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FOREST CERTIFICATION IN NORTH AMERICA – LESSONS LEARNT FOR AUSTRALIAN FOREST MANAGERS

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2008 GOTTSTEIN FELLOWSHIP REPORT

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Bill Gottstein was an outstanding forest products research scientist working with the Division of Forest Products of the Commonwealth Scientific Industrial Research Organization (CSIRO) when tragically he was killed in 1971 photographing a tree-felling operation in New Guinea. He was held in such high esteem by the industry that he had assisted for many years that substantial financial support to establish an Educational Trust Fund to perpetuate his name was promptly forthcoming.

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3. Wood Science Courses - at approximately two yearly intervals the Trust organises a week-long intensive course in wood science for executives and consultants in the Australian forest industries.

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Executive Summary

Over nine million hectares of Australia's 164 million hectares of forest is certified to either the Australian Forest Certification Scheme (AFCS) or the Forest Stewardship Council (FSC) forest management certification scheme. The certification process in Australia has found that there has been considerable opportunity for improvement in stakeholder engagement and communication processes among forest managers.

International findings have been similar.

This study was undertaken to identify and examine what has been learnt by North American forest managers, for potential application in Australia. It was undertaken on the premise that North American forest managers have a longer history of implementation of certification schemes and therefore a longer history of responding to areas for improvement, including in regard to stakeholder relationships.

The objectives of the study were to:

1. Identify changes in management practices and processes resulting from certification that may benefit Australian forest managers; and
2. Identify examples of successful stakeholder engagement themes and processes to address sensitive forest management issues.

The study was undertaken through a series of interviews with relevant industry representatives, non-government organisations, researchers, land management agencies and people involved in certification audit teams. Practices and behaviours of four forest management organisations, certified to either FSC or PEFC-recognised standards, were examined in more detail, and are presented in this report as case studies.

There are similarities in the histories and structure of the forest industries in Australia, Canada and the US in some respects. All have significant forestry industries based around natural forests and all have had changes to forest management, and consequently changes to the industry, brought about by increased levels of public interest in the management of natural forests.

The higher prevalence of plantation forests in Australia has influenced differences in areas of stakeholder interest between Australia and the Canada and the US. Some of the

plantation related issues commonly faced in Australia, such as water use; the displacement of agriculture and communities; and the increased risk of fire, were not raised as issues of interest to stakeholders in discussions with forest managers in North America.

The forest managers represented by all four case studies did not directly attribute many of the positive practices or behaviours that they claim have led to positive stakeholder relationships to requirements of certification processes. Regardless, the practices are generally aligned with the types of improvements that have been required by other forest managers seeking certification.

Case Studies

Mendocino Redwood Company

Mendocino Redwood Company (MRC) is a family owned company with 228,800 hectares of natural forest in northern California. It achieved FSC certification after purchasing the forests from an industrial forest manager, and has been working hard to rebuild relationships with community groups, neighbours and regulators from a reportedly low level.

MRC's main stakeholder interests include harvesting of old growth; clearfelling; and herbicide use.

MRC considers that its key success factors in improving stakeholder relationships include strong leadership for cultivating positive relationships; openness and transparency in its dealings with stakeholders; initial in-person communication with stakeholders to build trust; creation of a working definition of 'old growth' in consultation with community stakeholders; public reporting of progress towards management objectives, such as reduction in chemical use, restoration of habitat, and inventory; and the resourcing of a professional position to manage all stewardship matters, including communication.

Hancock Forest Management

Hancock Forest Management (HFM) is a timberland investment company, with 1.1 million hectares of native forest under management in the US, 300,000 hectares of which is in the western states of the US. All of HFM's forests are certified to the Sustainable Forestry Initiative (SFI) standard. The SFI scheme is endorsed by the Programme for Endorsement of Forest Certification Schemes (PEFC), which is the same programme that recognises the AFCS in Australia.

HFM nominated four main types of stakeholders: recreation users; government regulators; local indigenous groups; and conservation groups.

HFM considers that its main success factors in building good relationships with these stakeholders includes maintaining open and proactive communication, which has relied to a large degree on the personalities of the people involved; early engagement of stakeholders in planning processes; identification of areas of common interest and sharing of resources; establishing appropriate communication channels; and making use of structured communication processes.

The Campbell Group

The Campbell Group is a timberlands investment company, with 1.2 million hectares of native forest under management in the US, including the Pacific Northwest. Some of its forests are certified to the SFI standard.

Access to the forests for hunting and other minor recreational pursuits is the main area of stakeholder interest.

The Campbell Group considers that the key factors that contribute to its successful stakeholder relationships include in-person communication and maintaining positive operational outcomes.

Collins Pine

Collins Pine is a family-owned forestry and wood processing business, which has been operating since 1855. It manages 32,000 hectares of native forest in northern California and southern Oregon and also harvests from Federally-owned forests. It has FSC certification for its own forests.

