



VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
Annual Report 2000 - 2001

Contents

A Clear Purpose	1
Mission, vision & principles	
President	
Greg McCormack	2
Industry potential worth developing	
Executive Director	
Graeme Gooding	4
Issues confronting the industry	
Industry & Community Issues	7
Timber Pricing Review	7
Resource Availability	8
Regional Forest Agreements	10
Licence Review	11
Structural Adjustment Package	12
Timber Industry Plan/Council	13
Renewable Energy Bill	14
Forestry & Water Catchments	15
Community Interaction	16
Community Attitudes	17
Member Communication	18
Industry Services	19
Industrial Relations	20
Legislation	22
Occupational Health & Safety	24
Education & Training	26
Market Report	27
Timber Quality & Product Certification	28
Finance	29
VAFI Organisation	31
Allied Organisation Membership	32
Forest Industry Statistics	33

A Clear Purpose

Business mission

The Victorian Association of Forest Industries is the peak industry body for business involvement in sourcing and processing timber resources from Victorian forests and plantations.

- We provide collective and authoritative representation of members' interests to governments, our communities and markets.

Our services support the business operations of our members, associates and affiliates. We advise and assist with resource and operational issues, occupational health and safety, industrial relations, government and community relations.

Vision

The Victorian Association of Forest Industries is committed to placing Victoria's Forest Industries in a strong leadership position in chosen Australian and global markets.

Our goals are to:

- Ensure our industry is widely accepted and actively supported by the Victorian and wider community
- Enhance the value of Victoria's forest products by positioning sustainably managed native hardwood timbers as complementary resources to other timbers and substitute products
- Lead the way as an authoritative champion for our industry
- Continually improve our association to ensure its future financial viability and value to our members, clients and the community.

Principles

Underpinning our business mission and vision are these fundamental principals:

- Multipurpose native forests provide considerable benefits for society and the environment and must be nurtured and expanded
- The use of naturally grown timber products is good for the health of the environment
- Sustainable production of native timbers is vital to the long-term viability of the industry
- Our members produce a product of commercial, social and environmental worth.



President Greg McCormack

Victoria's Forest Industries have much of which to be proud and incredible potential worth developing.

Yet at the beginning of a new millennium, when for a host of economic and environmental reasons, native forest timber production should be supported, we find our industry facing some of its biggest challenges. Resource availability, pricing, licensing and contractor licensing are all under review.



Additionally small extremist groups, in the face of overwhelming evidence to the contrary, loudly voice their opposition to our industry using a smattering of pseudoscientific language, raw emotion and guerrilla warfare style tactics to influence community sentiment.

At the same time we are confronted by confusing and often conflicting messages from all levels of Government and political parties. The major political parties often voice strong words of support, yet corresponding action seems slow in materializing.

Given that we have one of the most strictly controlled harvesting industries and most protected native forest conservation systems in the world, it is incumbent on the industry and Governments to actively support this model and promote its worth at home and abroad.

Whichever way you analyse it, the managed growth and sustainable use of native timber is good for the health of the economy, society and the planet.

We produce a product that in its growth provides habitat, pleasing aesthetics, greenhouse gas reduction, and soil quality preservation. A product that in its processing requires many times less energy than its competitors and produces waste that is recycled with little difficulty into environmentally benign, worthwhile and increasingly popular products. Our timber products retain the much of the carbon they absorbed during growth, are long lasting, recyclable and ultimately readily biodegradable.

The industry in recent years has invested in new technologies, products and its people, to move up the value chain. We are central to the economies of many small and not so small regional communities. Our products grace some of most prestigious capital city public buildings and homes while others often become family heirlooms.

In the forest, our operations are closely scrutinized and strictly controlled to meet a host of social and environmental requirements. Over the last hundred years our understanding of native forests silviculture requirements has demonstrably improved.

Harvesting methods have improved to such a point that their impact on the environment is negligible, quality forest regeneration is more assured, safety is improved and increased efficiency is delivered.

Forest care in many other arenas is not so advanced. The International Union for the Conservation of Nature estimates that 26 hectares of forest is permanently cleared every minute in the world. In Victoria no public forest is permanently cleared from forest harvesting. Every hectare harvested is regenerated.

Concerns have also been raised about the very real prospect 34 million hectares of rainforest in the Congo being completely cleared in return for military aid from neighbouring Zimbabwe. In Victoria, no rainforest is harvested.

All this indicates that our industry is working at the forefront of socially responsible and sustainable forestry practice.

To capitalise on this great asset and invest in the future we need greater security and specifically Government support. Our principal resource is on public land administered by Governments

Any other industry that invested in its people, job creation, value adding and in developing export markets would rightly expect strong Government support. Additionally our industry is working with a renewable resource providing much needed employment in many small regional centres.

An important facet of Government support should be State and Federal Governments passing legislation supporting their Regional Forest Agreements.

The Regional Forest Agreements between State and Federal Governments were designed to provide a template for sustainable forest management into the future. Their development by Government involved extensive community consultation and the most comprehensive analysis of the environmental, social and economic worth of our forests ever undertaken in Australia. It gathered the sum of our considerable existing knowledge, expanded it and set down a blueprint for the care and development of this resource.

In Victoria it increased the percentage of forest conservation reserve from 36% to 49% of the total forest area, giving Victoria a larger forest reserve area than any other state in terms of percentage and hectares.

Yet while State and Federal leaders have signed the agreements, neither Parliament has backed them with legislation. This legislation is essential for job security and to encourage investment long term.

The legislation is also essential to better protect good environmental stewardship from the vagrancies of minority pressure group whim, the desire for controversial news-copy and short-term political expediency.

To borrow from Australian Rules parlance, **to date, both major parties and both State and Federal Parliaments have fumbled the ball in front of goal. We are looking for more endeavour and better teamwork.**

The new Federal Government should move to reintroduce the RFA Bill to Parliament early in the first sitting in 2002. State Government must also introduce complementary legislation and the State Opposition support it, if either is to claim any bonafides regarding long term forest stewardship.

Additionally Governments, particularly the Victorian Government must resolve the resource and licensing issues, with a view to the long-term sustainability and development of the industry.

Unless properly handled, the resource issue has the potential to shut mills, cut 1500 jobs and decimate many communities. Additionally it will increase Australia's dependency on imported forest products. ABARE figures show that in 1999/2000 we still had a \$2.2 billion trade deficit for forest products.

As a manager of the resource, State Government has a pivotal role to play. Firstly it must ensure every opportunity is explored to deliver the resource sustainably and finalise licences.

Additionally, as a promoter of quality industries and economic activity, Government should look at working with industry to facilitate the development of new sources of resource through large-scale saw-log plantations or co-operative farm forestry assistance.

There is no doubt that for the industry to develop we must have stability in our native forest resource and develop new resource opportunities. This will enable us to invest in new technologies to move further through the processing chain into manufacturing high quality timber products and components for local and international markets.



Executive Director Graeme Gooding

VAFI is engaging Governments on a number of fronts to resolve the myriad of issues confronting the industry and enhance its future prospects.

We are actively involved in the resource, timber pricing and timber licensing reviews, industrial relations and occupational health and safety issues providing, comment, advice and options to Government and members.

We are working with government and other timber community stakeholders such as Timber Communities Australia and the CFMEU on issues relating to improving community perceptions, education and coping with extremist groups protest actions.



The VAFI organisation itself is changing and evolving to better meet the demands of its changing environment. Structurally, positions have been combined; new appointments have been made; and experienced consultants engaged for specialist tasks. Financially, VAFI faces the current challenges in a strong position.

