippsland and East Gippsland. Even the CRA documents showed logging accounted for about 2% of the region's workforce.</p> <p>7.1 (Narrative) Extent to which the legal framework (laws, regulations, guidelines) supports the conservation and sustainable management of forests. Laws are inadequate and even these are rarely enforced.</p> <p>7.2 (Narrative) Extent to which the institutional framework supports the conservation and sustainable management of forests. Minimal extent reduced funding and resources over the years makes this virtually impossible to adequately support conservation and sustainable management.</p> <p>7.4 (Narrative) Capacity to measure and monitor changes in the conservation and sustainable management of forests. See Auditor General's Report from April 2009. Capacity isn't the result due to lack of funding, resources and will.</p> <p>7.5 (Narrative) Capacity to conduct and apply research and development aimed at improving forest management and delivery of forest goods and services. Capacity is obviously limited, but conversion to industrial tree crops is going ahead nicely, regardless. This conversion is very apparent and could be considered 'improving delivery of forest goods and services'. The revised sustainability indicators are no better. In summary, since the RFA, little has changed to improve forest management. Market forces are still the ruling factor over and above conservation, water, carbon and other public values. The DNRE/DSE still lack credibility as conservation and forest managers, community concern over forest destruction grows and forest conflict rages and protests continue.</p> <p>Many species listed under the FFGA are still awaiting an Action Statement. While they have no detailed legislated protection and while there is no recent survey data on many of our native species, changes to the SPZs are based entirely on the lobbying ability of the logging industry on government – as has always been the case.</p> <p>The state government cannot claim that the promised 45,000 hectares of State forest that will be put into reserves "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" or that "Changes to that component of the CAR reserve system in State forest will not lead to a net deterioration in the protection of identified CAR values..." There have been no studies or surveys to determine what values these areas have or don't have.</p>
No.	Issues
4.	<p>Compounding these concerns is that despite plans for five yearly reviews of the RFA, this is the first review in 12 years. These short-comings and inability of the State Government to properly resource, plan and produce acceptable reviews and active consideration of policies and action plans for threatened species management give us little confidence in the sincerity of the government to act in the interest of our biodiversity conservation.</p> <p>We believe the Victorian state government has not invested enough effort in conserving Leadbeater's Possum under the Central Highlands RFA, and that conserving our threatened species has been a decreasing priority for our government as timber resource scarcity has increased. Leadbeater's Possum, our State Faunal emblem and</p>

	<p>a high profile threatened species in the original Central Highlands RFA has gone without an up to date, active Action Statement since 2005 when the Action Statement was up for review.</p> <p>The effect of large wildfires on both the biodiversity conservation and the timber resource need to be considered in the updated RFA. In the aftermath of the 2009 fires we are seeing increasing demands for salvage logging and new green coupes (some in water catchments and many in areas that are the only green bits left around towns like Marysville and Toolangi), indeed it seems like some of the areas that didn't burn will be logged instead of saving areas for the future and to help with the regional regeneration of the damaged forests. We believe some efforts should be made by the government to assess, in considerable detail, the impact of fires on the timber resource and factor that into the sustainable yield calculations for the industry.</p>
No.	Issues
5.	<p>At a Friends of the Koalas committee meeting on 23rd February 2010 it was resolved to write to you to express our concern at the complete absence of the mention of koalas in either the Gippsland RFA of 31 March 2000, or the document. 'A Draft Report on Progress with Implementation of the Victorian Regional Forest Agreements'. This is particularly concerning as the Gippsland area includes the Strzelecki region, which contains the most genetically pure Koalas in Victoria. It is apparent that consideration of the koala has been bypassed in the interests of the timber industry.</p>
No.	Issues
6.	<p>We refer to the following main areas:</p> <ol style="list-style-type: none"> 1. Yellow Box-Yellow Gum-River Red Gum grassy woodlands of the Black Range-Rocklands State Forest 2. River Red Gum grassy woodland of Woolpooer State Forest <p>We remind the panel that only 3% of the pre-settlement distribution of the vulnerable and rare Plains Grassy Woodland EVC exists and only 1.03% is in existing and "new" RFA reserves. JANIS criteria requires a 15% contribution in defining a CAR reserve system.</p> <ol style="list-style-type: none"> 1. Black Range-Rocklands State Forest <p>The failure in 2002 to include the Yellow Gum-River Red Gum Grassy Woodlands of the Black Range-Rocklands-Cherry Pool State Forest areas in SPZs, linking with Grampians National Park, appears to have demonstrated how little notice the panel took of biodiversity issues.</p> <p>There is good reason to make a proper assessment of this area and change the GMZ to an SPZ (or at the very least a SMZ). It is noted that this area is not a commercial firewood area. The failure to give it the protection required by JANIS criteria is indeed a puzzle and example of how the system can fail.</p> <p>If any grazing leases are still current they should be cancelled – grazing pressure from native fauna in this period of low rainfall is alone enough reason to prevent overgrazing of native flora</p> 2. Woolpooer State Forest <p>This was classified as GMZ whereas much of it should have been classed as SPZ. According to JANIS criteria at least 60% should be protected when the classification is vulnerable. The current zoning confers no protection at from processes that would endanger the grassland flora.</p> <p>The DSE map Woolpooer Bioregional Conservation status of EVCs indicates that most of the area is designated as "endangered" and most of the remaining area is "vulnerable" or "depleted".</p> <p>Grazing by livestock should be removed from all areas, particularly since rainfall has declined markedly in recent years and the impact of grazing by native fauna (emus, kangaroos and wallabies) is very high, preventing high ground biomass levels (thus minimising fire danger).</p>
No.	Issues
7.	<p>Concerned that there is no mechanism or obligation for TRPs to be reviewed following a catastrophic event, such as the Black Saturday bushfires, which damages a significant proportion of the forest resource. After such an event the appropriate action would be to halt logging, survey the damage, assess the effects on the sustainability of the resource and review the TRP as necessary. In fact the opposite happens. "Salvage" logging is conducted, logging on existing coupes is accelerated and changes to the TRP creating new coupes are rapidly approved</p>

	<p>without any meaningful research.</p> <p>Suggests that the RFAs are not effective in guaranteeing the sustainability of Victoria's forest resource without properly considering and taking into account the effects of major disturbance. Concerned that the projected effects of climate change, specifically an increase in temperature, reductions in relative humidity and precipitation and an increase in the frequency and intensity of bushfires, are not taken to account when determining forest management policy. CSIRO and the Bureau of Meteorology have published projections that show Victoria will experience considerable climatic change within the lifetime of trees planted today, or even in recent decades. If the climatic conditions are not conducive to the regeneration of the trees after logging, then that logging cannot be considered sustainable. Consideration must be given as to how climate change will affect the regeneration and therefore the sustainability of industrially managed forests over the next century.</p>
No.	Issues
8.	<p>The RFA is a failure as it has not alleviated conflict over forest "management", rather increased it substantially. Whilst high conservation value forests such as Survey Road, Brown Mountain and the Goongerah water catchment are clearfell logged this conflict will continue.</p> <p>Any new RFA must follow the Flora and Fauna Guarantee Act, and also legislate to permanently protect all current Special Protection Zones (SPZ) from any logging or mining activity. There is no future in continuing to destroy Victoria's forest heritage. Conversely, all our futures depend on their protection and sensitive management.</p>
No.	Issues
9.	<p>Impact of plantations on the Strzelecki ranges including endangered animals, water quality and quantity.</p> <p>Ways to improve timber harvesting practices.</p>
No.	Issues
10.	<p>A more fundamental overhaul than the five-year reviews is required. It should start with a revision of the almost twenty year old National Forest Policy to focus on conservation and carbon sequestration and other climate change issues, the water cycle, loss of biodiversity, and the phasing out of native forest logging.</p> <p>Recommendation is for the Independent Assessor of the review to have full and frank regard for a major revision of environmental forest management due to the urgency to implement climate change mitigation and the continuing extensive degradation of the native forest estate. None of these factors were incorporated into the original RFA evaluations and considerations. Now is the time for them to be fully integrated into a full and comprehensive review process.</p> <p>There is a need to improve transparency and accountability of forestry operations under the RFAs. The Commonwealth should be given a role in monitoring, compliance and enforcement to assess if RFAs are achieving their objectives.</p> <p>Recommendation 1</p> <p>A complete and urgent overhaul of the management of public forest estate in Victoria through:</p> <ul style="list-style-type: none"> • Manages the estate for its full community benefits in biodiversity, water yield and carbon storage, perhaps along the lines of a native forest stewardship model such as the New Zealand example; • Transfer of management of all public native forest to an authority which industry; • Complete transfer of wood products reliance to the plantation timber remediation and native habitat reforestation; and, • Implementation of an immediate state-wide program of catchment. <p>Recommendation 2</p> <ul style="list-style-type: none"> • That forestry operations in areas covered by RFAs should be subject to a fully independent and publicly transparent environmental assessment that is scientifically sound and rigorous, prior to logging operations.
No.	Issues

