



**Institute of Foresters
of Australia**

SUBMISSION ON DRAFT PERFORMANCE STANDARD FOR LOCAL LAND SERVICES



SUBMISSION BY THE INSTITUTE OF FORESTERS OF AUSTRALIA (IFA)
NEW SOUTH WALES DIVISION

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11th August 2014

The Institute of Foresters of Australia (IFA) welcomes the opportunity to provide a submission on the draft performance standard for Local Land Services (LLS).

The IFA is the peak professional body for forest scientists, forest educators and forested land managers in Australia. We are a non-profit organisation with 1200 members who are committed to the principles of sustainable forest management and the processes and practices which translate these principles into outcomes.

The IFA has a long history of involvement and interest in the science and sustainable management of the public and private native and plantation forests in NSW. Our submission includes contributions from IFA members who are senior foresters from the public and private sectors who are working or have worked in these forests for many years, both in management and scientific research capacities. The Institute would be pleased to make a member available to discuss the submission, provide supplementary advice or meet with your review group.

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Cover image: An example of good forest management; a forest stand subject to 9 cutting cycles, south coast NSW, Paul Massey-Reed.

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EXECUTIVE SUMMARY

The Institute of Foresters strongly supports the concept of the Performance Standard for Local Land Services.

A summary of the key issues raised follows:

- i. The Institute of Foresters of Australia; as the peak professional body for forest scientists, forest educators and forested land managers in Australia wishes to contribute the management of Rural Lands;
- ii. The standard needs to set out clearly what are the outcomes, methods to achieve the outcomes and how the achievement will be measure, at present these three key items are at times confused;
- iii. The adoption of adaptive management is strongly supported.
- iv. The standard needs some measure of reasons why members of the rural landscape are not engaged in LLS activities. This will then lead to strategies of how to engage them.
- v. The IFA cautions on the use of Social License.
- vi. Need for LLS to match skills of staff to deliver its various projects, in particular bio-security and forestry.
- vii. The auditing system needs to be able also address the following issues;
 - Transparency for the community to see they are getting value for money in terms of service delivery;

- That community priorities are been addressed rather than Government policy directions;
- Auditing/checking to see if terms of contractors and deliverables are been meet; and
- An objective audit to see if the biological programs have been effective in terms of the Catchment Action Plan objectives being addressed.

INTRODUCTION

This submission has collected input from IFA members who have many decades of experience in delivery, working with those who deliver or alongside them; the activity of the LLS.

One of the criticisms of the predecessors of the LLS was their projects tended to go to the same group of rural landholders. How this situation evolved is understandable given scarce time and resources it is easier to engage with. As a number of our members have observed that;

“The organisations work with an “inner circle” of clients and landholders who seem to get preference for grants and opportunities ahead of rank and file landholders.”

These observations are also supported by analysis of Des Schroder’s Masters Thesis where he reviewed the success of the Soil Conservation Act. Des found that overall soil erosion was just as bad as when the Act was established. The erosion problems of the 1930s have been fixed just moved onto other properties. Des put this down into working within the same communities and not engaging outside of that group.

Another criticism of the former agencies is that considerable staff time was involved in internal meetings rather getting things done in the field.

The performance standard needs to incorporate these two criticisms.

SOCIAL LICENCE

The following three paragraphs are extracted from IFA member, Mark Poynter’s 2012 article. A copy is attached in Attachment 1.

According to the Australian Centre for Corporate Social Responsibility (ACCSR), the term 'social licence to operate' was coined in the mining industry about 15-years ago but is now used extensively across all sections of industry and government to underpin engagement with social, community and environmental issues.

The ACCSR defines 'social licence' as the level of acceptance or approval continually granted to an organisation's operations or a project by the local community and other stakeholders. There are several flaws with this concept. Firstly, 'social licence' is a metaphor rather than a 'real' licence, so it's hard to say whether it has been granted or not. Secondly, it's easy for stakeholders to claim that a company doesn't have a 'social licence', and equally easy for that company to claim that it does. Hence, it is quite difficult for an impartial observer to make a balanced judgement. There is no 'truth' here, only opinion, based on each party's interests and assumptions. Further, even if the majority of local community members or society broadly, withdraws acceptance of a company's presence, the company is not obliged to cease operations, as it can point to its regulatory licence to operate.

As gaining a 'social licence' essentially requires a company or project turning its detractors into supporters, it relies on its opponents being reasonable and open-minded enough to be capable of changing their attitudes.