Resolution of the sustainable yield issue from native forests is of critical importance to our members.

While this is an issue largely of State Government's making, VAFI believes that it is incumbent on both signatories to the Regional Forest Agreements, the State and Federal Governments, to be part of the solution.

We worked with Governments on the development of the Regional Forest Agreements, seeing them as world leading environmental policy development and delivering long-term industry security. It was a concerted attempt by all parties to deliver a positive 'triple bottom line' outcome for social, environmental and economic performance.

VAFI's concern has always been that while the Regional Forest Agreements delivered one of the most comprehensive forest conservation reserve systems in the world, it would not deliver the level and quality of resource committed by State Government under licence to the industry.

Despite these concerns VAFI remains a strong supporter of the RFA process because we believe it provides a means for resolving complex forest management issues rationally rather than emotionally or for short-term political expediency. Its abandonment by the Labor Party in Western Australia in an opportunist bid to win Government has decimated their timber industry and set the environment debate back decades.

During the development of the Victorian RFAs, VAFI sought and received assurances from the Department of Natural Resources and Environment that the projected yield was sustainable. Our members experience suggests otherwise.

In April, VAFI successfully argued for the establishment of a detailed review of the available resource in response to increasing concerns that the amount available did not match that licensed.

To its credit, State Government, through Natural Resource and Environment Minister, The Hon. Sheryl Garbutt MP, instigated a rigorous review process. It appointed, Professor Jerry Vanclay of the University of New South Wales to lead the process and dedicated considerable staff and resources from the Department of Natural Resources and Environment to develop a more comprehensive understanding of the resource.

I represent VAFI on the peak strategy Group that is reviewing the study's findings as they come to hand. Other members of the group include NRE Departmental Secretary, Ms Chloe Munroe, and CFMEU Forestry Division National Assistant Secretary, Mr Michael O'Connor.

Initially VAFI sought to have the issue resolved within three months. However, as the complexity of the problem of obtaining extremely detailed and credible data emerged, the need for a longer time frame became apparent.

Notwithstanding that many timber licences are facing renewal in the near future, unless the resource information is credible the licences will have little value.

VAFI's position throughout the RFA process and the review remains clear. State Government should honour its commitment to supply the resource.

If State Government cannot supply the resource at the level and type specified it should assist with the inevitable accelerated change process that will ensue.

While the results of the review are yet to emerge, there is strong evidence in the field that much of the resource thought available to industry is inadvertently placed in conservation reserves, most notably additional buffer strips required for unmapped watercourses.

Anecdotal evidence suggests that in some harvesting coupes this has resulted in up to 25 per cent of the area and resource being withdrawn.

In some areas there appears to have been an overzealous interpretation of the Forest Code requirements but little emphasis on obtaining the maximum permissible resource. In other areas, assumptions on resource quality and accessibility have been found to be overly optimistic.

Consequently the resource issue is not one of forest protection; that is more than assured. It is one of industry access. As mentioned, Victoria already has one of the most extensive forest conservation reserve systems in the world, almost five times greater in percentage terms than sought by the International Union for the Conservation of Nature.

The Regional Forest Agreements saw Victoria's official forest reserve area jump from 39% to 49% of the total forest. It was to leave about 30% or 1.2 million hectares available for harvesting.

However the necessary compliance with the Code of Forest Practice prescriptions on buffer zones has placed even more forest in reserve. In addition there appears to have been an overestimation of the amount of commercially viable timber in the remaining areas.

While believing the allocation of State and National park reserves under the RFAs was excessive, it is counter productive and futile to seek to wind them back, or have harvesting permitted within them.

However VAFI is seeking to verify and have recognised by Government that large sections of forest have been placed in reserves, beyond those specified under the RFA. VAFI wants Government to replace these additional reserve areas with others from the reserve system, as specified by the exchange provisions of the RFA.

Beyond this, Government and the industry should explore the development of silviculture, plantation and reafforestation options to grow the resource.

No one would pretend that suitable native hardwood sawlog plantations already exist. The rush to blue gum plantations is increasing the availability of native timber for pulp. Yet the ability to grow the timber on for sawlog and its suitability is unclear. The CSRIO continues to make considerable progress in hardwood sawlog plantation development including groundbreaking research towards mapping the gum tree genome. Both projects offer possibilities for the longer-term. Agro forestry is in its infancy and yet to prove that it can supply timber in quantities that any but cottage industries would find viable.

We would look to Government to work with industry to facilitate large-scale sawlog plantation development and agro forestry networks. This resource development could then be factored into the total resource cycle.



The industry can also look forward to considerable resource growth in coming decades as we begin to reap the benefit of the clear felling and regeneration practices implemented in the late 1960s.

Clear felling in land parcels no bigger than 40 hectares, has proven to be the safest and most effective means of harvesting timber and achieving good forest regeneration. Its abandonment by Government authorities in New South Wales, will inevitably cast a cloud over the long-term viability of that State's native hardwood industry.

VAFI will continue to press for the retention of this method of silviculture in Victoria. Again an industry and Government partnership in promoting community understanding seems desirable.

VAFI will also continue to support the State Government's resolve to stop those extremist groups who illegally invade work sites. We believe that all Australians have the right to express their opinions, but only if it does not infringe on the legal rights and safety of others.

The year has also seen a raft of legislative and operational discussion papers released by Government which if implemented might impact for good or ill on our members' activities.

In line with this shift of focus from RFA formulation to conducting multiple reviews and negotiation, VAFI has restructured. Nick Murray has been appointed Director Operations, combining the OH&S and Industrial Relations functions. Pat Wilson has been appointed Director Public Affairs with responsibilities across the broad communication and government relations areas.

Together with VAFI President, Mr. Greg McCormack, the VAFI Executive, I believe we are developing a strong team that will continue to offer value and service to our members.



Industry & Community Issues

Timber Pricing Review

A Fair Return

VAFI position

- There should be no significant variation to the current royalty equation system until sustainable yield, industry development and restructuring options and long-term licence renewal issues are resolved.
- Logs supplied from public native forest are on average already fairly priced and there is no evidence that there is any capacity to pay more
- Pricing mechanisms should deliver a fair return on the resource and encourage economic activity
- Pricing should not be used to regulate native forest harvesting nor to artificially make plantations more attractive investments.

The current pricing system delivered State Government an 18% profit on forest management expenditure during 1998/99 and 1999/2000, debunking claims that the timber is underpriced or the industry subsidised.

In April 2001, the Department of Natural Resource and Environment initiated an independent review of timber pricing. In June it released a discussion paper and called for submissions.

The discussion paper noted in its description of the industry that:

- It contributed \$1.8 billion to Victoria's output
- Had an annual turnover of \$540 million
- Directly employed some 4000 people.
- Sawlog made up over 30% of the volume harvested and represented over 70% of the revenue
- Residual timber represented 60% of the volume but just and 20% of the revenue (Debunking the myth that the industry is woodchip-driven)
- The average cost of residual timber was \$9.12 per m³ not \$0.09 as is often claimed.

VAFI has prepared a detailed submission supporting its proposition that the timber is already fairly priced, given that Government is receiving a good financial return on activity and additional forest management and protection benefits.

It is also inappropriate to seek to regulate timber harvesting by pricing policy, when as sole supplier and regulator, the Government already strictly controls access, volume and the conditions under which timber is harvested.