11.	I am writing to ask that Special Protection Zones in East Gippsland not be returned to the logging industry in some kind of "exchange" for the recent National Park additions.
No.	Issues
12.	<p>Private management also meant the Strzelecki State Forest missed out on the Sustainable Yield Review. The review resulted in a halving of West Gippsland's sawlog quota. A similar result should have occurred in the Strzeleckis but instead the Strzeleckis logging has increased.</p> <p>The pre-empting of the CAR reserve system in the Gippsland RFA by the leasing of public native forest to Hancock Victorian Plantations in the middle of the Gippsland RFA.</p> <ul style="list-style-type: none"> • Approximately 7,000 hectares of native forest reforestation in the Strzelecki State Forest has been misclassified as plantation. • The 7,000 ha. of misclassified native forest has been leased to Hancock Victorian Plantation and a further 20,000 ha. of native forest from the Strzelecki State Forest has been given to them to manage. • The 7,000 hectares of reforestation, which the LCC recommended, be used as multiple use State Forest including hardwood production is now allowed to be cut frequently and replaced with plantation. This practice of converting state forest to plantation has been banned in Victoria since 1986. • The Strzelecki bioregion is the most unprotected forest bioregion in Victoria. <p>The CAR Reserve System is based on the JANIS criteria, which set targets for the amount of each ecosystem that should be reserved in each bioregion. Unfortunately this principle was not adhered to, resulting in some bioregions coming nowhere near adequate reserves for the protection of biodiversity. This should have been the priority before timber allocations and production was permitted and should be addressed as a major issue in the review.</p> <p>Supplementary Material Showing the paucity of reserves and support for further reservation in the Strzelecki Ranges:</p> <ol style="list-style-type: none"> 1. State of the Environment Report, Victoria 2008 bioregions and EVCs.' p. 269 The report shows the Strzeleckis Bioregion has about 2% of the bioregion in reserve, and only 13% of EVCs meeting reserve targets. 2. The Nature Conservation Review, 2001 by Barry Traill and Christine Porter. Being that 'a major new park system be established to conserve the biodiversity of the Strzelecki Ranges'. 3. West Gippsland Catchment Management Authority Native Vegetation Plan. The data in the Native Vegetation Plan suggests that only 4% of pre-1750 wet forest and 5% of pre 1750 cool temperate rainforest are formally protected in the Strzeleckis Bioregion. <p>In the Strzelecki State Forest, all Cool temperate rainforest and damp forest must be reserved to meet minimum targets.</p> <ul style="list-style-type: none"> • The formal reservation of 25,000 hectares in the Strzelecki State Forest would be supportive of the public's vision for a major national park, help to meet the criteria for a CAR reserve system, and have benefits in the protection of watersheds, waterways and biodiversity.
No.	Issues
13.	<p>I strongly support the proposal for a 30,000 ha National Park in the Strzelecki State Forest'.</p> <p>Urgent intervention must take place to protect the 'Cores and Links identified in the Strzelecki Ranges Biodiversity Study', to establish a CAR reserve system which the Strzeleckis currently lacks, and to finally address the issue of the Government leasing native forest to Hancocks as plantation.</p>
No.	Issues
14	<ul style="list-style-type: none"> • A 30,000 hectare National Park in the Strzelecki State Forest - currently the Strzeleckis area has no "CAR" reserve system and less than 2% of the bioregion is in formal reserves. • A comprehensive reassessment of the Government's decision to lease native forest to Hancocks as

	<p>"plantation" when clearly it is native forest and, following on from that, the restoration of native forest classification to the areas in the Strzelecki State Forest that have been incorrectly classified as plantation.</p> <ul style="list-style-type: none"> • At the very least, the Victorian Government must urgently and formally reserve the high biodiversity "Cores and Links" area identified in the "Strzelecki Ranges Biodiversity Study".
No.	Issues
15.	<p>This is the first review of the RFA for the Central Highlands despite the RFA stipulates review every five years. There was no public consultation in regards to delaying the RFA review and many community groups and community members have no confidence in the state governments will to change and improve the RFA should the review show a lack of performance. This is an appalling approach to governing Victoria's forests and poor performance by the state government.</p> <p>Environmental Risks</p> <p>The Central Highlands is Melbourne's water catchment areas and provides an important water supply for millions of Victorian. Large areas of forests in the water catchments were destroyed by the February fires but this did not urge the state government to act with caution and logging continued without any clear indication of the ecological damage from the fires.</p> <p>Against the above background and highlighted risks the RFA for the Central Highlands has failed all its objectives. The state government is not managing Victoria's forests and water catchments in accordance to the principles of sustainability when adhering to a forest agreement that:</p> <ul style="list-style-type: none"> • is not responsive to the biggest natural disaster in the history of Australia nor does it have any mechanism to put in place risk reduction measures; • have no meaningful public consultation regarding expansion of logging activities (including salvage logging activities); • lacks economic responsibility and viability; • has no mechanism to make changes if its performance is in doubt, <p>is neglecting its own performance review requirements</p> <p>Calls of the state government to discontinue the RFA and phase logging out of the water catchments over a 9 month period and locate logging to low risk areas where logging activities are not posing another natural fire disaster, economic liability and ecological compromise.</p> <p>Economic risk:</p> <p>VicForests have been underperforming economically for many years now and are regularly registering yearly losses amounting to millions of dollars. It has become a public financial liability and a reflection of the unviable nature of the logging industry itself hence the need to reform the logging industry and VicForest to ensure more sustainable and responsible approaches both economically and ecologically.</p> <p>Social risk:</p> <p>The February fires of 2009 caused immense devastation at a social level. The loss of lives and livelihoods will stay in the minds of Australians for many decades. Evidence has been presented to the Royal Bushfire Commission highlighting that logging is changing the microclimate in forests and dries the understory making the forests more fire prone. The forests of the Central Highlands are in the high-risk category of moist eucalypt forests which when disturbed influence the natural resilience to fires. Maintaining the status quo and allowing business as usual will deliver a dire risk to rural communities in the Central Highlands.</p>
No.	Issues
16.	<p>Nowhere in the Sustainable Forest (Timber) Act 2004 (SFA 2004) does it say or even imply that VicForests was created solely to operate in the east of the State. Throughout the Victorian RFA Review report the RFA Review Steering Committee has repeated this quite inaccurate statement ad infinitum. Our Forests, Our Future did not establish VicForests to manage the harvest and commercial sale of timber in the forests of eastern Victoria as the authors of this review repeatedly imply. Nowhere in the OFOF policy statements does it state that VicForests will be created to operate exclusively in the East of the State.</p>

