

PORTFOLIO COMMITTEE NO. 4 – INDUSTRY
LONG TERM SUSTAINABILITY AND FUTURE OF THE TIMBER AND FOREST PRODUCTS
INDUSTRY

Hearing – 29 September 2021

Supplementary questions to Forestry Stewardship Council

FSC Eco Systems Services certification

Ecosystem services are the benefits that people obtain from nature. Forests provide society with a wide range of benefits, from reliable flows of clean water to productive soil and carbon sequestration. In FSC certified forests, valuable ecosystem services are protected – and in 2018, FSC introduced a [procedure](#) to demonstrate and communicate about the positive impact of responsible forest management on ecosystem services. These verified positive impacts aim to facilitate payments for ecosystem services and provide access to other benefits, thereby adding business value for those who responsibly manage forests and those who take action to preserve forest ecosystem services.

By following the seven steps of the Ecosystem Services Procedure, forest managers demonstrate how their management practices conserve or restore valuable forest ecosystem services. Once these positive impacts are verified by an FSC accredited certification body, the resulting ecosystem services claims can be used to tell impact stories about the forest and attract financial and non-monetary benefits.

More information for forest managers can be obtained [here](#)

FSC ANZ is currently examining the markets in Australia and New Zealand to build support for the ESC and the credits that go well beyond carbon and biodiversity.

FSC Certification in Koala Habitat

In regards to your answer to the committee on Wednesday 29 September regarding the potential for FSC certification of forestry operations in core Koala habitat:

1. Would logging in core Koala habitat or in areas where Koalas are known to occur, either on public or private land, be able to attain FSC certification?

The FSC Policy Framework

FSC's policy and standards system utilises a hierarchical framework for describing and assessing performance against its 10 Principles of Responsible Forest Management. The methodology is laid out in the [TROPENBOS International Hierarchical Framework for the Formulation of Sustainable Forest Management Standards](#).

The FSC National Forest Stewardship Standard (Australia) ("NFSS") is derived from those 10 core International Principles of Responsible Forest Management and their associated Criteria and Indicators, Annexes, guidance as well as a Glossary of Terms.

These are to be applied in the management and evaluation of native, plantation, and small and low intensity managed forest operations in all states and territories of Australia for the purposes of FSC certification.

Any Forest Manager seeking to obtain or maintain FSC Forest Management certification is required to demonstrate their conformance with these requirements. Conformance is assessed on an annual basis with independent, FSC-accredited certification bodies.

Principles relevant to the question above:

The NFSS has several key principles that are relevant to the Committee's question, namely

Principle 1 - COMPLIANCE WITH LAWS - *The Organisation shall comply with all applicable laws, regulations and nationally-ratified international treaties, conventions and agreements,*

Principle 6 - ENVIRONMENTAL VALUES AND IMPACTS

The Organisation shall maintain, conserve and/or restore ecosystem services and environmental values of the Management Unit, and shall avoid, repair, or mitigate negative environmental impacts, and

Under Principle 6, Criterion 6.4 and its associated Indicators deal with rare and threatened species and their habitats:

“The Organisation shall protect rare species and threatened species and their habitats in the Management Unit through conservation zones, protection areas, connectivity and/or (where necessary) other direct measures for their survival and viability. These measures shall be proportionate to the scale, intensity and risk of management activities and to the conservation status and ecological requirements of the rare and threatened species. The Organisation shall take into account the geographic range and ecological requirements of rare and threatened species beyond the boundary of the Management Unit, when determining the measures to be taken inside the Management Unit.”

The NFSS offers definitions of the concepts of ‘rare species’, ‘threatened species’ and ‘habitats’.

Principle 9 – HIGH CONSERVATION VALUES

The Organisation shall maintain and/or enhance the High Conservation Values in the Management Unit through applying the precautionary approach.

High Conservation Values include:

HCV 1 Species diversity. Concentrations of biological diversity* including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.

HCV 3 Ecosystems and habitats. Rare, threatened, or endangered ecosystems, habitats or refugia.