Raising the cost of native forest timber in an effort to increase investor interest in sawlog plantations is a dubious and high-risk strategy. It would immediately dampen industry investment. Investors outside the industry are unlikely to be drawn to sawlog plantations unless other incentives apply. There are no successful high quality sawlog eucalypt plantations and the concept, while promising, is yet to be proven. There is also limited ability to buy inexpensive land for a harvest rotation at least two and possibly four times longer than woodchip plantations (30 to 60 years as opposed to 15 years for woodchip).



Resource Availability

Environmentally and Commercially Sustainable

VAFI position

- State Government should honour its commitments to licensees to provide the timber resource as indicated in the Regional Forest Agreements and the individual timber licences.
- If this is not possible, the State and Federal Governments must assist with the resulting accelerated industry restructure and resource development necessary.
- The Regional Forest Agreement framework should be maintained and reinforced with legislation.
- A system of ongoing and transparent audits should be introduced to ensure forest harvesting operations reflect those projected.

There can be little doubt that a poor understanding of the quantity of timber resource has in part undermined the tremendous amount of good work done in developing an otherwise extremely comprehensive forest protection and management system for Victoria.

That the Regional Forest Agreements have delivered a world-class forest conservation reserve network is beyond question. Victoria now has nearly half its forest area in reserves. The RFA process has also for the first time clearly defined the net areas available for harvesting. Yet it seems to have fallen short on the other fundamental task; providing resource security for forest industries.

In the development and execution of the Regional Forest Agreements, VAFI expressed concerns about the level of resource available in the areas where timber harvesting would be permitted. However State Government was confident it could increase the forest reserve area by over 36% and retain a sustainable yield well above its licence volume commitments.

Most of Victoria's five RFAs contain a 'get out clause' in effect stating that while licence volumes would be maintained, final sustainable yield levels would be further refined in future reviews. In the face of strong VAFI concerns, the Central Highlands RFA and subsequent Departmental letters specifically stated: "...Victoria is committed to supply, as a minimum, the current

licensed volume of D+ sawlogs (354,00m³ per annum) for the next 20 years from these FMAs (Forest Management Areas)."

As it became increasingly evident that VAFI's concerns were justified, it successfully petitioned State Government to undertake an urgent and comprehensive review of the resource level.

A special meeting of industry representatives in March 2001 believed that regional Victoria could face up to 1200 job losses and 20 mill closures if the resource shortages being mooted eventuated. The Minister for Conservation and Environment, The Hon. Sheryl Garbutt MP, subsequently directed that the review be undertaken concurrently with the timber licence reviews.

VAFI supported this approach, because it wanted a licence renewal process that was backed by a guarantee of licence volume. Anything less could not provide industry security.

VAFI participated in the process, through its membership of the Peak Strategy Group overseeing the review, and the Licensing Working Group developing options for licence renewals. It is also providing expertise and comment to the Technical Working Group charged with collecting the data and developing timber-harvesting strategies.

At this early stage it appears that one of the major causes of the resource shortfall is a miscalculation of the area affected by current

codes of practice guidelines. This is in part due to an over zealous interpretation of those guidelines and the need to cater for unmapped waterways. Anecdotal evidence suggests that a substantial part of the resource has been removed from the yield because of these prescriptions. In effect this placed more forest in conservation reserves than the RFAs anticipated.

Should this prove to be the case, then the first option is to recognise these sites as reserves to seek opportunities to exchange them to maintain the net areas allocated for reserve and timber production. The RFAs stipulate a parcel of land can be withdrawn from harvestable area if it is replaced with another with similar quantity and quality resource.

There is also the opportunity for Government and industry to work together to facilitate resource expansion through the development of sawlog plantations, and nurturing more productive native forest. It must be recognised that sawlog plantations are as yet an unproven option, and might not be capable of being applied to all species. However it is an option that must be fully explored, particularly if the industry is to expand and decrease its reliance on a sole supplier.

It is also apparent that any shortfall in resource will necessitate an acceleration of the industry's move up the value-add chain to increase return from less and possibly poorer quality resource.

The Victorian industry has in recent years invested tens of millions of dollars in value adding, technology, jobs and industry restructure. Future investment is now at risk.

Should Government be unable to honour its commitment then it will need to provide further industry assistance to support more rapid industry restructure and change. It is obviously more sensible invest that assistance in facilitating resource development and job creation rather than downsizing the industry. However the reality is such a process might also have to include a mix of both options in the shorter term.

Firstly however, the review process must deliver commercially viable sustainable yield figures in which Government, industry and the community can have confidence.

One of the major functions of the RFA process was to deliver security for the native hardwood timber industry. Despite its misgivings at the time, industry accepted the reduced forest area, (now less than 30%) because of Government assurances that it could deliver. Yet within a few months of the last RFA being signed all the indicators are that this is unlikely to be the case unless some radical re-think takes place.

VAFI is working to promote a rigour in analysis of the current situation, to ensure it reflects the on-ground situation. There will also need to be a transparent, ongoing audit system for forest operations to keep the timber plans and harvest activities on track. This will provide regular feedback from regions, comparing field checks against resource, estimates derived from inventory and harvesting models, proper liaison with licensees/contractors and making any necessary adjustments in a timely way.



Regional Forest Agreements

Comprehensive, World Class, Worth Supporting

VAFI position

- The Regional Forest Agreements between State and Federal Governments should be backed by legislation in both Parliaments.

Both major parties at Federal and State levels profess strong support for the Regional Forest Agreements, yet they have not been backed by legislation.

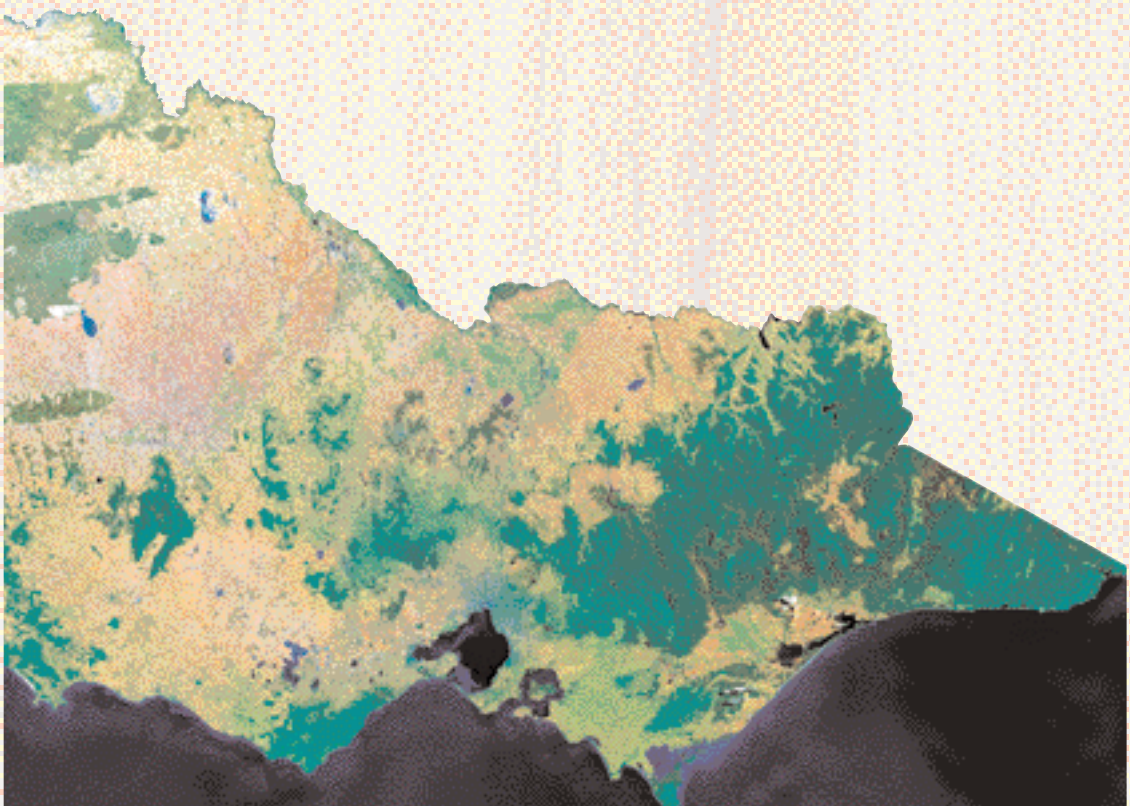
Consequently the Agreement had little ability to withstand a politically opportunistic move by the Western Australian Government to retain power by abandoning its RFA. The WA Government is now faced with the problem of a massive dislocation of the industry and their dependent communities.

