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Submission by Timber Communities Australia Forests and Biodiversity Policy

Timber Communities Australia is the peak national grassroots community support group. Supporting and representing rural communities and their people, who rely to varying degrees on timber and timber products for their viability.

TCA is proud of our 13,000 strong membership database and openly acknowledge that we not only support our membership but the wider rural community through our extensive national branch network.

Our members represent forest growers (native and plantation), millers, forest harvesting and haulage contractors, forest nurseries and most importantly their staff and families. In addition our membership represents the broader community including doctors and hospital staff, teachers and local schools, family businesses and people who are supported by the flow on effects that arise from a vibrant, healthy and wealth creating forest sector.

Australia's forestry sector is a major employer group. TCA is proud that forestry is included in the top ten of Australia's manufacturing sector; indeed, when forest growers and wood procurement are factored in, forestry manufacturing is ranked second of all Australia's manufacturing sectors.

This submission will address TCA members' expectations of the ANZ Bank as it seeks to develop a policy on forests and Biodiversity. As our members depend directly on the sustainable use and development of natural resources including forestry, we congratulate the ANZ Bank for seeking public input into such an important policy document.

TCA is well qualified to speak on the development of such policy and of the social impact of changes to forestry and biological diversity management within Australia. TCA was a key stakeholder in the development of the National Forest Policy Statement. TCA members throughout the nation participated in the development of the JANIS criteria for reservation as a result of that Statement and the application of the criteria during the Regional Forest Agreement Process.

A process that has now created forest and biodiversity reserves and prescriptions that exceed the commitments under the International Convention of Biological Diversity.

TCA has participated in reviews of the Regional Forest Agreements and in other inquiries involving both forestry and biodiversity. TCA was an active stakeholder in the development of the Australian Forest Standard, now part of the Program for the Endorsement of Forest Certification schemes (PEFC) that has been recently accredited by the United Kingdom, Germany and Belgium.

TCA has also been appointed a position on the board on the recently launched Forest Stewardship Certification (FSC) Australian standard. Together these two forest certification schemes will provide consumers advice of suppliers that are committed to promoting sustainable forest management through independent third party forest certification.

However we are concerned that the ANZ Bank intends to use this proposed policy both within Australia and overseas to:

- Use influence to achieve higher standards of sustainable forest management in developing countries.
- Investigate all material claims made by stakeholders of unsustainable forestry management practices undertaken by our clients.
- Engage with these clients, interested stakeholders and appropriate authorities to resolve the issues to our satisfaction.
- Consider denying or withdrawing any financial support from a client where it is established that the client is unwilling to commit to change practices that are inconsistent with our policy.

(<http://www.anz.com/aus/corporateresponsibility2006/lending.asp?pageno=6>)

Only the first of these dot points are supported by TCA. The rest appear to commit the bank to be investigator, prosecutor, judge, jury, jailor and probation officer. Claims of environmental damage, corruption, human rights abuses are matters for courts and the legal system both domestic and international. Such commitment by the banks will only encourage vexatious and/or frivolous claims that will divert resources of the bank and its clients from its core business.

Instead a policy that will encourage and hopefully achieve higher standards of sustainable forest and biological diversity management is supported by TCA.

Many of the issues identified in your draft policy have already been defined as part of the process undertaken by Government to ensure sustainable forest management. However the discussion paper fails to build upon the initiatives of State and Federal Governments within Australia, and appears to be 're-inventing the wheel'. The discussion paper also appears to avoid commitments made by

the Federal and other international Government in bi lateral or multi lateral forums, such as the 'Montreal Process'.

In "re-inventing the wheel" the discussion appears to rely heavily of definitions and information supplied by green groups rather than from Government or Intergovernmental forums. The policy could simply take definitions from the convention of Biological Diversity, the 'JANIS' criteria, the Regional Forest Agreements and the Montreal Principals of sustainable forest management. The JANIS criteria created in the mid 1990 for the RFA process identified issues such as High Conservation Value Forest almost a decade before the WWF published its HCVF toolkit for use by the FSC.

TCA considers it vitally important that the ANZ Bank Forestry and Biological Diversity strategy continues to provide for investment in the forest sector and in rural and regional economies throughout the Nation.

For forestry to continue to expand to meet the ever increasing demands of Australia's growing population base, continued investment by the private sector is required. Forestry and plantation investment has stepped up to the mark and is enhancing the flow of private investment through to rural communities.