These principles are supported by a few others including Principle 7 – Management Planning, and Principle 8 – Monitoring and Assessment.

In response to the Committee's question, the NFSS establishes the requirements that must be achieved and maintained to obtain FSC forest management certification. If the requirements are met, (assessed by an independent auditor) certification is granted.

FSC certification is seen as setting the bar for responsible forest management and for that reason is not easy to obtain.

Private Land – Plantations

- There are numerous incidents where sourcing of timber from private land has occurred where there are adjacent koala habitats. While not specifically native koala habitat, the presence of koalas is a regular occurrence in some native timber plantations.
- There have been several advances to assess, manage and monitor Koala populations in private plantations, which has included Koala population verification by physical counting, technology such as infrared camera on drones, and the employment of professional koala spotters. Once a koala/koalas have been identified during harvesting there are a range of actions that are undertaken including removal and relocation to adjacent native forest, or the creation of special habitat zones (SHZ) within the plantation estate.
- It must be noted that in each case the specific circumstances must be assessed and evaluated to ensure that compliance with the NFSS requirements have been met.
- Example Australian Blue Gums Plantations (Vic) <https://www.austgum.com.au/our-approach/environmental-management/>

Public Lands – Native Forests

- To date there are no public forestry operations that have achieved FSC forest management certification. As the standard-setting body, we are not involved in the granting of certification. This is done via the certification bodies (auditors) and the decision to grant certification occurs through FSC International.
- One of the key issues has been compliance with Principle 9 relating to the preservation of high conservation values.
- The NFSS and Annexure G ([click here](#)) provides a detailed guide on the requirements for forest managers seeking and or maintaining FSC FM certification.

- Forest managers are required to assess and manage strategies and actions to maintain and or enhance the identified HCV.
- HCVs include species diversity; rare, threatened or engaged species that are significant at a global, regional, or national level; ecosystems; and habitats, rare, threatened, or endangered ecosystems or habitats.
- Example Sustainable Timber Tasmania <https://tasmaniantimes.com/2020/08/stt-releases-2019-fsc-audit/>. The result of this audit identifies the importance placed on ensuring the HCV requirements of the standard are met.

2.As mentioned in your answer on page 15 of the transcript where you say you can come back to me “in terms of what the auditor would say”, how would FSC auditor/certifiers assess the potential for logging in core Koala habitat or in areas where Koalas are known to occur to achieve FSC certification? (ie. do they rely on Government approvals as the basis of ecological protections, do they do their own assessment of the significance of the site? Are there any red lines where FCS certification simply couldn't be achieved on the basis of the presence or Koalas or Koala habitat?)

Since there is no current FSC certification involving large scale native forestry operations in koala habitat, we have been unable to obtain an opinion from an auditor relating to the assessment of koalas.

In relation to assessing conformance with the NFSS, the Forest Managers must meet the requirements for assessing, monitoring, and managing HCV within the framework and guidelines.

To assess conformance, certification bodies (auditors) will look for the best available evidence. Best available evidence is defined in the NFSS and the minimum for assessing HCV1 includes:

- *Recovery plans and related documents*
- *Habitat mapping*
- *Databases*
- *Peer reviewed journal articles*
- *Reports by government bodies and credible institutions, organisations, and experts*
- *Expert research and advice (including for high SIR operations, provided by a locally knowledgeable expert independent of the organisation)*
- *Expert and knowledgeable stakeholder data*
- *Field surveys*

When assessing conformance with the HCV framework – the NFSS identifies the assessment pathway for conformance – for example conformance with HCV 1 requires the following:

1. *Consult the Best Available Information* to identify relevant datasets and prepare lists and maps of potential HCV* accordingly.*
2. *Consult experts and other knowledgeable stakeholders* to identify HCVs*.*
3. *(if required): Undertake a gap analysis of the adequacy of existing data with a focus on Endangered and Critically Endangered species and undertake further investigation*

and/or research and consultation to address identified significant data gaps, including targeted surveys/habitat evaluations where required.*