Australian governments invested over \$300 million in the RFA process to develop a comprehensive and scientific framework for managing the nation's

forests for a raft of environmental and commercial values. It seems appropriate to protect that investment from the vagrancies of political opportunism and whim, by passing legislation.

There is no doubt that the inability of Federal Government to pass supporting legislation to date is contributing to a general concern with the industry's future.

VAFI is seeking undertakings from both major parties to support the transition of the Regional Forest Agreements Bill.



Licence Review

An Equitable Outcome

VAFI position

- Long term licences with annual royalty reviews support investment and development
- Licences should be resolved in concert with the resolution of the resource issue

Long term and evergreen timber licences are facing renewal. Little progress has been made in finalising this issue. The first of the 15-year term licences are due to expire in mid 2002. While a number of evergreen licences, running for 15 years, but designed to be reviewed every five years are already well beyond their review period.

The inability to finalise this issue is again dampening investment and job creation.

“Value adding initiatives facilitated by long term licences have increased the production of kiln dried timber and the recovery of sawn timber from lower grade logs”

RFA Central Highlands Directions Report September 1997

VAFI has been negotiating with the State Government to finalise the general provisions of the licences and move toward an equitable solution to the intertwined licence/resource/industry development issues. While some in State Governments might seek shorter licence periods in an attempt to reduce its exposure to risk, there is no doubt that it would retard investment.

VAFI has also received legal advice that suggests that government cannot move to unilaterally end licences.

The need to resolve this issue provides added impetus to resolve the resource issue.



Forest Industry Structural Adjustment Package

– Partnership between Governments and Industry

VAFI position

- The FISAP budget will need to increase if it is to provide adequate compensation for the anticipated withdrawal of resource and business opportunity.
- As a joint Federal/State program, neither Government should pick and choose which element it will or will not support.
- Industry Development Assistance should be provided on the understanding that it would need to be repaid should the company subsequently take Business Exit Assistance

A disconnect between State and Federal Governments, changing conditions and uncertainty over resources meant that by the end of the 00/01 financial year, while many offers had been made, very little of the budgeted \$42.6 million of FISAP money had been spent.

The grants were to provide displaced worker assistance, equitable business exits, compensation for harvesting rescheduling, and most importantly industry development assistance to accelerate necessary industry restructure.

Industry Development Assistance was budgeted at just over \$13 million. It would directly generate an estimated \$60 million of industry investment plus flow-on investment. Projects included joint venture plants, more comprehensive processing, more efficient equipment and industry wide programs to support the sales of these products.

Early in 2001, VAFI notified both Federal and State Governments that FISAP applications should be put on hold until industry members were apprised of the looming resource issue before they committed funds. VAFI requested a series of industry briefing in the regions. After the briefings, VAFI asked that the grants program proceed.

State Government then introduced a provision that companies accepting IDA grants should not be eligible in future for business exit assistance. VAFI agrees that scarce public funds should not be put into companies that would soon after close. However it is inequitable to bar companies from compensation at a later point should it emerge the resource committed under licence could not be delivered.

The solution put to State Government was that companies who avail themselves of a grant and subsequently exit the industry must either repay the IDA or deduct the amount from any Business Exit Assistance.

If industry is forced to accelerate investment to cater for different resource or to increase return from a diminishing resource because Government cannot honour its commitments, then the FISAP package must be increased.

Given both State and Federal Governments signed the Regional Forest Agreements, both have a responsibility to honour its commitments and work jointly on its ramifications.

Timber Industry Plan/Council

A clear way forward

VAFI position

- A whole of State Government approach is needed to develop and implement a Victorian timber industry development plan.

The current reviews on resource, licensing, timber pricing and contracting, provide an important opportunity to implement the State Government commitment to create a Timber Industry Council and develop a timber industry plan.

A whole of Government approach would strengthen the development of the Council and the implementation of a plan. It could combine the expertise of the Departments of:

- Natural Resource and Environment, the manager of the current principal resource,
- State and Regional Development, charged with promoting industry and regional development, Treasury, responsible for overall financial management
- Premier, providing Government leadership and co-ordination

Current industry development proposals, while crucial, are within the context of coping with the changes brought on by the Regional Forest Agreements and native forest resource availability.

Given the contribution the industry makes to Victoria and its potential to contribute more a, strong Government and Industry partnership promises benefits for both. VAFI will continue to work with Government for this outcome.



Renewable Energy Bill

Positive environmental outcomes

VAFI position

- The ability to use waste timber from harvesting or sawmilling as a renewable fuel for generating electricity might provide a means of protecting the industry from the vagrancies of the international woodchip market.

The Renewable Energy Act passed by Federal Parliament in December 2000, recognises that timber is a renewable resource. The Act is aimed at reducing greenhouse gas emissions by some 7.5 million tonnes per year.

It requires that electricity distributors and major buyers of wholesale electricity purchase 9,500-megawatt hours per year from generated from renewable energy sources by 2010. The initial target is 300-megawatt hours per year, increasing annually on sliding scale to the 2010 target.

There was considerable controversy over many aspects of the bill, including the classification of waste timber as a renewable fuel source. However subsequent VAFI research prior to the By-Election for the Federal seat of Aston indicated good community support ranging from 65% to 78% depending on the voter classification. This response occurred during a high profile campaign by the opponents of the legislation who distributed dramatic, inaccurate and alarmist literature.

Regulation 8 supporting the Legislation, specifically deals with wood waste and the conditions under which it can be legitimately used. Eligible native forest wood waste must:

- Not be the primary purpose of the harvesting operation
- Be a by-product of harvesting for high-value processing, or forest management thinning operation
- Be produced in accordance with ecologically sustainable forest management principles in accordance to, or consistent with, a regional forest agreement.

The Australian Greenhouse Office classifies burning wood waste from sustainable harvesting as contributing zero greenhouse gases to the environment, because the regenerating forest is absorbing carbon. While a paper was released during the year claiming burning wood released more greenhouse gases than burning coal, CSIRO's review of the paper has cast considerable doubt over the methodology and the findings.

In Victoria, the Sustainable Energy Authority, which certifies retail "green" electricity schemes, does not classify native forest wood waste nor dedicated hydroelectric dams as renewable energy sources, notwithstanding the federal legislation and the science.