Social licenses can be fleeting and can be granted for one activity with one outcome but not granted for the same activity with a different outcome. An example of this is ground water extraction and non fracking coal seam gas extraction. The both drill through various layers of rock and aquifers. One extracts potable water from aquifer whilst the other extracts coal seam gas from another aquifer. Coal seam gas aquifers in the main do not contain potable water. They both have the same engineering requirements and solutions not to cross containment aquifers. At present it could be strongly argued that Coal Seam Gas extraction (non fracking) does not have a social license.

IFA, cautions on using social license as a hard measure of performance as there are many rural activities that might not have a social license in the non rural communities.

LLS STAFF SKILL SETS

In an average year 50% of the native forest timber yield comes from private property. When the housing industry is booming this figure is higher and when in recession the figure is lower. For most rural landholders forestry supplements their income. However, there is a significant number forestry represents their main income source. These landowners need to have good silvicultural advice, as poor silviculture has very poor environmental outcomes. From local knowledge this skill set seems to be missing from LLS.

Bio-security is critically important to a healthy rural environment and errors have far reaching consequences and potentially catastrophic outcomes. The skills of the LLS staff engage in this area of its responsibilities needs to be first rate. Thus giving reassurance to rural landholders.

AUDITING

The IFA supports NRC conducting independent performance audits against the Standard. However, the LLS also need to conduct audits and reviews of its program and publish the results including areas of compliance, non-compliance and strategies for improvement. This will allow the NRC's auditing to better focus.

The auditing system needs to be able also address the following issues;

- Transparency for the community to see they are getting value for money in terms of service delivery;
- That community priorities are been addressed rather than Government policy directions;
- Auditing/checking to see if terms of contractors and deliverables are been meet; and
- An objective audit to see if the biological programs have been effective in terms of the Catchment Action Plan objectives being addressed.

One area of audit or analysis not covered in the performance standard is analysis of why rural landholders are not engaging and/or participating in LLS projects.

The standard needs some measure of reasons why members of the rural landscape are not engaged in LLS activities. This will then lead to strategies of how to engage them.

SET OUT OF THE PERFORMANCE STANDARD

The standard needs to set out clearly what are the outcomes, methods to achieve the outcomes and how the achievement will be measure, at present these three key items are at times confused. Thus leading to a long document that is hard to read and absorb.

The majority of the information is there and a structural reworking would greatly improve the document and make it user friendly to the general public.

An example the need to state its objective is as

“establishment of general principles and expectations for organisational performance that will support LLS in delivering quality outcomes for investors, ratepayers, customers and communities.”

Considerable part of the document should be incorporated into attachments, with the aim to have the core document a maximum of 4 pages thus fitting on a double side A3 size page.

Each of the 8 components should clearly set out their objectives and how these are to be measured. The method of achievement should be put into an attachment, thus reducing the document size and dealing with the critical items as set out in the objective.

DEALING WITH UNCERTAINTY – ADAPTIVE MANAGEMENT

The last two decade has seen rapid changes in forest management, harvesting and planning technologies. The associated level of environmental risk has also changed. To accommodate this change, forest managers had to employ adaptive management. However the basic fundamentals of silviculture have not changed. The same is true for other rural management systems be it agriculture, horticulture, etc.

Adaptive management is a tool in achieve an outcome thus the discussion should be incorporated into the attachment documents. The IFA strongly advocates for adaptive management approach.

ATTACHMENT 1

GUNNS, FORESTRY, AND THE FLAWED NOTION OF 'SOCIAL LICENCE'

By Mark Poynter - posted Tuesday, 9 October 2012 to Opinion Online

Last week's announcement that Tasmanian timber company, Gunns, had entered into voluntary administration has predictably spawned an array of 'dance-on-the-grave' post-mortems from its long-standing critics. These include high profile opponents such as novelist, Richard Flanagan; wealthy Sydney businessman turned activist, Geoffrey Cousins; and former Labor opposition leader turned media commentator, Mark Latham.

Flanagan's earlier writings on Gunns and its proposed pulp mill had caused some to observe that it affirmed his status as a fiction writer. His short essay published last week on Hobart-based web blog, the TASMAMANIAN TIMES, somewhat reinforces this perception. In particular, a colourful first paragraph in which he accuses Gunns of corporate hubris which enabled them to "..... corrupt the polity, cow the media, poison public life and seek to persecute those who disagree with you. You can rape the land, exterminate protected species, exploit your workers and you can even poison your neighbours"

Cousins, by his own admission, initially came to the fight against Gunns and its pulpmill at the behest of Bob Brown and Wilderness Society activists who imbued him with highly emotive, wildly exaggerated and inaccurate perceptions of the reality. The first paragraph of his opinion piece published in Melbourne's THE AGE last week, suggests that these still inform his description of Gunns as "...the timber company that once bestrode the forests and valleys of Tasmania like a brooding behemoth," Later, he described the company's relationship with the State Government as "the acid rain that fell on the forests and wilderness areas and even the cities of Tasmania for decades, and blighted its landscape and divided its communities".