- 4. Undertake a threat assessment* of proposed management activities on identified HCVs*.*
- 5. Identify management required to maintain and/or enhance identified HCVs* (see HCV 1 Management Guidance under Pathway), including actions such as exclusion areas and/or management prescriptions as required, at the FMU and/or operational level.*
- 6. Develop a program of periodic monitoring* and if required, adaptive management*.*
- 7. Consult stakeholders* on assessment, management and monitoring*.*
- 8. Finalise assessment, and implement management and monitoring* plan.*

Each assessment pathway is different for each HCV criteria and is outlined in the NFSS.

For guidance on issues of habitat and protection of species refer to the Auditor reports relating to VicForest <https://www.vicforests.com.au/static/uploads/files/fm-rpt-fsccw-eval-vicforests-071520-redacted-redacted-wfbrusoioikx.pdf>

- and Sustainable Timber Tasmania <https://mylocalpages.com.au/news/tas-news/stt-releases-2019-fsc-audit-fail/>

Controlled Wood

1. What is Controlled Wood?

CONTROLLED WOOD

There are three types of FSC labels: 100%, FSC Mix and FSC Recycled.

All the forest-based timber or fibre in an **FSC 100%** product comes from an FSC-certified forest.

All timber or fibre in an **FSC Recycled** product must be verified as being made from 100% recycled content (pre-consumer or post-consumer).

The timber or fibre in an **FSC Mix** product is a mixture of some/all of the following:

- Virgin timber/fibre from an FSC-certified forest
- Reclaimed/recycled timber/fibre
- FSC controlled wood

As such, the FSC Mix label, introduced in 2004, allows manufacturers to mix FSC-certified material with non-certified virgin wood or wood fibre in FSC Mix products under controlled conditions. The non-certified material subject to these controlled conditions is referred to as "controlled wood."

How does Controlled Wood contribute to a FSC MIX label?

Products that carry the FSC Mix label can comprise a minimum of 70% FSC-certified and/or recycled material, and at most 30% controlled wood.



Why do we need Controlled Wood?

Thanks to FSC Mix products, FSC can reach more consumers and is more visible on the market.

While FSC is the fastest growing forest certification system in the world, manufacturers can still find themselves in the position of having to manage low or fluctuating supplies of FSC certified material.

To avoid bottle necks in the FSC system, the controlled wood system allows manufacturers to source the balance of materials they need, under controlled conditions, to manufacture FSC Mix label products without compromising the mission and values of FSC.

To qualify as controlled wood, material must be verified as avoiding FSC's five categories of unacceptable sources:

1. Illegally harvested wood;
2. Wood harvested in violation of traditional and civil rights;
3. Wood harvested in forests in which high conservation values are threatened by management activities;
4. Wood harvested in forests being converted from natural and semi natural forest to plantations or non- forest use;
5. Wood from forests in which genetically modified trees are planted.

The FSC Controlled Wood Standard requires the certificate holders that use Controlled Wood to mitigate the risk of using wood products from these unacceptable sources in FSC-labelled products. Mitigation measures must be implemented when the risk of sourcing from the unacceptable sources is considered greater than 'low' as assessed in FSC risk assessments (see below).

- 2. Is the FSC aware that timber from native forest remnants within plantations being logged by Forestry Corporation, some of which is known Koala habitat, is being provided to Queensland Commodity Exports who hold a Controlled Wood Certificate?**

FSC Australia and New Zealand has been made aware of concerns about non-conforming material entering the FSC supply chain as controlled wood in the manner described above. In accordance with FSC's dispute process described below, we have assisted the concerned party in submitting a complaint about this issue. The complaint is currently being investigated by FSC's provider of assurance services, Assurances Services International (ASI).

- 3. Does a Controlled Wood Certificate allow for timber from native forests being converted to plantations?**

No. As mentioned above, to qualify as controlled wood, material must be verified as avoiding FSC's five categories of unacceptable sources. Controlled wood category 4 is "Wood harvested in forests being converted from natural and semi natural forest to plantations or non- forest use".