A proposal for a biomass generator using sawlog wood waste in Victoria is still in the early developmental stages. While biomass electricity generation might provide another outlet for residual timber from harvesting and processing, it is unlikely to become a major market in the near future.

Wood waste is more likely to be another avenue for sawmills to reduce processing energy use through on-site generation with an option of feeding some power back into the grid.

In doing so, it could increase the attractiveness of harvesting poor quality coupes, to restock them for higher sawlog production in the future; overall a positive environmental outcome.

Forestry and Water Catchments

Protection and production

VAFI position

- Extensive scientific evidence indicates that water catchment protection and timber harvesting can co-exist
- Controlled harvesting activities in the Otways Forest and Thomson catchment have no effect on water quality and little if any effect on water quantity.

During 2000 two significant scientific reports indicated properly managed forest-harvesting operations have little effect on water quality or quantity.

The first, was a report on three-year \$3 million study by the Co-operative Research Centre for Water Quality and Treatment into the health effects of Melbourne's water quality. The study was not concerned with harvesting or any other activity in catchments. It sought to determine whether water from Melbourne's catchments detrimentally affected people's health. It studied the health of 600 families, 300 of whom had additional filters installed on their water supply. The study found:

"No city in the world can be more sure that its water supply does not cause health problems than Melbourne"

Coincidentally the study occurred over three of Melbourne's driest years, when any likely impact of harvesting would be at its most notable.

This suggests that the controls in place over the small but important amount of harvesting that occurs in the catchment of Melbourne's largest dam, the Thomson, is effective. The catchment is an irreplaceable source of high value mountain and alpine ash.

In recent years about 90ha or 0.18% of the Thomson catchment's 48,000ha has been harvested annually. This means much less than 20% of the total catchment area is harvested over an 80 year harvesting cycle. Detailed studies by the Cooperative Research Centre on Catchment

Hydrology have found that unless over 20% of a catchment is harvested over a cycle it is difficult to detect any change in water quantity.

VAFI has prepared a detailed submission to the State Government's review of Melbourne's future water supply issues.

The second report released was a major study into the impact of logging practices on water yield and quality in the Otways Forests, undertaken by Sinclair Knight Merz for DNRE. This extensive study released in December 2000, found that:

- Harvesting controls ensure there is no impact on water quality
- The main influence on water quality is streamside agriculture
- If there were no bushfires in the catchment for 100 years and a constant rainfall then forest regrowth from harvesting operations would reduce stream flow by about 1% (There were five major bushfires in the Otways last century and three in the latter half of the preceding century)
- The same scenario without harvesting could increase stream flow by 6% (Currently on average less than 9% of the total stream flow is diverted for water supplies)
- Rainfall was the main influence on stream flow; capable of changing flow rates 10 fold.

The research is consistent with, and adds to, the considerable body of research demonstrating well managed forestry operations are not an environmental issue in many catchments.



Community Interaction

Regional Reference Groups

VAFI position

- A major rethink is necessary to gain benefits from regional reference groups
- VAFI should be represented on all groups, to better resource industry representatives

During the year the State Government initiated a number of regional reference groups comprising industry, DNRE, community and environment groups, to discuss forestry issues and harvesting schedules.

The principal of encouraging dialogue and understanding, while laudable, is proving difficult in execution.

There have been claims and counter claims of one faction or another hi-jacking meeting agendas to suit their individual philosophical stance.

Many of the non-timber industry members are full time activists. This places the industry at a disadvantage. A VAFI representative on the groups would help offset this imbalance.



Community Attitudes

Telling our story

VAFI position

- The Forest Industry must:
 - Actively engage in the environmental debate and demonstrate it is an environmentally and socially worthwhile industry
 - Defend itself against unjust criticism and take on-board justified criticism
 - Provide accurate and timely information to increase understanding
 - Understand community attitudes
- The Regional Forest Agreements must be promoted to increase community understanding.

To the forest industry community, it is sometimes astounding how little people know about our forests, despite the high media profile it often attracts. Additionally, the industry is constantly under the scientific microscope, review and refinement.

However, research demonstrates there is little understanding of the RFAs, the levels of forest protection, the forest environment, and industry controls. It also shows a willingness to accept information that demonstrates the forests are being protected, and no great antagonism towards forest harvesting.

However in the absence of information, negative campaigns against the industry have more likelihood of detrimentally affecting the industry. The formation of the Liberals for Forest Party in Western Australia, and its intention to field candidates in Victoria is a concern. Other aligned groups, Doctors for Forests and Lawyers for Forest have also been formed.

It is disappointing that these groups seek to leverage off their positions as doctors or lawyers to seek credibility on forestry issues. To date neither group has demonstrated an understanding of forestry and environment protection.

VAFI will continue to counter the concerns raised by these groups and will also actively participate in political campaigning against them if they field candidates by placing accurate and relevant information about the industry and the issues.

VAFI, through its involvement with the Forest and Wood Products Council, participated in national research into forest issues, and has also researched community attitudes leading up to the by-election in the Federal seat of Aston. Further surveys are planned.

The results of the surveys have been used to develop communication campaigns targeting the broader community, for participating in the political process, and colour all public affairs activities.

Advertisements are being developed and tested to demonstrate the environmental credentials of the industry. The advertisements are due to run this summer. They will be supported by other public affairs activities.

VAFI has also joined forces with the Public Land Council Victoria, Timber Community Australia and the Furnishing Industry Association of Australia to develop a new web site, "www.ourforests.com.au". The website, while still being completed, is active and provides information and useful links to other authoritative sites.



Member Communication

Teamwork

VAFI position

- One of VAFI's fundamental roles is to keep its members fully informed of issues that affect their business and to understand their concerns and objectives so it can better represent the industry.

To improve the flow of information, VAFI has increased its use of the Internet and set in place an ongoing series of meetings and briefings across Victoria.

News releases, VAFI News and other bulletins are now principally delivered to members over the Internet. In the longer term, the VAFI website will be overhauled to provide a range of interactive services to members.

To ensure VAFI officers better understand the issues, opportunities and concerns, VAFI directors now regularly travel to the regions. Additionally a series of regional meetings and briefings have occurred on important issues, and as part of the ongoing management of the organisation.



Industry Services

Cost-effective Service and Advice

VAFI has restructured its Industry Services and Occupational Health & Safety Services area so it can continue to provide members with cost-effective and responsive services.

The organisation decided to review its approach to these functions following the departure of two valued and long-time employees, Industry Services Director, Peter Ryan, and OH&S Services Manager, Denise Clayton.

Nick Murray has been appointed to the new position of Director Operations with responsibility for a broad portfolio of Industry and Member Services functions including:

- Industrial Relations
- Occupational Health and Safety
- Workcover
- Membership issues
- Education and Training
- Forest Industries Structural Adjustment Program

To provide members with a responsive, timely and quality advisory service, the advice available directly from the VAFI office was supplemented with advice from external consultants on an 'as needs' basis.

For Industrial Relations matters, Peter G Ryan and Associates were retained on a part time basis to consult to VAFI, and where required, to provide direct assistance to Association members. No OH&S consultants were engaged during the year because of the ongoing benefit of the initiatives introduced by Denise. However there will need to be a renewed focus on OH&S issues, particularly in light of the Workcover Authority's "Strategy 2000" program that is specifically targeting Log Sawmilling as an industry sector in need of OH&S improvement. It is anticipated that external OH&S consultants will be engaged in the future on an 'as needs' basis for specific matters.