<p>5.1.b (p.19) VicForests is accountable to the Treasurer as shareholder and relevant Minister under the State Owned Enterprises Act 1992 (Vic). This information is out of date. According to Victoria's latest Timber Industry Strategy (released 18th December 2009) there are new arrangements for ministerial responsibility of VicForests which are outlined in section 9.2 of the strategy.</p> <p>5.1.c (p.19) In eastern Victoria, DSE allocates timber resources from State forests to VicForests for the purposes of harvesting and commercial sale through the Allocation to VicForests Order 2004 (as amended) (Allocation Order). This information is also out of date. There is no mention in the RFA review of the latest 2009 Allocation Order (AO) which increased annual log volumes based on new forest modelling. On signing the 2009 AO Minister Jennings announced an immediate review to take account of the devastating Black Saturday fires. Like many others who submitted to the AO review process I am still awaiting the release of findings and outcomes.</p> <p>5.1.d (p.19) In western Victoria, including areas within the West Victoria RFA, commercial forestry activities have not been separated from the policy and regulatory forestry activities. As described previously (section 5.1.a) annual sawlog licences in West Victoria were transferred over to VicForests in 2004 in exactly the same manner as annual sawlog licences in East Victoria were transferred over to VicForests. VicForests formally handed back responsibility for sawlog licences in Western Victoria about 18 months later, this was ratified in version .006 (10th May 2006) of the SFA (2004).</p> <p>5.1.e (p.19) 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>5.1.f (p.19) 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 TRPs and changes to them are approved by DSE and notices of these are published in the Victorian Government Gazette. TRP information is made publicly available it is in such a fragmented form that external review is almost impossible. This is further evidence that Victoria has shifted to strategically dysfunctional resource allocation, constantly changed to avoid scrutiny and decrease the capacity for community input into public forest management.</p> <p>5.2.a (p.20) Victorian RFA Annual Reports were produced and agreed between the State of Victoria and the Commonwealth of Australia each year from 1998 to 2002, and reported on the achievement of milestones in the RFAs. RFA annual reports were not produced annually they were produced over three years from February 2001 to November 2003 and covered a five year period from 1998 to 2002. The 1998 annual report was produced 4 years later in June 2002, and strangely this was 18 months after the 1999 annual report was produced. The West Victorian and Gippsland RFAs have only been reported on 3 times since they were signed almost ten years ago and the annual reports have not been produced for the last 6 years. This clearly demonstrates that DSE have never adopted a serious approach to the RFA annual reporting process. The 3 annual reports that covered the West Victoria RFA did not once report on an important milestone which required that the Midlands FMP be reviewed and updated by 2005. Section 67 of the West Victoria RFA states; This RFA review process should acknowledge the failing of both governments and ensure that the promised review of the Midlands Forest Management Plan is commenced immediately. I find it difficult to believe that the OFOF reforms delayed the RFA 5 yearly review process when four of the five annual RFA reports were produced by DSE after the OFOF 2002 policy was announced. Public comment on the draft Report on Progress with Implementation of the Victorian RFAs opened on 10th of December 2009 and the closing date for submissions is Sunday 28th February 2010. To meet the timing requirement in the Victorian Scoping Agreement the independent reviewer would have to present their report four days after the closing day for public submissions, clearly this is impossible. It also appears that the NSW independent reviewer has a broader scope to his review than the Victorian independent reviewer has. This point is evidenced by comparing the terms of reference for the Independent assessor contained in both states RFA review Scoping Agreements. In particular the NSW independent assessor is asked to review public submissions and the NSW RFA review Steering Committee responses to these comments. In Victoria the independent assessor is charged with reviewing public submissions and consulting with organisations and groups to clarify matters, they are not given the opportunity to review the Victorian RFA Review Steering Committees response to public submissions.</p>

	<p>DSE has substantially changed the processes and systems for forest management in Victoria since the RFAs were signed. The new forest management systems and processes that have been put in place by DSE were not accredited in the RFAs and these new elements vary greatly from the now mostly ignored processes and systems that were accredited in the RFAs.</p> <p>The annual WUP process has been replaced by TRPs in the east of the State and there is scant opportunity for public involvement in this new process. This change in Victoria's forest management systems effectively excludes public comment from the annual planning for sawlog extraction in public native forests. The community's opportunity to participate in forest management processes has been considerably reduced; surely the RFAs would not endorse a forest management system that leads to reduced public input?</p> <p>A summary of changes since the RFAs were signed, that has reduced public input to forest management in Victoria is provided below;</p> <p>DSE have put on hold the 10 year FMP reviews</p> <p>There is little opportunity for public input into annual TRPs that cover sawlog and pulp extraction in the east of the State.</p> <p>DSE have never undertaken a RFA report or review that included public consultation until this very late first RFA Review.</p> <p>The Victorian State of the Forest Reporting process does not include a public consultation phase.</p> <p>The Expert Independent Advisory Panel (see section 5.5c) seems to have disappeared so there is currently no annual review and reporting of DSE/VicForests performance.</p> <p>In 2008 the EPA handed back to DSE the responsibility for coupe audits. EPA have not conducted coupe audits since 2006-07</p> <p>If performance can't be measured against two thirds of the indicators the sustainable forest management system will not be effective. In 1997 Victoria committed to exploring criteria and indicators resulting from the Montreal process. It is appalling that 13 years on DSE can only report accurately on one third of the indicators for sustainable forest management.</p> <p>I find it really ludicrously contradictory that the State Agency operating in public native forests don't have to provide an estimate of log volumes to be harvested, when owners of private native forests must provide this information. This represents an unfair advantage to the public forest manager and is also probably a breach of competitive neutrality requirements under National Competition policy.</p> <p>There has been considerable hydrological research in the Melbourne water supply catchments and some in the Otways catchments however all other domestic water supply catchments across Victoria have been neglected. In the majority of Victoria's domestic water supply catchments if there are measures that have been implemented to address water yield and quality issues these are mostly based on requirements brought about by land use assessments undertaken more than 20 years ago.</p> <p>DSE have not undertaken the review of the Midlands FMP as promised in Section 67 the West Victoria RFA (see section 5.1.f) so there has been no opportunity to review the effectiveness of measures to manage water quality and yield in the Midlands FMA.</p> <p>As discussed in section 5.7, private native forest owners must accurately describe the Ecological Vegetation Classes (EVC) they wish to log in and provide evidence of the predicted impact their logging will have in terms of Habitat Hectares scores. Public forest managers do not have to provide data about EVCs and the impact of their logging on Habitat Hectare scores.</p> <p>Many forest managers and industry representatives put forward the erroneous argument that because the CAR reserve system is in place the RFA values are protected and therefore areas outside the reserves should be used to maximise logging. This review needs to make it clear that a CAR reserve system is only one component of what the RFAs have attempted to deliver. The rapid development of short rotation Blue Gum plantations established under Managed Investment Schemes has been an unmitigated disaster for many investors and land holders</p>
No.	Issues
17.	Water. Following 25 years of Shelterwood1 logging in the Wombat, and cessation of work crews in the forest during June 2005, the forest needs thinning. Excessive even age regrowth is sucking up rainfall before it reaches

