

Our Ref:  
Your Ref:

Level 7, 473 Bourke Street  
Melbourne Vic 3000  
GPO Box 191 Melbourne 3001  
**Telephone** (03) 9608 9500  
**Facsimile** (03) 9608 9566

[www.vicforests.com.au](http://www.vicforests.com.au)  
ABN 7684 6538 543

6 December 2013

Dr Peter Frost  
Acting Auditor-General  
Victorian Auditor-General's Office  
Level 24, 34 Collins Street  
Melbourne, Victoria 3000

**BY POST & EMAIL** [peter.frost@audit.vic.gov.au](mailto:peter.frost@audit.vic.gov.au)



Dear Dr Frost

**Response to Performance Audit Report *Managing Victoria's Native Forests Timber Resources***

I am pleased to have the opportunity to provide a response to your Performance Audit Report *Managing Victoria's Native Forests Timber Resources*. I am also pleased that VicForests has been found to be discharging its responsibilities in an efficient and effective manner.

I have considered and support the three recommendations contained in the audit report that relate to VicForests. I would like to offer the following specific comments to each of these.

**Recommendation 5:** *VicForests should continue to improve its approach to scheduling the sustainable harvest level to address identified weaknesses.*

I am reassured that you report VicForests approach to estimating the sustainable harvest level is accurate and reliable, that VicForests is harvesting at or within the estimated sustainable harvest level and that we are harvesting less than the area allocated to us by DEPI. I am also pleased that you have acknowledged our plan for continued improvement in the way this is managed.

VicForests assumed responsibility for estimating long term sustainable harvest levels in 2010 from the then Department of Sustainability and Environment. Over the past three years our organisation has invested significant resources and energy to improve the resource description and sustainable harvest projections, particularly following the 2009 Black Saturday bushfires which had a significant impact. We have also improved transparency through making our annual Resource Outlook publically available each year.

VicForests will review our plan and continue to implement measures to strengthen our long term timber resource projections and in particular the links between our Resource Outlook and the scheduling of timber harvesting across the landscapes.

**Recommendation 6:** *VicForests should clearly and accurately reconcile its successfully regenerated areas against the area harvested and report this publicly.*

VicForests agrees that accurate reconciliation and public reporting of forest regeneration following timber harvesting is important. Further to this, I believe it is a critical indicator to demonstrate the fundamental sustainability of our operations.

While we attempt to do this in a transparent way through our annual Sustainability Report, which we make publicly available, I acknowledge that the audit has highlighted some issues in accurately reconciling these figures.

As you have noted in the report we have already commenced implementation of a project to provide an accurate reconciliation of the area of timber harvesting and forest regeneration that has occurred since we began operations in August 2004. We have identified some inconsistencies in the way data has been collected and collated in the past, particularly from early in our existence. We believe that on the whole these inconsistencies are minor and will not meaningfully change the fact that we are on track with our successful forest regeneration program. We plan to provide a public report on this work during the second half of 2014.

**Recommendation 10:** *That the Department of Environment and Primary Industries and VicForests should improve and better document the assessment of threats and consequences that biodiversity management decisions in timber production areas may have on forest environmental, economic and social values, and more transparently manage the risks and trade-offs involved.*

As noted in the report VicForests has adopted a precautionary approach to the way we conduct our operations and we are meeting our responsibilities to limit the potentially adverse impacts of harvesting on forest values.

VicForests will examine this recommendation fully and identify ways to improve consideration and documentation of threats and consequences of our decisions and how these may affect forest values. As part of this work, during 2013/14 we will further enhance our procedures, including trigger levels for assessment, to improve processes around risk weighted decision making and documentation of such decisions.

VicForests is committed to the continued improvement of the way we manage our operations and the work identified above will add substantial value to this goal.

Progress on the work outlined above will also be monitored by the Board of VicForests.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Gordon Davis".

**Gordon Davis**  
Chairman