To maximise the benefit and manage costs through these arrangements, initial contact on Industrial Relations and OH&S issues should be directed to Nick Murray. He will arrange and manage external consultants if required. The primary objective is to ensure members obtain the highest level of service and technical advice at the lowest possible cost.



Photo supplied courtesy of Black Forest Timbers



Industrial Relations

There were several industrial matters and issues during the year of significance and which have had or will have implications for members.

Award Matters

Test Cases

The ACTU has foreshadowed pursuing a number of major test cases before the Australian Industrial Relations Commission this year. The cases relate to:

- Parental Leave rights for long-term casuals
- Reasonable Working Hours
- Improved Redundancy and Job Security

Parental Leave

On 31 May the AIRC issued a decision expanding the existing Parental Leave standards to eligible casual employees. An eligible casual employee means a casual employee employed by the same employer on a regular and systematic basis during a period of at least 12 months.

This decision continues the trend established through the Metal Industry Casual Employment case earlier this year. Key elements of that decision related to an increase in the Casual loading to 25% and the ability of casuals to convert to full-time employees.

The CFMEU is expected to seek to vary the Timber and Allied Industries Award to incorporate the new Parental Leave Test Case Standard and a flow-on from the Metal Industry decision.

At present, casual employees are specifically excluded from the parental leave provisions in the Workplace Relations Act and most Federal Awards (including Timber and Allied Industries Award).

Reasonable Working Hours

The ACTU is seeking to insert into all Federal awards a standard clause defining 'reasonable hours' in order to prevent employers from directing employees to work hours that fall outside the Award definition.

A further matter that has been linked to this test case is an Application regarding Annualised Salaries. The case is expected to continue for some months.

Redundancy

The ACTU has foreshadowed a 'test case' related to proposed new award requirements on workplace consultation and redundancy entitlements. The case will be aimed at:

- Re-introducing award obligations for employers to consult with employees about changes affecting business operations
- Requiring the establishment of European-style consultative mechanisms
- Establishing new redundancy standards, including increased severance payments; and
- Increased periods of notice for employees terminated





Safety Net Wage Adjustments

Federal Award

In May 2001 the Federal Timber and Allied Industries Award 1999 was varied to give effect to the Safety Net Wage adjustment decision of the AIRC. The decision provided increases of:

- \$13 per week in minimum award rates up to and including \$490 per week
- \$15 per week for minimum award rates over \$490 and up to \$590 per week and
- \$17 per week for minimum award rates over \$590 per week.

The increases were to apply from the first pay period starting on or after May 29th, 2001.

The AIRC continued the principle of the two previous years by providing for the increases to be fully absorbable into over award payments.

Metal Industry Award

Changes to Casual Employment

A Full Bench Decision in the Metal, Engineering and Associated Industries Award dealt with the subject of casual employment. Key aspects of its decision were:

- Increasing the casual loading from 20% to 25% (effective from the first full pay period starting on or after 1 March 2001).
- Regular casuals can convert to full-time employees after six months continuous service

While the decision deals only with the Metal Industry Award, it is likely to be used as a test case for variations to other industry awards including the Timber and Allied Industries Award.



Legislation

Victorian Fair Employment Bill

This Bill before State Parliament proposes sweeping changes to the Victorian industrial relations system. It effectively seeks to resurrect a State-based industrial relations system that was dismantled by the previous Coalition Government.

The State Opposition has stalled progress of the Bill in the Upper House. The issue has become further politicised as a consequence of the Federal Government proposing to extend the range of matters currently contained within the existing schedule of Minimum Entitlements. Some see Federal Government's move as politically motivated and designed to take the heat out of the Victorian Government and the union movement's push for reform.

The Federal Government says that its proposal will save the Victorian Government the \$10 million it would need annually to operate a reinstated industrial relations system. By extending the list of minimum entitlements The Federal Government would remove the need for the Victorian Government to legislate on such matters.

While a number of amendments have already been made, the Victorian Government has yet to reintroduce the Fair Employment Bill or outline the extent of further proposed changes. Despite amendments having been made to the Draft Bill, significant concerns remain in relation to the right of entry for union organisers and contractor issues.

The main areas of concern regarding contractor issues are:

- Regulation of independent contractors/deemed employees
- Unfair contracts review mechanism
- Liability of companies for payment of remuneration to employees of subcontractors



Unfair Dismissal Ceiling Increased

The ceiling for eligibility for employees not covered by a Federal Award to pursue unfair dismissal applications was increased as of 1st July 2001 from \$71,200 to \$75,200.

The figure is adjusted on 1 July each year.

Other Legislation

The following Bills are currently in various stages of progression through the Federal Parliament

- Transmission of Business Bill
- Compulsory Bargaining Fees
- Registered Organisations Bill
- Employee Entitlements Scheme

Each Bill has implications for unions.

The Compulsory Bargaining Fees Bill will probably be the most contentious. The Bill has arisen as a result of a decision by a single member of the AIRC allowing a compulsory bargaining fee for non-union members to be included in an Enterprise Agreement. The progress of the Bill is likely to be influenced by the outcome of a current Full Bench appeal against the AIRC decision.

Occupational health and safety remains a major industry issue. Workplace accidents, illness and disease impact on the quality of working life of those afflicted and have an economic and social impact on their families, colleagues, employers and the community.

VAFI members have been particularly well served through the agency of Denise Clayton as full time OH&S Manager. Denise introduced a range of OH&S initiatives that continue to serve VAFI members and the wider industry. However it will become increasingly important to renew the focus on improvement in OH&S performance. Apart from the overriding moral and social responsibilities, there is a commercial imperative to ensure the direct and indirect costs of workplace health and safety are contained and reduced.

OH&S matters will receive greater attention as the VAFI restructuring in this area is 'bedded down'. The emphasis will be on assisting members to improve or introduce OH&S management systems.

The Victorian Government has clearly indicated that it is serious about addressing workplace health and safety. It is appointing significant numbers of additional personnel to Worksafe Victoria to boost its inspectorate role. It has also introduced legislation directed at improving compliance.



Occupational Health & Safety

Industrial Manslaughter Bill

The State Government's Industrial Manslaughter legislation has been held over until the Spring session of Parliament to allow further consultation with industry.

The proposed bill has serious implications for companies and individuals. It proposes that:

- Senior officers including directors, executives and company secretaries, be liable for a maximum five years jail and \$180,00 fine for industrial manslaughter and two years jail and \$120,000 fine for negligently causing serious injury
- Corporations be liable for maximum fines of \$5million and \$2 million respectively

The ramifications of the Bill are significant and reflect the seriousness with which the State Government views OH&S responsibilities.

OH&S Projects

VAFI has applied for funding through Industry Development Assistance under the Victorian Forest Industries Structural Adjustment Program to undertake three Occupational Health and Safety projects:

- Development and maintenance of a Victorian Timber Industry Incident and Injury Database
- Development of an OH&S Manual for the native hardwood sawmilling and further processing sector.
- Development and implementation of an industry based OH&S certification system for the hardwood sawmilling and further processing sector.

VAFI is optimistic that Government will approve funding for these projects.



New Guidance Material for Health and Safety in Forest Operations

The Minister for Workcover, The Hon Bob Cameron MP, and the State Coroner, Graeme Johnstone, launched a new publication titled "Health and Safety in Forest Operations – Recommended Practices".

VAFI participated in the industry working group to develop the guidelines with the support of the Victorian Workcover Authority. It is designed to provide employers, health and safety representatives and employees with advice on controlling the hazards associated with log harvesting, extraction, loading and transport operations.