	the aquifers.
No.	Issues
18.	<p>The Draft Report on Implementation of the Victorian Regional Forest Agreements is a process integral to the integrity of the RFA process and the Department of Sustainability and Environment is to be congratulated on meeting its requirement of preparing this report. Unlike some other states Victoria consistently meets its RFA reporting requirements which helps maintain the integrity of the process.</p> <p>It is a pity then, while the Victorian Government complies with RFA administrative requirements, so many blatant breaches of the RFA's have occurred to the detriment of the industries the process was meant to protect. Victoria's state forests to this day continue to be used as a bargaining chip for political gains and it should be reported in terms this blunt.</p> <p>The reluctance to tell the facts as they are creates the illusion that the status-quo remains in the forest industries since the inception of the Regional Forest Agreements. Timber Communities Australia believes that the Victorian Government has a duty of care to its constituents to be frank in reporting where its actions have unduly affected the viability of forest industries and the communities that both support and rely on those industries.</p> <p>What is blatantly wrong in the report here, though, is the statement "it will not lead to any net deterioration in the protection of identified CARS values, and will be achieved without any net job losses or reduction in available timber resources".</p> <p>This is a preposterous claim to make in such an important report; it is also far too early to make such a claim.</p> <p>The facts are simple – neither DSE nor any other Government agency has yet identified any alternative source of timber of equal quality, quantity and value of those now locked away in National Parks.</p> <p>Until this is done, it can only be assumed that there is a net reduction in available timber resources. If the Victorian Government does not fast-track identification of timber of similar quality and species to be made available losses of jobs in the timber industry are likely to occur. The strategy as to how the Government intends to deal with this breach of the Agreement needs to be detailed in the report.</p> <p>The euphemism used frequently in the Report "actions outside of the RFA" is in fact coded language for a "breach" of the RFA agreement. We encourage DSE to come clean and simply admit that these are in fact breaches!</p> <p>The sustainable yield review resulting from the Our Forests Our Future process were the result of wrong assumptions made during the original calculations, not some later strategy or development but were attempted to be hidden through the OFOF process. This attempted slight of hand should be admitted in the Draft Report.</p> <p>One of the tree main objectives of RFA's is to provide long-term stability of forests and forest industries.</p> <p>Creation of the Great Otway National Park is a single example of how breaching the RFA destabilised forest industries. There is widespread cynicism of the Victorian Government among industry stakeholders following this single act.</p> <p>Timber Communities Australia agrees that, generally, there has been substantial investment made in adopting new technologies especially in shifting from green timber to kiln drying in the hardwood sector. Timber Communities Australia believes the Victorian Government should to recommit to the next RFA process to ensure the next level of investment delivers innovations such as engineered wood products. Again, substantial investment is required of industry to achieve this. It is unlikely to happen, however, without the Government demonstrating its commitment.</p> <p>Such an action would stabilize the industry and give cause for confidence to the communities that support it.</p>
No.	Issues
19.	Several serious breaches of the Code of Practice for Timber Production 2007 have occurred during the recent logging at Brown Mountain.
No.	Issues
20.	Is calling for the immediate heritage listing through the Commonwealth's Environment Protection and Biodiversity and Conservation Act (EPBC) of the Baw Baw plateau and escarpments to protect it from further logging. This listing will be based on the case put almost a decade ago in the now discovered chapters of the 'Ecological Survey

	<p>Report No.46 - Flora and Fauna of the Eastern and Western Tyers Forest Blocks and Adjacent South-Eastern Slopes of Baw Baw National Park, Central Gippsland, Victoria that details the high conservation values of the region and whose expert authors supported the protection of this extraordinary part of Victoria's natural heritage.</p> <p>The State of the Forests Report's were to be underpinned by established and proper forest monitoring systems consistent with the Montreal process criteria and results over time would provide a base for sustainable management. However, DSE have not been able to measure outcomes for the SOFR properly because they assumed (incorrectly) that it would come from external sources, did not set up measurement, and now can not find the data. Despite being heavily logged and burned entire ecosystems and their species were never monitored and the data was not collected.</p> <p>The government's tool for measuring sustainability, the State of the Forests Report, states that it has failed to provide adequate data on two thirds of its indicators. An absence of data has made assessment and determination of sustainability unachievable and therefore the RFA has failed to 'monitor forest changes'. For this reason, an ecological review is impossible and the RFA's have failed to meet principle management objectives for 12 years in the Central Highlands of Victoria, Melbourne's water supply.</p> <p>The Victorian governments State of the Forests Report reveals 23 forest dependent species are in real decline and 4 forest species are on the brink of extinction. The SOFR 2008 states that "information on species is poor" and that there is "no data available for analysis". In summary, indicators are showing decline in forest dependant species and where no data exists, no claims of sustainable practices and therefore sustainability should be made.</p> <p>Logging threatens drinking water to 4 million people. Forestry is listed as a threat to water supply but the depth of the threat cannot be measured due to a lack of data on catchment yields. VicForests continue to degrade water supplies and continues to be listed as a threatening process. With a clear lack of knowledge on how severely they are impacting Melbourne's water supply they are in direct contravention of the precautionary principle and should have ceased when the first evidence was tabled before government.</p> <p>The DSE's 'Monitoring of Annual Harvesting Report' states that 19,000 hectares of logged land is over due for regeneration. The State of the Forests Report 2008 reveals that forest regeneration has been measured only during the last century and early part of this century before the onset of drought and that drought is a threat to regeneration. Victoria is now in a period of extensive drought that could further reduce the ability for forests to successfully regenerate. The EPA have also registered concerns that there is a failure to monitor regeneration. VicForest rate drought in their own impacts assessment in their Sustainability report 2008; 'Drought resulting in large scale failure of regeneration'. VicForests also admit to a lack of data on the success of their 'restocking' on their website.</p> <p>VicForests also admit they are sometimes resowing incorrect species thus changing the diversity of that ecosystem.</p> <p>The VicForests website states that they do not have data on the following effects from their business.</p>
No.	Issues
21.	Protection for the Strzelecki ranges
No.	Issues
22.	<p>Members of the PFNC are well aware of the existence of a number of threatened fauna species that are listed either under the EPBC Act or the Victorian FFG Act within state forest areas within the Portland/Horsham Forest Management Areas these include:</p> <p>Southern Brown Bandicoot (<i>Isodon obesulus</i>) - Endangered (EPBC)</p> <p>Red-tailed Black-Cockatoo (<i>Calyptorhynchus banksii graptogyne</i>) – Endangered (EPBC)</p> <p>Long-nosed Potoroo (<i>Potorous tridactylus</i>) – Vulnerable (EPBC)</p> <p>Powerful Owl (<i>Ninox strenua</i>) – Vulnerable (FFG)</p> <p>Masked Owl (<i>Tyto novaehollandiae</i>) – Endangered (FFG)</p> <p>Barking Owl (<i>Ninox connivens</i>) – Endangered (FFG)</p> <p>Spot-tailed Quoll – (<i>Dasyurus maculates</i>) – Endangered (EPBC)</p>