How is Controlled Material Verified?

There are two international standards for Controlled Wood which recognise the two primary ways Controlled Wood enters the FSC system.

[FSC Controlled Wood Standard for Forest Management Enterprises \(FSC-STD-30-010 V2-1\)](#)

This standard specifies basic requirements applicable at the forest management unit (FMU) level for forest management enterprises to demonstrate to a company or third-party certification body that wood supplied is controlled. As such, the standard allows forest management enterprise to provide evidence that the wood they supply has been controlled to avoid wood from unacceptable sources.

[Requirements for Sourcing FSC Controlled Wood \(FSC-STD-40-005 V3-0\)](#)

This standard has been designed to allow FSC Chain of Custody certified organisations to avoid sourcing material from unacceptable sources through a risk assessment and due diligence process. A risk assessment must be undertaken on both the *origin of material* and mixing with ineligible *material in the supply chain*. The standard is only applicable for organisations purchasing or selling material that does not already carry an FSC Controlled Wood claim.

All organisations that wish control uncertified materials from Australia must use [FSC-NRA-AU Controlled Wood Risk Assessment \(CW\) V2-0](#). The Risk Assessment designates risk of sourcing unacceptable materials across Australia's states and territories (a risk summary can be found on p. 3-4 of the standard). Certificate holders that source uncertified materials from areas of specified risk and wish to control these materials must develop a due diligence system to implement control measures prescribed in the standard.

The mitigation options were developed through an extensive consultation process designed to identify activities that are more likely to effectively mitigate risk and are viable for certificate holders to implement.

It should be noted that low risk does not mean no risk, and organisations sourcing from low-risk areas that become aware of risk must put procedures in place to mitigate this risk.

4. **If there is a suspected breach by a Controlled Wood certificate holder, what action does FSC take to remedy that breach?**

As the standard-setting body, and to avoid conflict of interest, FSC ANZ FSC Australia has no direct role in examining or resolving complaints made about non-conforming activities.

When non-conforming activities are brought to our attention, we assist the complainant in submitting a make a formal complainant and we guide them through the [FSC disputes resolution process](#). Where the complainant is unwilling to make a formal complaint, we will advise the relevant certificate holders' certification body if appropriate to do so.

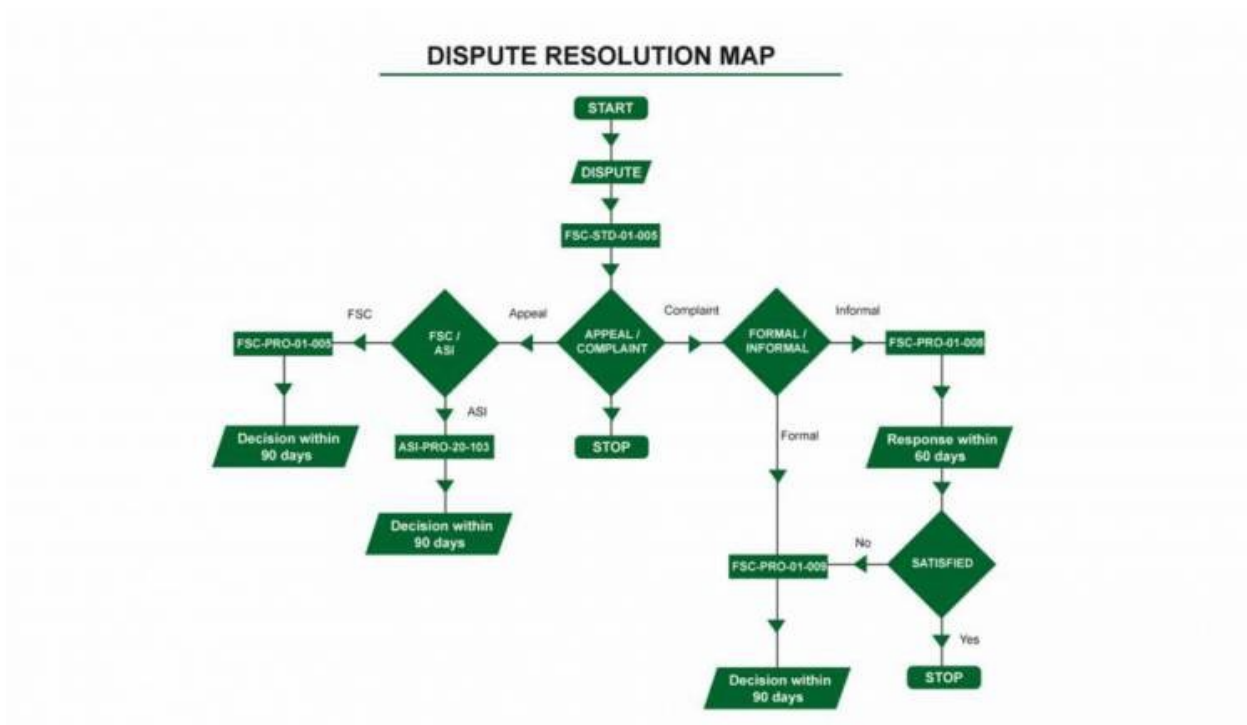
Most complaints are handled by the certificate holders' certification body. In certain circumstances, complaints are managed by Accreditation Services International (ASI) or FSC International.