The guidance material is intended to supplement information on employer obligations to provide a safe and healthy workplace, as set out within the Victorian Occupational Health and Safety Act, 1985, as well as the specific regulations on hazards such as noise, heat, plant, chemicals and manual handling.

The guidance material points out where specific regulations apply. It should be used in conjunction with specific legislative requirements and the Code of Practice - Safety in Forest Operations, 1990.

1999/2000 Safety Awards

The following members received recognition at the last Annual General Meeting for their respective achievements in the area of Safety Performance:

Safety Performance Awards:

Category 1 (less than 10 employees) –
Stoll Bros P/L

Category 3 (more than 21 employees) –
Mount Beauty Timbers P/L
Brodribb Sawmills P/L

Outstanding Achievement in a training initiative:

JLGould Sawmills P/L

VAFI remains actively involved in developing, promoting and supporting education and training initiatives for VAFI members and the wider industry.

VAFI is directly represented by Nick Murray, Director Operations, on the Boards of Directors of Timber Training Creswick Ltd, (trading as the Victorian Timber Industry Training Centre), the School of Forestry Creswick Ltd, the Forest and Forest Products Employment Skills Company Ltd (the National Industry training advisory body), and the Victorian Forest Industries Training Advisory Committee (the State Industry training advisory body).

In addition VAFI members are served by active representation on the Timber Training Creswick Ltd by Jim Micah and Frank O'Shea.



Education and Training

Timber Training Creswick

Timber Training Creswick Ltd continues to be the pre-eminent provider of training to the sawmilling and further processing industry in Australia.

However the Centre continues to be confronted with the challenge of securing public funding for training delivery despite the quality of its training services and its unique capacity in terms of training facilities and expertise. As a consequence, the strategic relationship established with Holmesglen International Training Services, a division of Holmesglen Institute of TAFE, has been discontinued.

The relationship with Holmesglen was very attractive for Centre management arrangements. However the arrangement severely disadvantaged

the Centre after changes to guidelines for public funding eligibility were introduced. The new rules introduced by the Office of Post Compulsory Education, Training and Employment precluded Registered Training Organisations owned by TAFE Institutes from participating in tendering for publicly funded training delivery in Victoria. TTC relies on public funding for a substantial element of its operating income. Consequently the TTC Directors determined that despite the success of the relationship with Holmesglen, the only option available was to revert the Centre to a stand-alone commercial entity, owned and operated by a Board of Directors drawn from industry.

This restructuring has been completed. TTC now operates as a 'not for profit' company at the Creswick site which is leased by TTC from VAFI.

Despite the challenges associated with uncertain funding, TTC continues to provide quality training to industry throughout south eastern Australia.



Forest and Forest Products Employment Skills Company

FAFPESC, the industry training national advisory body, has completed and published a comprehensive suite of training resources for the industry.

This product, the Forest Industries Training Package, comprises a complete set of qualifications in all industry sectors. It is based on revised industry Competency Standards, together with Assessment Materials, Trainer and Learner Guides.

VAFI contributed to the development of these resources and is actively involved on the Board of FAFPESC and its subsidiary organisation, the Victorian Forest Industries Training Advisory Committee.

Market Report

Overall 2000/01 was a tough year for the timber industry, although not as bad as predicted. The indications are promising for local producers if they can meet the now growing demand.

The end of the 2000/01 financial year saw dwelling approvals well down from previous years, declining 21% to 120,094. This can be mainly attributed to a post- GST correction. Although building approvals declined significantly, it wasn't as large as most analysts were predicting.

Building approvals continued to increase since the release of the March 2001 approval figures, with Victoria leading the way. The next financial year is beginning to look good. It is expected to deliver continued growth flowing into the following year giving a positive outlook on the future of the building industry.

The downturn in the building industry in 2000/01 saw a significant drop in the consumption of wood products within Australia. In 1999/00 sawn wood consumption reached 4,862,000m³ but declined to 4,292,000 m³ in 2000/01.

The June quarter 2001 consumption figures however, reflect the turn around in the building industry with the consumption of wood products increasing by 22%.

Although the consumption of wood products declined in 2000/01, they did not decline as significantly as building approvals. In fact, imports actually declined more, implying that users were substituting imported products with locally manufactured wood products.

Exports for 2000/01 decreased, possibly due to the increase in demand for local products. Tasmania was the only State to buck this trend. Its exports volumes increased 130%.

The good news is that the building industry is on the up and is expected to head that way over the next couple of years. BIS Shrapnel is forecasting a swift recovery of total building commencements in 2001/02 by 8%. HIA forecasts are also quite positive. Recent Australian Bureau of Statistics figures for building approvals reinforces the positive outlook for the industry in the coming year.

However for local producers to capitalise on this increase and keep imports at current low levels they must be able to meet this demand.

More detail, including statistical data, is available to all members. Please feel free to contact VAFI or the TPC to obtain the information you require.



Timber Quality and Product Certification



The product and market development objectives of Timber promotion Council and the hardwood industry generally depend on the industry's ability to supply consistent, reliable, fit for purpose products.

Australian Timber Industry Certification quality program is an important component of its program. ATIC is a non-profit organisation jointly owned by the Victorian Association of Forest Industries and the New South Wales Forest Products Association. Other industry associations and groups can become shareholders if their members are part of the ATIC quality scheme.

ATIC delivers the hardwood timber quality certification program using independent auditors to certify that timber carrying the ATIC brand complies with the recognised Australian Standards for structural and appearance hardwood products.

During the year Drouin West Timber Sales completed the ATIC qualification requirements and was licensed to use the ATIC quality mark on its timber. The company joined with the other nine Victorian sawmills that have established a reputation

as suppliers of quality assured timber. Two other Victorian hardwood producers who decided to join the program during 2000/01 are working towards the qualification standard for membership.

The top performer among the group of ATIC members in 2000/01 was W.H. Micah & Sons, which won the Quality Achievement Award for the second year running. Black Forest Timbers won the Quality Improvement Award.

ATIC is also servicing the Victorian industry by providing the auditing and producer support elements of the SUPA17 structural timber grade marketing initiative. These activities aim to ensure that the SUPA17 brand is accepted by builders and specifiers, so that it achieves rapid take up as an efficient and reliable structural option.

Although the ATIC program does not include any active promotion of its quality brand, a highly effective website was established during the year. This website helps customers to select and source quality certified timber, and provides links to some individual member websites. The ATIC website can accessed at www.timbercert.com.au.

Finance

Balance Sheet Summary

The Association remains in a financially strong position. It has total equity (Member Funds) of \$1.691 million and healthy cash reserves of approximately \$447K.