Because Forestry is investing in an agricultural pursuit other than sheep, beef, dairying or cropping, the economic base of communities is broadening and as a result these communities are becoming more economically resilient and hence more socially sustainable.

Forest and Wood Products Research and Development Corporation (Schirmer et al, 2005) found that forestry has a positive influence on population numbers and demographics. It can result in an increase in the average family income and provides a valuable source of off farm income.

In reviewing the draft policy TCA considers that the early background paragraphs partly acknowledge the massive efforts taken by the industry and government in Australia (and New Zealand) to ensure sustainable forest management in Australia. The background if expanded to include the development of NFPS, JANIS and the RFA would clearly indicate that the investment by the bank in Australian forestry clearly meets the criteria set by the bank and by the 'Equator Principles' and by international conventions.

However TCA is also aware that the bank is being harassed by self named Environmental Non Government organizations such as the Wilderness Society and the Rainforest Action Network to curtail its investment in Australian forest development.

At the same time internationally the Australian Conservation Foundation and other 'environmental' groups have complained to the OECD on the bank's investment in the Papua New Guinea forestry. The ACF demanded that the OECD National Contact Point direct the bank to strengthen its forest policies. In reading the finding of the OECD National Contact Point it appears no attempt was made to determine if allegations of the ACF and others were in fact of any substance. Despite an extensive report commissioned by the ANZ customer from an Australian forest consultant, the finding appears to assume the allegations to be fact. TCA is aware of a recent ruling of the Queensland Land and Resources Tribunal who was critical of the ACF president in exaggerating claims of environmental impact.

The ABC reported on the 6 of August 2006 that "the Australian Conservation Foundation worked with a PNG environmental law firm to put out a report detailing the claims of environmental damage, human rights abuses, illegal permits and corruption this week". (the same claims as put to the OECD).

But the ABC also reported that "The PNG Forestry Minister says he's sick and tired of what he calls "greenie smear campaigns". An Australian consultancy hired by PNG's biggest logger has actually recommended the country do more logging. "

Hopefully your policy must be robust enough to ensure that the social and environmental impacts of forestry operations in jurisdictions where there are weak regulatory frameworks, limited institutional capacity for enforcement and an increasing demand for economic development are accurately described, and do not rely on the allegations of ENGO's.

Again hopefully this policy is not just a reaction to the complaints of the ACF to the OECD, but a genuine move to support sustainable development that balances social, economic and environmental impact. As previously stated much of the wording of the policy appears to rely upon the wording of ENGO groups in relation to forestry and even go further that that required of the "Equator Principles". For examples the policy states that forest conversion to plantation "will therefore be avoided".

Yet the Equator principles rely on the World Bank/ International Finance Corporations Environment Health and Safety Guidelines, which for Plantations state:

"...conversion of land for plantation crops should conform to the environmental objectives of preserving regional bio-diversity, ecological sensitive areas, unique habitats, forests, endangered species and site of cultural significance."

This broader definition of the IFC encompasses plantation development in Tasmania since the RFA; your restrictive definition of 'avoidance' may be interpreted as banning investment in such plantations.

However some of the World Bank/IFC Guidelines may not be suitable for a modern Australian institution, in the IFC safety policy for forest harvesting enclosed shoes rather than proper safety boots are prescribed. Other policy such as the 6 page Pulp and Paper industry guidelines are not as comprehensive as Australian ones such as the Tasmanian Governments Guidelines for a new Bleached Kraft pulp mill.

It is TCA submission that rather than attempting to meet the demands of the ACF and other ENGO's, the ANZ rewrite its policy to comply with the leadership given by the Australian and State Government's in adopting the NFPS, the RFA, and the International convention of biological diversity. The ANZ bank should include procedures so that appropriate authorities (courts and tribunals) can independently assess the claims of vested interest groups that may be opposing sustainable forest management in developing countries.

After all, sustainable resource development has been the backbone to the creation of 1st world economies; it is a proven pathway to alleviate poverty and to create healthier communities. Your current policy has the potential to keep developing countries in the poverty cycle and to destroy the hopes and aspirations of domestic communities.

