



South East Region Conservation Alliance Inc.

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8 February 2019

Complaint to CEO of FSC Australia from South East Region Conservation Alliance (SERCA) Inc. regarding Pentarch Forestry application for FSC Controlled Wood Certification

Background

The campaign against the Eden woodchip mill is the longest continuously running environmental campaign in Australia.

It started in the early 1970s and continues today.

Hundreds have been arrested in the struggle to stop logging the forests which supply the chipmill. More than any other entity, the Eden chipmill was responsible for the loss of a social license for the native forest logging industry in Australia.

The application of Pentarch Forestry for FSC Controlled Wood Certification must be viewed in this context.

“Greenwashing”

The prospect of FSC certification for any product produced by Australia’s most notorious chipmill is unthinkable to local communities and environmentalists and will damage the reputation of FSC beyond measure.

A link from the ‘certification’ page on the Allied Natural Wood Exports (ANWE) website <http://www.anwe.com.au/certifications.html> goes directly to a Pentarch webpage with the FSC logo prominently displayed on it.
http://www.pentarch.com.au/pentarch_forestry/forestry_au/index.html

Even if, as claimed, only plantation woodchips are certified, the enterprise as a whole will benefit.

Pentarch and the Eden chipmill

The interests of the web of related companies which control various parts of the Eden woodchipping industry cannot be viewed or assessed separately.

A complex maze of companies own and manage various aspects of the Eden chipmill’s operations. They share directors, ownership, managers, accountants and premises. Pentarch Forestry is one these companies.

Pentarch already exports whole logs of plantation pine and there is a likelihood that it may also begin exporting whole hardwood logs. It has not been made clear whether whole logs would be included in this application for certification.

When Nippon Paper disposed of South East Fibre Exports in December 2015 to Allied Natural Wood Exports (ANWE), the new owners announced to local media¹ that its associated companies Pentarch and Australian Marshalling Services would undertake the management of logging operations and processing and export of woodchips, with “Australian Marshalling Services operating the chip mill and Pentarch Forest services in charge of forestry processes.”

Pentarch Forestry manages all types of logging for the Eden chipmill, whether in publicly owned State Forests, private land, native forest or plantations. It has an integral and essential role in all Eden Region logging operations to supply the mill.

On 5 February 2018, South East Fibre Exports (SEFE) which owns the chipmill (SEFE is owned by ANWE) notified the Australian Securities and Investments Commission (ASIC)² of a change of address. The new address advised for SEFE was:

The Pentarch Group
Level 1, 99 Coventry Street
Southbank VIC 3006 Australia

It is thus not credible to claim that there is no direct connection between Pentarch and the owners of the chipmill.

Chronology of SERCA communications with Pentarch and Global-Mark auditors

20 December 2018. SERCA emailed Pentarch and Global-Mark auditors requesting:

1. Maps which show the areas in NSW and Victoria from which Pentarch sources wood that will be assessed for FSC CW.
2. Any High Conservation Value assessments that identify HCV values across the Pentarch supply area. Limited information in the Due Diligence Summary does not make clear whether HCV native forests will or will not be sourced by Pentarch.
3. Diagrams and/ or photographs which illustrate and support the claims made in the Due Diligence Summary that there is no possibility of cross contamination between native forest hardwood and plantation hardwood at Eden.
4. Inclusion in any field audits to take place post 23 January 2019.

11 January 2019. Since no acknowledgement, reply or any of the information sought on 20 December 2018 had been received, an extension to the consultation period as well as the matters in the original request of behalf of SERCA as sought.

11 January 2019. Email reply received from Erica Hansen, Pentarch reaffirming the original closing date. A second email was received later that day attaching a map entitled “Supply Area – Mainland”

14 January 2019. Brief submission lodged on behalf of SERCA. No acknowledgement has been received.

16 January 2019. Closing date for public submissions.

¹ <https://www.edenmagnet.com.au/story/3569218/axed-sefe-sold/>

² Australian Securities and Investments Commission (ASIC) Document No. 7E9873361 Lodgment date/time: 05-02-2018 15:44:45 Reference Id: 107952619 Form 484 Corporations Act 2001

21 January 2019. An email sent to Pentarch and reminding them of my request of 20 December asking for inclusion in field trips, advising of a particular interest in any inspections being arranged to view segregation arrangements for log deliveries, processing and loading of woodchip exports at the Eden chipmill.