2000/2001 Budget

VAFI members endorsed the 2000/01 budget with the following considerations:

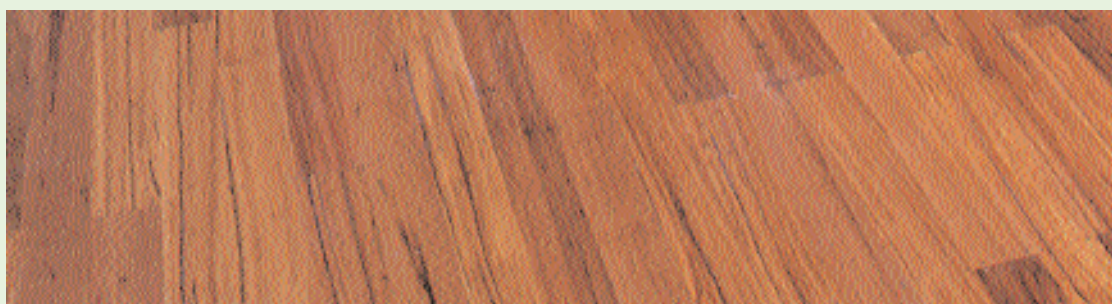
- Membership levies were projected to decline due to rationalisation and RFA induced exits
- Given the tight economic circumstances and the likely on-going rationalisation, a significant reduction in membership fees was projected and a conservative approach to other income was adopted
- The initial outlook for program expenditure had suggested a reduced amount of 'resource politics' given the completion of RFAs in March 2000. As the year progressed, particularly as it became clear the sustainable yield figures were overstated, this proved to be a wrong assumption

- Given rationalisation and resource shortfalls, it became clear that a major restructure was required in the Association staffing and membership fees. The budget was approved on the basis that a 'future directions' forum would be conducted to review these factors
- Given surpluses had eventuated in the last few years generating a healthy reserve, largely due to forecasts of reductions in membership fees being overly conservative, a deficit budget was adopted.

The following issues affected the financial outcome for financial year ended 30 June 2001:

Income

- Rationalisation and resignations largely associated with RFA induced business exits resulted in a decline in membership income of \$115,742 from the previous year – this was \$10,000 more than the budget projection;
- Grant income largely associated with the OH&S program was more than projected;
- Higher than expected interest due to favourable cash reserves.



Expenditure

- Expenditure on external economic and technical consultants increased as a result of staff downsizing and increased legal fees associated with the licence renewal negotiations
- Write back of doubtful debt provision
- Following the Association Review two staffing positions were made redundant and two additional resignations occurred. Two appointments to newly defined positions were made – a net reduction in staff of two
- Office and occupancy costs were reduced.

Overall expenditure was around 2% over the projected budget. The net result was a deficit of \$33,324, well below the budgeted \$95,159 deficit.

The Future

Further reductions in income have been projected due to a shortfall in the expected sustainable yield in the RFAs and likely accelerated rationalisation. Staff restructuring has already positioned the Association to address these changes and moves to change the fee structure for mills on the maximum have commenced. Further fee restructuring is anticipated and the Association will be investigating opportunities to reduce net costs through greater cooperation with other closely allied organisations.



VAFI Organisation 2000/01

Management Committee

President	Greg McCormack
Vice Presidents	David Goding James Neville-Smith Karen Stoll John Swan Diane Tregoning

Executive Committee

Division	Executive Rep	Deputy
Health, Safety & Insurance	R Humphreys	K Stoll
Industrial Relations	P Gunnersen	
Public Relations/Conservation	G McCormack	
Marketing	D Goding	
Logging	A Richards	
Section	Executive Rep	Deputy
Red Gum	P Madden	D Rowe, O Chalmers, D McNulty
Central Gippsland	P Ward	J Micah
Healesville	G Demby	R Reid
North East	B Addinsall	
East Gippsland	R Humphreys	J Swan, A Richards
Ballarat	G Proctor	A Barker, J Dwyer, B Frith, I Crick
Heyfield	K Last	
Softwood/Forest Owners	J Cameron	H Crane

Staff

Executive Director	Graeme Gooding
Director Operations	Nick Murray
Director Resources	Jon Drohan*
Director Public Affairs	Pat Wilson
Director Industry Services	Peter Ryan*
OH&S Manager	Denise Clayton*
Finance Manager	Anthony Cafari
Executive Assistant	Lynne Denby

*Has subsequently left VAFI.

Auditors	CW Stirling Chartered Accountants Level 5, 499 St Kilda Rd Melbourne Vic 3000
----------	--

Bankers	ANZ Banking Group 280 Lygon St Carlton Vic 3053
---------	---



Allied Organisation Membership

VAFI participates in a number of organisations to better represent its members' interests and to maintain awareness of relevant developments and opportunities.

Organisations on which VAFI representatives sit include:

- Victorian Private Forestry Council
- Timber Promotion Council
- Department of Natural Resources and Environment, Licensing Renewal Project Peak Strategy Group
- DNRE Licensing Review Working Group
- Hardwood Research and Development Advisory Board (FWPRDC)
- National Timber Development Council (FWPRDC)
- Kindred Industries Group (housing supply and construction organisations)
- National Association of Forest Industries Board
- Timber Training Creswick Ltd Board of Directors
- Timber Industry Superannuation Scheme (T.I.S.S. Pty Ltd) Board of Directors
- School of Forestry Creswick Ltd Board of Directors
- Forest and Forest Products Employment Skills Company Ltd Board of Directors (the national industry training advisory body for the forest and forest products industry)
- Victorian Forest Industries Training Advisory Committee
- Code of Practice Working Group
- Australian Timber Industry Certification (ATIC) Advisory Committee
- Tree Falling Safety Group
- Public Land Council Victoria
- National Forests and Wood Products Council Executive Communication Working Group
- Timber Industry Road Evaluation Study (TIRES) Group

Forest Industry Statistics

Victorian forest total (including woodland and rainforest)	7.3 million hectares
Total open forest (public and private)	5.5 million ha (approx)
Native public forest	4.8 million ha
Designated conservation reserves	2.7 million ha
State forest area available & suitable for timber harvesting (As specified in the Regional Forest Agreements)	1.3 million ha
State forest area harvested annually	15,000 ha (>0.3%)
Forest area permanently cleared by harvesting	0 ha

Victorian Forest Industry: (1999/2000)

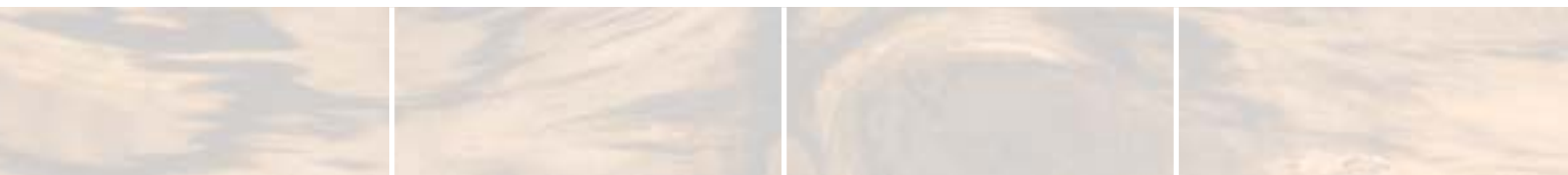
Annual turnover	\$538.3 million plus
Direct payment to Government (fees & charges)	\$71 million
Contribution to Victorian economy output	\$1.8 billion pa
Direct employment	4,192
Indirect	10,000 approx

Controls on Industry

Regulatory:	Code of Forest Practice, Forest Management Plans; and 27 State & Federal Acts covering environmental care, land use, heritage, and flora and fauna protection.
Commercial:	Licence issued by State Government specifying type and quantity of resource permitted. Regular review of licence royalty and fees

Energy use

Timber processing uses	4 times less energy than the production of bricks
	5..... cement
	6.....plastic
	24.....steel
	126.....aluminium



VICTORIAN ASSOCIATION
OF FOREST INDUSTRIES
ABN 99 752 910 589
320 Russell Street
Melbourne Victoria 3000
Telephone +61 3 9662 1444
Facsimile +61 3 9662 3444
Email dmcshane@VAFI.org.au
Website www.vafi.org.au