Latham visited Tasmania as leader of the Federal Opposition in March 2004 and last week in the AUSTRALIAN FINANCIAL REVIEW he recounted his dealings with Gunns and its supporters during that visit. He clearly has bitter memories of a time of which it has often been said that he bungled his party's electoral chances with an ill-advised play for mainland 'green' votes by virtually offering the Tasmanian timber industry its own financially-compensated death warrant, which they understandably refused to sign. His memory of Gunns and their 'pro-forestry' supporters is of them being akin to a 'cult' that was "determined to destroy the environmental movement through the manipulation of public policy".

History is generally written by the winners. So, badly skewed opinions such as these, together with articles written by professional journalists who tend to write about Tasmanian forestry from the eco-activist perspective, are likely to ensure that this episode will be remembered in a vacuum free from some inconvenient truths.

Such truths include the reality that two-thirds of Tasmania's public and private forests are in fact reserved or otherwise not accessible to the timber industry – which invalidates the more outrageous environmental claims made against Gunns. As well as that the entrenched opposition to Tasmanian forestry has been far more 'cultish', unprincipled and uncompromising in its determination to destroy the state's timber industry, and so is much more responsible for what has happened to Tasmania than what Latham describes as the 'pro-forestry' supporters.

Unfortunately, most of the media commentary and analysis about the fall of Gunns has simply ignored the central role of eco-activists in destroying the company's traditional markets, eroding its

relationships with banks and shareholders, and destroying its public reputation with adverse publicity. This ultimately weakened the company's capability to deal with the adverse business climate arising from the Global Financial Crisis.

Despite this reality, a common theme of the skewed commentary emanating from its critics is that Gunns is responsible for its own downfall primarily because it lacked a 'social licence'.

According to Cousins, Gunns' proposed Tamar Valley pulp mill "sank the company" by exposing its propensity to "ignore community interests, contrary voices, environmental issues and proper governance" which inevitably "will cause pain and suffering to your shareholders, employees and, probably, creditors". Flanagan agrees that the demise of Gunns was rooted in its determination to pursue the pulp mill at all costs, and he hopes that the company's subsequent demise will teach "Australian corporations (to) ignore public sentiment at their peril."

THE AUSTRALIAN'S Tasmanian correspondent, Matthew Denholm, made the same point more succinctly when he wrote last week that Gunns had embarked on a 'pulp mill or bust' strategy, but had failed to secure the 'social licence' needed to make it work. According to him, this failure to gain community support was due to the company citing the pulp mill in a highly contentious location, and its behaviour in cajoling the state government to 'fast-track' the mill's approval by "side-stepping the normal planning process".

Unfortunately, in the absence of any widely publicised contrary arguments this has become part of the folklore about Tasmanian forestry with Gunns playing the part of 'rogue corporation' – in the parlance of Richard Flanagan.

In reality, the potential alternative pulp mill site at Hampshire was assessed and found to be not as viable for a host of reasons; while the supposition that it would be less contentious is highly unlikely given that it is almost adjacent to the fabled Tarkine 'wilderness' and can be seen from the World Heritage-listed Cradle Mountain. In addition, the claim that the mill's approval was 'fast tracked' must be considered in the context of a state approvals process which took three years, and was made lengthier than required by the relevant state legislation by extra optional steps inserted by the independent assessment body.

Nevertheless, if it is accepted that Gunns' failure to secure a 'social licence' was because they were intent on building the mill in the wrong place and they perverted the mill's approvals process; it should follow that they would have gained their 'social licence' if these issues had been satisfactorily addressed. However, despite the logic, this is highly unlikely given the deeply entrenched hatred of Gunns and virtually all aspects of forestry by a minority of Tasmanians who have long engaged in campaigns of misinformation and would surely have found other ways to oppose the project.

Indeed, the level of opposition to Gunns and its proposed pulp mill raises important questions about the concept of 'social licence' and whether it could ever be achievable under circumstances where there is such intransigent extremism.