	<p>Swamp Antechinus (<i>Antechinus minimus</i>) – Near Threatened (FFG)</p> <p>Swamp Skink (<i>Egernia coventryi</i>) – Vulnerable (FFG)</p> <p>These species deserve the utmost protection from threatening processes such as commercial wood extraction.</p> <p>The PFNC submits that the West Victoria Regional Forest Agreement should now be formally cancelled due in no small part to the creation of the Otway National/Forest Parks, Cobboboonee National/Forest Parks and the altered Wombat Forest resource utilisation.</p> <p>The effective removal of substantial areas from the original agreement in relation to commercial wood extraction makes the economic assumptions and wood volume estimates which the RFA was based on invalid and untenable.</p> <p>It is also clear that a number of sawmills now no longer operate in the West Victoria RFA region. These operations were no doubt once considered to be integral to the very basis of the agreement itself. PFNC members submit that there are also very powerful ecological reasons to cancel the West Victoria Regional Forest Agreement. In relation to the Portland/Horsham Forest Management Area there has been a massive historical loss of native vegetation since European settlement leaving a highly fragmented landscape with many areas of public land being virtual islands surrounded by a sea of cleared agricultural land.</p>
No.	Issues
23.	<p>Formally acknowledge that the West Regional Forest Agreement has been cancelled.</p> <p>The word “cancelled” has not been printed anywhere within the draft RFA review document. It is clear that the fact the clauses within the West RFA has been included in the draft RFA review document for analysis means the current State and Commonwealth Governments views the legislations that has legally stop logging in areas covered by Victorian RFAs (since they were signed) as no more than “changes” or “minor changes” for that matter.</p> <p>In Victoria the RFA process was never actually completed. One of the "Parties" to the agreement (see RFA definition for “Parties”), the Victorian State Government, did not create complementary legislation. This breaches (for example) Section 93 of West RFA and Section 87 of the Central Highlands RFA.</p> <p>Acknowledge that the major changes to RFAs demonstrate that all five RFAs in Victoria lack broad community confidence and the State Governments has, appropriately, not legislated to make the RFA agreements legally binding.</p> <p>Failure to adequately deal with the impact of logging on water values has significantly contributed to destabilisation of the RFA process in Victoria. This destabilisation has affected the whole feedback system (five year reviews etc) between the Commonwealth and State governments. Contributed to major changes occurring to the during the November 2002 State election. Acknowledge that the result of failure to investigate key issues, such as the importance of forest for water supply, during Central Highlands RFA processes means that major changes such as a logging ban within the Melbourne catchments still need to be resolved.</p> <p>If the State Government were to rezone 70,000 ha of State forest as a water catchment area where logging is totally excluded then that must be regarded as a minor change to the Central Highlands RFA in order to be consistent with the approach the State and Federal Governments are taking to the current Victorian RFA review process.</p> <p>Given the increasing scientific evidence that native forest logging increases wildfire risk, the RFAs should be revised to acknowledge this increase in risk and management changed to decrease the risk of wildfire due to logging.</p> <p>Given logging affects rainforests’ ability to act as a natural firebreak, the RFAs should be revised to ensure logging practices are not allowed close to rainforest.</p>

No.	Issues
24.	<ol style="list-style-type: none"> 1. A 30,000 ha. National Park for the Strzelecki Forest: The Strzeleckis bioregion does not have a CAR reserve system. Less than 2% of the bioregion is in formal reserves. 2. The restoration of native forest classification to the areas in the Strzelecki State Forest that have been incorrectly classified as plantation - the Government leasing native forest to Hancocks as plantation has not been adequately dealt with. <p>The urgent reservation of the high biodiversity 'Cores and Links' identified in the 'Strzelecki Ranges Biodiversity Study'.</p>
No.	Issues
25.	<p>The Wilderness Society Victoria has rejected the legitimacy of the RFAs in the past and continues to do so. TWS welcomes the opportunity to provide input into this submission process. However, TWS firstly acknowledges that it is unacceptable that reviews have not been conducted into the effectiveness of the RFAs in the thirteen years since the signing of the first Victorian RFA in 1997. Had reviews occurred in the past, many of the systemic problems that still exist with the RFA framework may have been addressed and superseded by alternative processes leading to more satisfactory social and environmental outcomes.</p> <p>One such alternative process is the South East Queensland Forest Agreement.</p> <p>In 1999, this agreement was signed by the Queensland Timber Board, the Queensland Government and environmental groups, including The Wilderness Society. The agreement immediately protected areas of outstanding conservation value, restricted logging in further areas of high conservation value and set a time line for the full cessation of logging in South East Queensland's forests by 2024 to allow long term ecological recovery and eventual protection of all South East Queensland's public native forests. Export woodchipping, logging of old growth forests and clearfell logging are all excluded from the areas that were not given immediate protection under this agreement. It increased job security and provided significant funding to a transition of the industry into plantations.</p> <p>Overall, the 'meeting' of ongoing commitments, obligations and milestones as reported in the Draft Report is simplistic and does not actually address the content of the commitment nor the implications for forests in Victoria. For example, a sustainability indicator may have been reported upon (ie. No data), but this does not expand on detail to discuss the implications for which the indicator is being measured.</p> <p>In our view, Victoria's Victorian Regional Forest Agreements have failed to delivery positive outcomes to the broader Victorian community and should be terminated.</p> <p>Especially in the face of climate change, a much more holistic approach to landscape values will need to be considered to ensure proper protection of the natural environment. The recent impacts of fire in a number of different RFA regions have not lead to an analysis of the protection of values in the informal reserve system to ensure those values are still protected. Instead, a review of East Gippsland Special Protection Zones is being undertaken. Some view this as only a politically motivated move, in light of the additional reserves that were recently added in East Gippsland.</p> <p>It should be noted that there is still major uncertainty around the 'sustainable levels' of logging that were mandated by that process. Ecologic sustainable principles aside, the pure resource sustainability levels must be brought into question. As an example, the OFOF process in 2002 reduced logging levels in East Gippsland by 43% to 143,000 m3. Back in 1985, a timber industry inquiry reported that there were questions around the levels of logging. At the time, the sawlog yields were between 300,000 and 400,000 m3. It was proposed that if logging was to continue sustainably, yield would have to be reduced to potentially 70,000 m3 immediately. A quarter of a century later, the yield is still high above this level. As such, TWS puts into question any long term sustainable yield claims by government, and opposes any commitment to extend VicForests' ability to enter long term contracts based on such levels. TWS rejects the join DSE/VicForests Joint Sustainable Harvest Level project as it only focuses on resource extraction rather than broader ecological and social needs and forest values.</p> <p>For the record, the word "regeneration" appears 76 times in the Code of Forest Practices. Successful regeneration is a key plank of Sustainable Forest Management. Regeneration failure and failure to survey and adequately report on regeneration success is rife across the RFA regions. As noted in DSE's Monitoring of Annual Harvesting Performance in Victoria's State Forests 2007-08, regeneration again is raised as a serious concern. As recognised</p>

	<p>in the Draft Report, regeneration failure is a huge issue.</p> <p>The EIAP has raised the regeneration issues for a number of years. This is unacceptable and further logging should be halted until there is clear evidence that Victorian public forests are growing back successfully.</p> <p>The Draft Report refers to hydrological studies undertaken by the Victorian Government. These do not report on water quality and confirm that the value of future water lost due to logging is enormous. The findings of this project have not yet been released.</p> <p>A recent Australian publication from the Australian National University (ANU) has assessed research conducted in Australian and overseas over the past decade and has developed a new methodology for measuring the 'carbon carrying capacity' of Australia's forests and woodlands. The report, Green Carbon - The role of natural forests in carbon storage (ANU E Press 20084), shows that Victoria's forests are more carbon rich than previously estimated, and that they can make a far greater contribution to reducing greenhouse gas emissions and pulling carbon dioxide out of the atmosphere than previously thought. A follow up scientific paper 5, published in the Proceedings of the National Academy of Sciences, has further demonstrated that forests of the Central Highlands of Victoria contain the most carbon dense forests on earth known to science.</p> <p>The Victorian government is returning less to the public for native forests than it did twenty eight years ago. Despite the Draft Report stating that competition principle milestones will be met, this is only in relation to 'taking into account' these 'competitive neutrality principles'. It certainly has not delivered on them. Again, a major failure of the RFAs.</p> <p>There are several other points to be made on Competitive Neutrality issues. The Wilderness Society and the Australian Conservation Foundation has commissioned an economic study to address this particular issue in relation to native forest produce. We are happy to provide further input from this report which shows that were VicForests subject to proper competition principles and be responsible for returning a commercial risk free rate of return, it would potentially need to return hundreds of millions of dollars per year to Victorian tax payers.</p>
No.	Issues
26.	<p>The review of obligations with respect to Private Land 5.7 Page 29, reports on the Forest Practitioners Accreditation Scheme that was initiated to assist local councils with code compliance, but the review does not add that the scheme was only funded as a pilot, and no longer has financial support from the state government. The government is now offering to assist councils, through the Timber Industry Strategy , to secure training in this arena.</p> <ol style="list-style-type: none"> 1. Rural and regional communities in Victoria have been significantly and adversely impacted by changes since the commencement of the RFA's. The RFA agreements process was supposed to provide up to 20 years of certainty in terms of economic and social development especially in small towns where the industry was present and prevalent. The impact on towns where the industry was dominant, such as Orbost, is stark. 2. The available resource from public native forests for timber processing from the RFA's in Victoria has been impacted significantly. 3. Reports from the state government's Auditor General confirm that one decision: the Our Forests Our Future decision in 2002/3 alone had a significant impact on employment in the sector, well beyond financial support offered for the industry impact by the industry restructure support programs. 4. Overall timber industry economic output from the sector has remained static over the decade. 5. The level of log output and associated processing from public land native forest has declined steeply, while that from private plantations, mainly softwood, has risen at twice that rate. 6. Plantation growing and processing is more concentrated than native forest logging and processing, and in few, if any, cases small towns and regional centres have both: Beaufort, and Benalla are examples 7. The RFA and other ongoing government processes have contributed to the loss of jobs in small towns and the departure packages and replacement economic stimuli have not led to an overall Triple Bottom Line