22 January 2019. Reply received advising that *Pentarch do not agree to your request to attend field audits post 23rd January including visiting the Eden chipmill.*

If there are any concerns regarding the segregation arrangements, this will be identified as part of the external audit being conducted.

5 February 2019. No acknowledgement of the submission or request for reasons has yet been received.

SERCA was not selected as a stakeholder.

The South East Region Conservation Alliance (SERCA) Inc. is the only NGO in the NSW supply region representing all community based environmental groups with an interest in the environmental aspects of forest management.

It is the umbrella organization for 16 environmental groups on the NSW South Coast with a particular interest in protecting native forests.

The FSC Standard – Requirements for sourcing FSC® Controlled Wood (FSC-STD-40-005 V3-1), Annex B lists among those who should be consulted:

"3.3 Environmental interests a) NGOs involved or with an interest in the environmental aspects of forest management. "

The standard (FSC-STD-20-011 v4.0) only requires the certification body to make direct contact with:

directly affected stakeholders (criterion 6.1 a). *Interested stakeholders* must also be provided an opportunity to provide comment as advertised through a public notification, which is done through FSC Australia and the Global-Mark website.

We are not aware of this happening and while SERCA was not selected as a stakeholder, we nevertheless became aware of the application and sought further information about it. There is no definition of “directly affected stakeholder.”

A submission was lodged on 14 January 2019, but this has never been acknowledged. A request to attend the audit field trip, (which complied with the 4 weeks notice required) was initially ignored and then rejected after a follow up inquiry was made. A request for a statement of reasons has been ignored.

This does not have the appearance of a genuine effort to engage with conservationists.

Adequacy of information available to the public

The case for certification hinges on the willingness and ability of Pentarch and its associated companies to segregate plantation sourced logs and woodchips from those sourced from native forests.

Our particular concern relates to hardwood chips described as having come from plantations.

There is a tiny amount of plantation hardwood available in the supply region. There are no hardwood plantations owned by the Forestry Corporation of NSW and only a small area of privately owned plantation. Even this is likely to decrease in the future as many hardwood plantations are logged and converted to softwood. In spite of this, there is a large, permanent stockpile, dedicated to storing and loading “plantation” hardwood chips at the chipmill.

From Eden you can observe that ships regularly load from the pile designated as ‘plantation.’ It goes up and down in size; it has done so repeatedly since it first appeared about 3 years ago.

The former General Manager of the Eden chipmill told a public meeting³ in Eden on 27 January 2019 that there is just 50,000 tonnes of plantation hardwood available to the chipmill. This is roughly the load carried by one typical woodchip carrier. Why would there be a dedicated pile permanently set aside for the handling of such a small volume of woodchips?

Further, the 3 hardwood stockpiles share a single conveyor loader which operates from underneath the piles. It can be fed from any of the three piles.

It is impossible for the industry, community or environment movement to have confidence in the integrity of this system without first hand evidence. SERCA has been denied the opportunity to observe this.

Adequacy of the process

1. The only forest conservation umbrella group from the supply region in NSW, SERCA was all but excluded
2. the auditor and the company were unresponsive to requests for information and inclusion in the process
3. Generally, FSC language and processes are arcane and bureaucratic and incomprehensible to outsiders.
4. To isolate one small part of a company’s operations is not meaningful. The totality should be assessed before any part of the operation can be granted the privilege of FSC certification.

Conclusion

In view of all the flaws identified above, SERCA is requesting that the application of certification from Pentarch be rejected. At the very least, the process should be aborted and undertaken again using a more honest process.

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³ 'Vision for Eden and our unspoilt south coast' event. Sunday 27 January 2019