In relation to what action can be taken if a breach is confirmed, the certification body, ASI or FSC International (depending on which stage of the process the breach is being dealt with) may issue a non-conformance (minor or major) which will require remediation. Where there is a failure to rectify, or that the breach is so egregious or numerous, the certification may be suspended or terminated leading to disassociation with the FSC system.

The results of any determination or remedial action are made transparent through the ASI or [FSC](#) websites.

The Disputes Process

The Disputes process is well documented as FSC is committed to facilitating consistent and timely evaluation of complaints and appeals raised by stakeholders against decisions, performances, or any other issues within the FSC scheme.



The Dispute Resolution process is fully defined through the [FSC Dispute Resolution System](#).

Designed in a modular way, the FSC Dispute Resolution System supports stakeholders to express concerns they may have about the operation of the FSC system and to find the best way of resolving disputes.

Most complaints are handled by the relevant Certification Body (CB) which audits the certificate holder in Australia. In certain circumstances, complaints are managed by Accreditation Services International (ASI) or FSC International.

It is important to note, as a National Office, FSC Australia and New Zealand has no direct role in examining or resolving complaints made about audits, Certificate Holders (CHs) or Certification Bodies (CBs). FSC ANZ can help guide complainants and certificate holders the complaint and dispute procedures.

For further information about FSC's Dispute Resolution System [you can find the information you need here](#).

Broadly speaking there are five different types of complaints that are handled by the FSC system:

1. Towards a company directly from any stakeholder about an action or omission in breach of their relevant certificate (Forest Management, Controlled Wood or Chain of Custody).

Complaint Management: Company examine the complaint and provides a written, considered and timely response to the stakeholder, copied to their relevant CB

2. Towards the relevant certification body about the same issue as above.

Complaint Management: CB examines the complaint and provides a written response. If necessary, the CB issues a Corrective Action Request (CAR) to the CH. CARs are publicly declared via FSC International's searchable database.

3. Towards ASI about a certification body not acting properly on a complaint.

Complaint Management: ASI duly investigates the complaint and, if necessary, takes appropriate action. This would be transparently reported on ASI's website.

4. Towards FSC about ASI not acting properly on a complaint.

Complaint Management: FSC International investigates the complaint and, if necessary, intervenes. This would be transparently reported on FSC International's website.

5. Towards FSC about a company violating the Policy for Association.

Complaint Management: FSC International investigates the complaint and takes appropriate action. This would be transparently reported on FSC International's website.