benefit for those small towns

8. Expansion of plantations, blue gum establishment and softwood processing has led to new jobs, but often in regional centres or locations distant from the small towns most impacted, Orbost and Swifts Creek, and Bairnsdale compared to the Latrobe Valley
9. The agriculture and total economies in regional Victoria have also been buffeted by climate and other economic change forces.
10. That both federal and state government's develop new initiatives that support ongoing economic activity in small towns impacted by the lack of commitment to objective 3.
11. That the state government act quickly to implement those actions in the recent TIS that support economic and social objectives and thereby strengthen commitments made in the RFAs.

The East Gippsland Forest Management Area (EGFMA) harvest fell from 230,000m³ D+ sawlogs in 1999 to 113,000 in 2006 (Gary Squires, Jan 2010)

- The expansion of private plantation log supply to more than compensate for the loss of PNF supplies. Statewide hardwood sawlog supplies have declined from above 900,000M³ at the start of the RFA's operations to around 500,000M³ today. The number of sawmills has fallen from around 100 spread across small towns in regional Victoria to less than 40 today, and the industry has rationalised to just a few integrated players. (Source TIS Page 5). The supply of softwood sawlogs has risen to 4.5M M³.

Ongoing resource changes:

- The proposed change in the TIS 2009, from volume supply to area supply from Public Native Forest will extend the changes in forest supply management and access.

The available resource from public native forests for timber processing from the RFA's in Victoria has been impacted significantly by:

- the changes in government policy over the term reducing the sustainable yields in the two Gippsland RFA's and the Central RFA in Our Forests Our Future decisions, and the West RFA by the creation of the Otway National Park and the Cobbooonnee National Park (2008), and more recently by a further reduction in available areas in East Gippsland, with the classification of a further 25,000? Hectares from state forest to National Park.
- The major Alpine fires in 2003 and 2006 and the February 2009 fires have further reduced the sustainable yield potential from the Gippsland, East Gippsland and North East RFA's, underlining the impacts of a changing climate on the natural resource base.
- And, this RFA review, given there is no Red Gum RFA, does not take into account the government decision to declare a large River Red Gum National Park in June 2009.

What are the positive developments in relation to the RFA regions? (as an example, the state government's recent TIS decision to move to 20 year supply contracts auctioned by VicForests) The TIS decision to move to implement 20 year supply contract and 40 year Working Forest Plans (TIS Actions 1.5 and 1.3) should result in more certainty for the industry. On the other hand, the ongoing pressure to reserve more land as National Parks could prevail.

Victoria's forestry and forest products industry directly employs around 25,000 people and employment in the forest product industries has been growing at an average of 2.5% pa over the last decade. Over the last 20 years growth in Victoria's softwood plantation sector has balanced declines in the native forest sector. Expansion in the volume of softwood plantation resources available for harvest has generated new investment in softwood processing facilities. Hardwood sawn timber production in Victoria has declined at an average rate of 3.6% pa since 1996/97. On the other hand softwood sawn timber production in Victoria has increased at an average rate of 6.6% pa over the same period.

No.	Issues
27.	<p>The VAFI believes that statutory obligations listed in the RFAs have generally been met. However, the Victorian Government did not meet its statutory obligations for the West Victoria RFA. We note that the Draft Report identifies that the obligation for the Commonwealth to promote endangered species protection and that this involves ongoing cooperative work with Victorian agencies. We believe that the recommendation of the Hawke Review of the EPBC Act for a single list of threatened species through accreditation of state and territory listing processes (Recommendation 5) could improve the efficiency of how this obligation is met in the future. The VAFI believes the Victorian Government did not meet its obligations under clause 19 of the West Victoria RFA, which states, “Neither Party will seek to use existing or future legislation to undermine or impede this Agreement.” As stated in the Draft Report, this action was not consistent with the RFA and did cause a net loss of resource. The VAFI believes the Victorian Government did not meet its obligations under clause 19 of the West Victoria RFA, which states, “Neither Party will seek to use existing or future legislation to undermine or impede this Agreement.” As stated in the Draft Report, this action was not consistent with the RFA and did cause a net loss of resource.</p> <p>The VAFI look forward to participating in the next review and the development of a process to renew and modernise the RFAs. We note the recent bipartisan support in Tasmania to commence negotiations immediately with the Commonwealth Government on ‘evergreen’ or rolling RFA arrangements, that would provide a minimum of 15 years security at any one timber based on ongoing five yearly reviews. The VAFI believe that the ‘delay’ of the first five year review of the Victorian RFAs was a highly regrettable decision by the Victorian Government. We believe that RFA reviews should be conducted as required, in spite of any reforms or policy activities being undertaken at the time. The five yearly review are vitally important for the transparency and accountability of and public confidence in the RFAs.</p> <p>The decision to undertake the five and ten year reviews simultaneously is appropriate given the circumstances. The independence and transparency of the review process is important for all stakeholders.</p> <p>It is important that the 15 year review is both conducted in a timely manner and is preceded by careful consideration of the future extension or renewal of the Agreements as part of a nationally coordinated process.</p> <p>The VAFI believes that ESFM is the integral framework for policy, planning, management and implementation of forest management. We believe that the second element of ESFM is currently not being achieved. We recognise the release of the TIS in 2009, which aims to provide a long term framework for the sustainable development of the forest industries. However, the success of the TIS will ultimately depend on its resourcing and implementation.</p> <p>The VAFI believes Victoria’s State of the Forests reporting meets the obligation for monitoring of sustainability indicators at the broad level. We note that the Draft Report indicated there are data gaps for over two-thirds of the indicators. This is a concern and efforts must be made to improve monitoring of sustainability indicators across all land tenures and with the aim of providing both local and landscape level data.</p> <p>We believe that a much higher level of data is available for State forests than for parks and reserves and that data is often extrapolated for those areas based on State forests data. We believe that data collection, monitoring of performance and reporting must be improved for parks and reserves to provide comparable data and that monitoring and reporting must be integrated and comprehensive to provide a meaningful indication of ecosystem health at the landscape level. The VAFI believes that the EMS covers many policies and practices which are common to both State forests and parks and reserves, including prescribed burning, road building or maintenance and recreation services. The basic components of the EMS are applicable and an Environmental Policy and Sustainability Charter should likewise be developed for parks and reserves as well as State forests. The VAFI believe that although timber harvesting is conducted in accordance with management procedures for the protection of Indigenous and non-indigenous cultural heritage values, the commitment to develop Statewide guidelines for management of cultural heritage values in all RFA area forests, parks and reserves must be met. Timber harvesting only occurs on a fraction of public land. Statewide guidelines are required to provide integrated and effective protection of cultural values.</p> <p>The admission that there are data gaps for over two-thirds of the indicators of sustainable forest management in Victoria’s criteria and indicator framework appears to be of significant concern. However, the Draft Report provides no indication of the significance of the data gaps and their impact on knowledge of forest condition.</p> <p>The VAFI agree this obligation was met.</p> <p>From the information in section 5.8 of the Draft Report, it appears the obligations for threatened flora and fauna have been met for Periods 1 and 2. However, we believe that the information does not adequately deal with the</p>