TCA members believe that forestry in Australia is both clean and green; it also sets world class standards for sustainable management and bio-diversity conservation, only the so called 'environmental' political lobby is opposed to the Government and industry's rigorous standards. [You may recall that the ALP Leader Mark Latham, adopted the loopy forest policies of the ACF and Wilderness Society in the 2004 Federal Election – most commentators contributed the loss of ALP in that election was the result of the electorate rejecting that flawed forest policy.] We therefore seek to become a partner with you in rewriting this policy to endorse current Australian practice and to provide leadership on sustainable development in Asia Pacific region.

Examples of where the policy can be improved include guidelines for the social impact of the project or the decision of the Bank not to proceed with the project. Whilst the Equator principles suggest a economic and social impact assessment and the draft policy seeks to mitigate adverse impact, there appears no requirement to weigh up the social benefit of the project or investment, e.g. the creation of jobs, the dignity of work, the alleviation of poverty or the creation of social capital.

Social impact of forestry in Australia has been developed for the RFA process and by undertaking social assessment the developer can help identify and quantify, among other things:

- the communities who depend on the forest development, both directly and indirectly

- the quality of life and social resilience of communities associated with the forest and forest industries
- the contributions of forests and forest industries to the broader community
- the values, attitudes and beliefs associated with forests and forest industries by different groups.

A wide range of information can be gathered as part of a social assessment. The Bureau of Rural Sciences has developed a handbook that provides a guide to planning a social assessment, social indicators that can be used to gather different types of social information on Australian industries, and different methods of measuring these indicators.

To allow stakeholders to be aware of the Banks commitment to social impact, perhaps criterion 6 of the Montréal Process could be included with the following commitments:

Criterion 6: Maintenance and enhancement of long term multiple socio-economic benefits to meet the needs of societies

- Production and consumption
 - Recreation and tourism
 - Investment in the forest sector
 - Cultural, social and spiritual needs and values
 - Employment and community needs
- ANZ supports safe access to forests for people for employment, recreation and cultural activities
 - ANZ acknowledges the social and economic contribution of the forest based industries to the Nation particularly rural and regional communities
 - ANZ seeks to provide accurate and comprehensive information and detailed evidence to satisfy society's aspirations of sustainable forest management
 - ANZ asserts that Australia has a responsibility to manage part of its natural forest estate to meet domestic demand for hardwood timber in view of the high quality of our forests and the reality that wood is one of our few renewable resources. Otherwise, this demand is transferred to developing countries.
 - ANZ supports a sustainable native hardwood timber industry operating in accordance with the principles and processes of Regional Forest Agreements which aimed to provide a secure resource for native forest timber production whilst creating a comprehensive, adequate and representative reserve system based on scientific assessments of conservation needs.
 - ANZ supports the continued development of a complementary plantation resource of softwood and hardwood species principally to supplement existing and future demands for a range of timber products. Plantation

expansion should occur on suitable land using species acknowledged as being suited to the prevailing climatic and soil conditions.

Prior to the adoption of your policy referenced documents need to be carefully examined to ensure that the bank is fully aware of what it is being committed. For example the ANZ policy provides for exclusion zones where forestry is not permitted. One such zone is "activities that threaten species listed in CITES" this list found at <http://www.cites.org/eng/app/appendices.pdf> includes the Thylacine that whilst considered extinct by most Australian authorities is only possibly extinct in CITES. Another species is the Bettong, locally 'extinct' on the mainland but prevalent in the eastern half of Tasmania. It could be argued that the policy as written would prevent ANZ investing in Tasmanian based (or SW WA or forest operation despite the industry's commitment to sustainable development if your environmental stakeholders claim that forestry threatens the thylacine.

Whilst the banks policy is directed to sustainable forest management is important to ensure that the policy is directed towards an equal balance of social, economic and environmental objectives. If sustainable development could be graphically equated to a three legged stool, with each leg being Social, economic and environment, then if one leg is either too big, or another too small, then the stool (or development) will fall over and nor be sustainable.

Therefore it is important for the bank to consider **Triple bottom line** reporting, reporting and being responsible for the management of our resources through the environment, through social impacts of our communities and the economic outcome for our health and well being. This reporting and thus the bank's is vital in the overall scheme of our forests and natural resources it is just not good enough to consider only environmental outcomes.

The ANZ policy must recognize that the Australian Pacific regions requirement for forest based products has grown creating a demand for investment in forest based value adding industries. Saving forests has to incorporate saving our timber dependent communities, saving the economy as well as sustainably managing the forest.

Kind regards

JILL LEWIS
CEO