According to the Australian Centre for Corporate Social Responsibility (ACCSR), the term 'social licence to operate' was coined in the mining industry about 15-years ago but is now used extensively across all sections of industry and government to underpin engagement with social, community and environmental issues.

The ACCSR defines 'social licence' as the level of acceptance or approval continually granted to an organisation's operations or a project by the local community and other stakeholders. They go on to explain that "the social licence is a perception of legitimacy – does the company go about its business in a proper way?" They view this as being distinct from a company's reputation which is "the overall favourability of the image of a company or project it's more of an emotional like and dislike".

There are several flaws with this concept. Firstly, 'social licence' is a metaphor rather than a 'real' licence, so it's hard to say whether it has been granted or not. Secondly, it's easy for stakeholders to claim that a company doesn't have a 'social licence', and equally easy for that company to claim that it does. Hence, it is quite difficult for an impartial observer to make a balanced judgement. There is no 'truth' here, only opinion, based on each party's interests and assumptions. Further, even if the majority of local community members or society broadly, withdraws acceptance of a company's presence, the company is not obliged to cease operations, as it can point to its regulatory licence to operate.

Forestry projects differ substantially from mining. Unlike the quite localised impacts of a mine, a proposed pulp mill for example, includes operations hundreds of kilometres distant in the forests and/or plantations from where the mill's feedstock is drawn.

Accordingly, the stakeholders to be considered in any assessment of 'social licence' for the Gunns' pulp mill were far more extensive than just the local community living in the vicinity of the mill. These stakeholders include the myriad of environmental groups that are intransigently opposed to forestry and in the case of larger groups, like the Wilderness Society, have a majority of their members and supporters living far beyond Tasmania's shores.

While the ACCSR believes that 'social licence' should be independent of a company's reputation, it is clear that for most people judging the Gunns' pulp mill project, the two concepts are heavily intertwined. Accordingly, the social acceptability of the project has been overwhelmingly influenced by perceptions of how Gunns has operated in other areas both before and since the pulp mill was proposed.

As gaining a 'social licence' essentially requires a company or project turning its detractors into supporters, it relies on its opponents being reasonable and open-minded enough to be capable of changing their attitudes. There is little evidence to suggest this is the case in relation to Gunns or virtually any Tasmanian forestry activities after decades of opposition to native forest harvesting, which is now spreading to plantations largely on the grounds of pesticide use.

Nevertheless, the lengths to which community and societal concerns were addressed in relation to the pulp mill project are impressive and arguably unprecedented.

For their part, Gunns has reportedly spent \$250 million on project development including meeting the requirements implicit in gaining its regulatory approval; as well as voluntarily divesting themselves of their substantial interests in native hardwood in what appears to have been an attempt to gain some kudos as an environmentally-responsible corporate citizen. In addition, the State and Federal Government approvals process over a 4-year period added enforceable constraints and conditions to the project which would reportedly make it the world's most environmentally-friendly pulp mill.

Despite all these efforts, there is nothing to suggest that this has done anything to moderate or turn around negative attitudes amongst the detractors of Gunns and their pulp mill project.

Having moved so far to address community concerns without seemingly coming even remotely close to gaining a 'social licence' raises concerns about the value of this nebulous concept in the face of entrenched and intractable opposition. Arguably in this case, the 'social licence' concept has been strategically used by Gunns' opponents who, by creating an expectation of it as essential when clearly they had no intention of giving it their support, have thereby undermined the project.

An important question is why 'social licence' is even necessary for a project with state-wide implications under a democratic system where voting patterns already give a solid indication of community support. At the last Tasmanian election, around 80% of voters supported either the Labor or Liberal Parties which both have policies endorsing the pulp mill. It could be argued that this result was sufficient to confer a 'social licence' to the project.

Since the announcement of Gunns' downfall, reports have surfaced of circling foreign interests who could potentially purchase the company and its pulp mill permits at a bargain basement price. Some pulp mill opponents are already lamenting that such interests would build the mill without regard to 'social licence'. This may well be more of a lament at the likely loss of a weapon from the opposition armoury than a genuine concern about lack of community support.

Notwithstanding that there are already tremendous social and environmental responsibilities incorporated into the Government's regulatory approval for the pulp mill, few apart from its entrenched opponents could realistically blame another potential proponent if they opted not to vainly pursue the nebulous concept of 'social licence' given the experience of Gunns. Indeed, there is much to suggest that resisting attempts to gain a 'social licence' from its entrenched opponents may be the only way the mill could be ever built.