quality of Recovery Plans and Action Statements and their implementation and outcomes. We also note that there have been considerable delays in the preparation of Action Statements due to resourcing issues. We note that the Hawke Review of the EPBC Act provided recommendations for the streamlining of listing processes and the Victorian Government White Paper on Land and Biodiversity has committed to a reform of biodiversity and conservation legislation in Victoria by 2012.

The VAFI believes that the issue of the impact of timber harvesting on water yield has become overly politicised, despite the fundamental need for management decisions to be based on the best available science. Action 2.1 of the Victorian Government White Paper, Securing Our Water Our Future, has not been completed. The hydrological studies and sustainability assessment of the relative impacts of timber harvesting options on water yield and timber supply in Melbourne's water supply catchments were undertaken but the sustainability assessment has not been released, despite being completed over a year ago. Furthermore, options to improve water yield that may have increased the level of timber production through silvicultural thinning practices were ruled out of consideration in the sustainability assessment without any scientific basis.

The VAFI believes that the obligation to implement the CAR reserve system was met as per the RFAs but that the level of reservation has far exceeded what was agreed in the RFAs. Several additional designated reserves have been created which were not in accordance with the RFAs. These include additional reservation of Box-Ironbark forests in the North East region, the creation of the Great Otway National Park in the West Victoria region and potentially the additional reservation of 45,000 hectares in East Gippsland.

Victoria's forest industries employ approximately 25,500 people.¹ Investment, innovation and productivity rely on resource security and a conducive policy framework. There have been a series of political decisions in Victoria which have undermined the RFAs and limited the extent to which predictability and industry growth has been achieved. This is a major issue and has led to the resource base for industry being undermined by decisions which were inconsistent with the sustainable development principles of the original agreements. The contraction of the Victorian native forest industry has impacted on fire management and suppression capacity in the following ways:

A reduction in the number of skilled machine operators available for use in fire-fighting;

A reduction in the availability of forest machinery suitable for forestry fire fighting;

Diminution in the available knowledge of forest roads, and associated information like appropriate sites to load and unload; and

General diminution of 'forest awareness' in the population

In particular, the reduction in human resources, equipment and roading and access funds from the forestry industry, particularly in areas such as the Otways, places an increased burden on the State Government and DSE to 'fill the gap'. For example, whilst VicForests spent \$7.3 million on roading in 2008/09, forestry industry revenue raised for roading was over \$13 million for both 2000/01 and 2001/02.

The addition of over 45,000 hectares of State forest to conservation reserves in East Gippsland is also potentially in conflict with the Victorian Government's obligations under the East Gippsland RFA. The commitment to the reserve system has been provided in legislation and action. However, the commitment to achieve it without any net job losses or reduction in available timber resources has not yet been demonstrated. The Victorian Government has not released the report of the Industry Transition Taskforce, which made recommendations on how to achieve this commitment and has not publicly or to the VAFI indicated or demonstrated exactly how the commitment will be met.

The VAFI welcomes the strategic review of forest management planning. We anticipate further details of the project and public consultation.

We note that the Draft Report indicated that uncompleted FMPs for Horsham/Portland and Otway FMAs would be finalised by the end of 2009. This has not been achieved. We do not believe that there is sufficient information provided in the Draft Report to conclude that changes to the area of State forest in other RFA regions has not led to a deterioration in the timber production capacity of those areas available for harvesting in terms of volume, species and quality. The VAFI does not agree with the assertion in the Draft report that commitments for enhanced resource certainty and long term stability for forest based industries has been achieved in Victoria. However, this development has been hampered by declines in resource availability due to fires, methodological improvements to the sustainable yield and reserve additions. Political decisions to reduce the resource in contravention of the RFAs in particular have created uncertainty. The VAFI welcomes the confirmation that "the Victorian Government has finalised the national parks agenda in eastern Victoria and is now in a position to

	<p>provide more security to industry and reliant communities over future timber supply from this region.” 8</p> <p>Another issue has been the reduced length of wood supply contracts offered by VicForests, which were underpinned by the structure of the Allocation Order and the risk profile faced by VicForests. Average contract lengths were reduced to an average of 5-6 years, too short to attract investment and as Table 1 below indicates, the contract length and conditions were out of line with other states. Analysis based on current returns indicates payback periods for investments are more than 16 years.⁹ The VAFI notes and welcomes the actions in the TIS to enable VicForests to harvest and sell timber for periods of up to 20 years at auction to allow industry to realise a competitive return on investments, allow capital upgrades and drive innovation. Offering wood supply contracts for up to 20 year terms will improve the attractiveness of new capital investment in the sawmilling industry by extending the planning horizon and allowing new capital to be depreciated over a longer term, which directly increases returns on investments. The success of the TIS will be evident in whether VicForests is able to offer longer wood supply contracts in the future.</p> <p>The VAFI believes that thinning to improve productive capacity has been undertaken in RFAs – approximately 1,000 – 1,500 hectares per year over the past five years. However, we believe that thinning has been underutilised as technique to improve water yield and to assist in fire management in strategic areas such as at the interface of public and private land. The VAFI agrees with the conclusion in the Draft Report that Statewide silvicultural programs and reforestation works to improve the productive capacity of State forests was only partly achieved.</p> <p>Thinning programs have been undertaken to improve productive capacity. The VAFI believe that between 1,000 to 1,500 hectares has been thinned annually over the last five years.</p> <p>However, regeneration has not been undertaken effectively in some areas, such as East Gippsland. As the Draft Report states, there is up to 25,000 hectares which requires treatment or re-treatment – this is about 4 times the area harvested annually by VicForests (including thinning). The majority of these areas were harvested prior to 2004, when VicForests was established, but given the limited areas of public native forest available for timber production and decline in resource availability, the maintenance of productive capacity is very important.</p> <p>The VAFI recognises the importance of obligations relating to the management of Indigenous heritage. We recognise that Indigenous groups provide input into timber production and fire planning and that the Management Procedures for Timber Harvesting, Roading and Regeneration in Victoria’s State Forests 2009 include measures for the protection of Indigenous cultural heritage in areas available for timber harvesting. However, we recognise the commitments have not been fully met for all forested areas covered by the RFAs and at a strategic level.</p> <p>The VAFI agrees that export controls on unprocessed timber sourced from Victorian plantations were removed as agreed.</p> <p>The VAFI agrees that the milestone for a long term timber harvesting and water production strategy for the Thomson reservoir was pursued during the review period. As discussed above, Action 2.21 of the Securing Our Water Future White Paper has not been completed as the sustainability assessment has not been released. The VAFI believes that it is important that Action 2.21 deliver an outcome which supports long term timber harvesting and water production in Melbourne’s water supply catchments through an integrated approach to sustainable water and forest management.</p> <p>We believe that, as demonstrated by the impact of the 2009 fires, bushfire is one of the most significant threats to water production. Forest industry activities must be fully utilised as part of efforts to minimise the risk of fire to sustainable production of water over the long term.</p> <p>The VAFI believes that the allocation and pricing of hardwood logs from State forests is competitive and that all milestones and obligations related to competition principles have been met.</p> <p>The VAFI believes that research priorities identified in the 2009 Victorian Timber Industry Strategy should be funded as a priority. We also believe there is greater scope to improve monitoring of sustainability indicators outside timber production areas and to support research which integrates forestry with the pursuit of other values such as fire risk mitigation, water yield management and development of renewable energy. It is important that research and policy development for climate change mitigation and adaption are integrated for forest management.</p>
No.	Issues
28.	<ul style="list-style-type: none"> • Establishment of a major national park for the Strzelecki Forest

	<ul style="list-style-type: none"> • Restoration of native forest classification to those areas incorrectly classed as plantation. • Urgent reservation of the high biodiversity cores and links. • Review government leasing to Hancocks.
No.	Issues
29.	<p>While the report has highlighted the obvious shortfall in current reporting requirements of the RFAs, it is important that there is a strong focus on improvement to reporting and review. In signing the RFAs, the State agrees to take on certain responsibilities and in failing to undertake these requirements leaves itself and agencies such as VicForests, which operate in State forest, open to criticism.</p> <p>VicForests is concerned about the absence of long term monitoring programs for endangered species, considering the large areas of public land specifically reserved for those species. While it is reported that this commitment was met during periods 1 and 2, the report also highlights the significant data gaps that still remain. It is important that this report clearly recognises the shortfalls VicForests is concerned about the absence of long term monitoring programs for endangered species, considering the large areas of public land specifically reserved for those species. While it is reported that this commitment was met during periods 1 and 2, the report also highlights the significant data gaps that still remain. It is important that this report clearly recognises the shortfalls The report highlights a number of the basic components of an EMS, in particular the requirement to undertake internal and external third party audits. The report needs to verify its claim that this milestone was achieved in period 1, given we are of the understanding that DSE is yet to have implemented an EMS that provides 'transparency and accountability' through third party audits and certification.</p> <p>There are also a number of other key components of on-going quality assurance that ensure continued improvement, that are not operational across the State. While it is recognised that VicForests maintains certification to the AFS, the report needs to specifically verify claims about achievement of certain milestones.</p> <p>While VicForests recognises that the development of Criteria and Indicators for Sustainable Forest Management in Victoria has established a set of measures to monitor forest change, this only goes part way to meeting this obligation. The report clearly highlights that 'data gaps have been identified for over two-thirds of the indicators of sustainable forest management in Victoria's criteria and indicator framework', gaps which are identified as being 'primarily due to measurement difficulties'. This is in contrast to the obligation that these measures be practical and measurable at a regional level.</p> <p>A priority of the upcoming period should be a review of these indicators in order to better develop a basis for monitoring which includes landscape level assessments of key sustainability indicators.</p> <p>While the initial production of Forest Management Plans (FMP) was achieved, the review of these documents has not been considered in this report. A number of the original FMP (East Gippsland & Central Highlands) are now well overdue for review and this is an integral part in meeting a wide range of objectives in the RFAs. It is particularly important in identifying stakeholder concerns and also in communicating key forest management details to forest managers and the public.</p> <p>VicForests is concerned about the continuing reduction of timber production capacity. The 2006 Victoria's National Parks and Biodiversity policy resulted in more than 45,000 hectares of State forest being added to parks and reserves in East Gippsland, with no area returned to State forest area.</p> <p>Further to this the Central Highlands has seen losses as a result of the expansion of reserved areas for Leadbeaters Possum and the Baw Baw Frog. This has resulted in an additional area of about 1600 ha of merchantable and available stands being placed in reserves, much of which is situated in high value ash forest. The draft report states that 'this ongoing commitment was met in all RFA regions except the north east and west' but as we have highlighted we believe that this claim requires further verification.</p> <p>While it is recognised that there have been a number of factors that have impacted on sustainable yield figures it should be highlighted that the minimum D+ sawlog yields have not been met across the state.</p> <p>The report identified that 4690 hectares of forest is known to require retreatment, while an additional 19000 hectares of forest is estimated to be overdue for regeneration surveys. In an attempt to improve on-going productive capacity across the state it would be seen as a priority that the government support programs to both survey and regenerate these areas in question.</p>

No.	Issues
30.	<p>We are disappointed to not see the first 5 years review undertaken but are pleased the 10 year review is now being completed. While the Scoping Agreement provides that the five Victorian RFAs will be reviewed simultaneously, and that the review will cover two periods, this is not within the spirit or intention of the RFA process. Political decisions at the time of elections have also meant many commitments within the RFAs have been broken and this is reflected in our comments.</p> <p>Second dot point: The area of public lands burnt by wildfire in 2003, 2006-07, and 2009 was greater than 2.7 million hectares.</p> <p>Third dot point: It is wrong to claim that Victoria “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.” Nevertheless, it is true that the Labor Government made this false claim when announcing the closure of the Otways hardwood sawmilling industry during the 2002 election campaign.</p> <p>For this to have been the case there would have had to have been a genuine transition from harvesting hardwood sawlogs from State Forest to harvesting sawlogs from a developing hardwood plantation estate. However, the hardwood plantations in the region were being grown (and continue to be) largely for harvest at 12-15-years for pulpwood. There is a small scale farm forestry industry but this is also very much in its infancy. As there was (and is) no sufficient developing hardwood sawlog plantation estate, the government’s decision to end State Forest harvesting in the Otways has led directly to the closure of the region’s main hardwood timber mills with an estimated loss of over 100-jobs.</p> <p>While, the Institute of Foresters of Australia is supportive of genuine tourism ventures and a nature-based tourism industry, we believe this should complement rather than replace existing rural industries.</p> <p>We are highly sceptical of oft-aided claims that eco-tourism can replace regional employment lost by closing timber industries, and would like to see the reporting of tourism figures in the RFA regions in order to demonstrate the measurable socio-economic impact of changes to public forest tenure away from multiple use State forest to National parks and/or other conservation reserves. It is outrageous that it can be claimed that these commitments were met when they were clearly not met due to the effective cessation of timber harvesting within the Midlands Forest Management Area from 2001 to 2005, and the phased reduction and eventual closure of timber harvesting within the Otway’s FMA from 2002 to 2008.</p> <p>A review of sawlog licence levels should have been done as part of the RFA process in the first place. The concept of a comprehensive, adequate and representative (CAR) reserve system created an urgent imperative to carefully review reserve design. However, instead of this, political announcements were simply made during election campaigns and this has been the basis of the recent expansion of the reserve network.</p> <p>The IFA believes that work done to date and made publicly available in response to the Our Water Our Future White Paper has overall been excellent. It has been comprehensive, peer-reviewed and balanced and has made genuine science available to the public on this important issue. The scientific teams involved in this work should be commended.</p> <p>The importance of fire was well recognised in these reports and the projected consequences of catastrophic fire have been borne out with the severe impacts of the February 2009 wildfires on a number of Melbourne’s water supply catchments.</p> <p>The Institute of Foresters of Australia supports the genuine use of science and balanced risk assessment in the management of natural resources. We also support the exploration of active management techniques in regrowth forests for both water and other values. We believe some further active management in water catchments will be required once large areas of fire regrowth begins substantially impacting on water supply into catchments.</p> <p>The commitment for public availability of government funded research, where possible, is supported. The IFA also supports the publishing of scientific research in peer reviewed journals such as the Australian Forestry Journal. This demonstrates Victoria’s commitment to peer reviewed science and publication of such science.</p>