Collins Pine's main stakeholders are neighbours, most of which are cattle farmers; and conservation groups, which are more interested in influencing management of Federal forests than privately owned forests.

Collins Pine has had success in maintaining access to Federal forests through working cooperatively with a local stewardship group made up of various parties, including conservation groups and government representatives.

Key success factors and conclusions

The key success factors identified by the US forest managers that can be considered complementary measures to help achieve or maintain a 'social licence to operate', can be categorised broadly into two groups: Behaviours or cultural attributes; and tools or mechanisms to help achieve the outcomes sought. The key success factors nominated are summarised as follows:

Cultural attributes

- Provision of strong leadership support for developing and maintaining good relationships;
- Commitment to investing in understanding key stakeholders and their interests;
- Practising proactive, open, honest, and transparent communication;
- Employing people with the appropriate personalities in key positions; and
- Maintaining good operational, environmental and social outcomes.

Mechanisms

- Reporting of progress toward improvement targets;
- Implementation of structured communication processes, which includes identification of key contacts and establishment of communication channels;
- Sharing of research done by stakeholders; and
- Implementation of stewardship programs.

Some of the key success factors have been implemented to varying degrees by Australian forest managers. Others may be considered for implementation if considered appropriate

for individual organisations aiming to improve their communication processes and relationships with stakeholders.

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1 Introduction

1.1 Background

Forest management certification has shown an increase in popularity over recent years, both internationally and in Australia. Two forest certification schemes currently operate in Australia. Australia's national scheme, the Australian Forest Certification Scheme (AFCS), is endorsed by the international Program for the Endorsement of Forest Certification Schemes (PEFC). Over 8.7 million hectares of Australia's forests have been certified to the Australian Forestry Standard (AFS) (AFS, 2009).

The Forest Stewardship Council's (FSC) program of forest management certification has been implemented internationally for the past ten years, across 81 countries. Eight Australian forest management enterprises, totalling more than 520,000 hectares, have gained FSC certification since the first certification in 2004 (FSC, 2009).

In Australia, over nine million hectares of public and private native and plantation forest is certified to one of two certification schemes. Both schemes require that forest managers undertake consultation processes with stakeholders as part of ongoing business. The certification process has highlighted that stakeholder consultation and engagement is a part of the business process where significant opportunity for improvement was identified among Australian forest managers. A study on the impacts of FSC certification in Australia and New Zealand found that the area of social impact planning and maintaining consultation with people directly affected by forestry operations ranked third (after two environmental criteria), out of 56 criteria, in terms of the number of corrective actions required through the certification process across all certified forest managers. Nineteen of the 25 forest managers assessed had conditions relating to this criterion (Mason and Jones, 2007).

Internationally, findings have been similar. In a study that ranged across developed and developing countries (Newsom and Hewitt, 2005), communication and conflict resolution with stakeholders, neighbours and communities was the social issue most commonly resulting in corrective actions during the certification process, with 75 percent of forest managers required to address this aspect further.

Certification requirements for stakeholder consultation have been cited as a barrier to certification, particularly to the FSC standard, by a number of Australian forest managers, as it is perceived as 'too difficult'. Even managers that have achieved certification are still developing their capabilities in this area and are finding that significant effort is required. However, the increasing prevalence of certification has required that forest managers develop and introduce new approaches, practices and processes to address stakeholder consultation and ongoing relationships.

Beyond certification, the broader community, including investors and creditors are increasingly considering corporate social responsibility and reputational risk.

This study was undertaken on the premise that because forest certification is relatively new in Australia - the first certification internationally was undertaken ten years prior to any in Australia - we may be able to learn from forest managers elsewhere. Australian forest managers that have been through the certification process have been required to adapt their policies and practices to meet the requirements of certification standards. Canadian and US forest managers have also adapted over time and it may be that Australian forest managers can fast track their learning by looking at how successful stakeholder management has developed overseas.

1.2 Objectives and scope

The objectives of this study were to:

3. Identify changes in management practices and processes resulting from certification that may benefit Australian forest managers; and
4. Identify examples of successful stakeholder engagement themes and processes to address sensitive forest management issues.

1.3 Methodology

In order to identify some of the success factors and lessons learnt about forest management within the certification framework, a series of interviews with relevant industry representatives, non-government organisations, academics, land management agencies and people involved in certification audit teams was undertaken. Practices and

behaviours of four large forest management organisations, certified to either FSC or PEFC-recognised standards, were examined in more detail, and are presented in this report as case studies.

The case studies describe the experiences of forest managers in implementing various stakeholder engagement processes and practices to manage issues of interest to stakeholders. The main stakeholders considered in the case studies include community members, neighbours, regulatory authorities and indigenous groups. Key success factors in improving stakeholder relationships are also described.

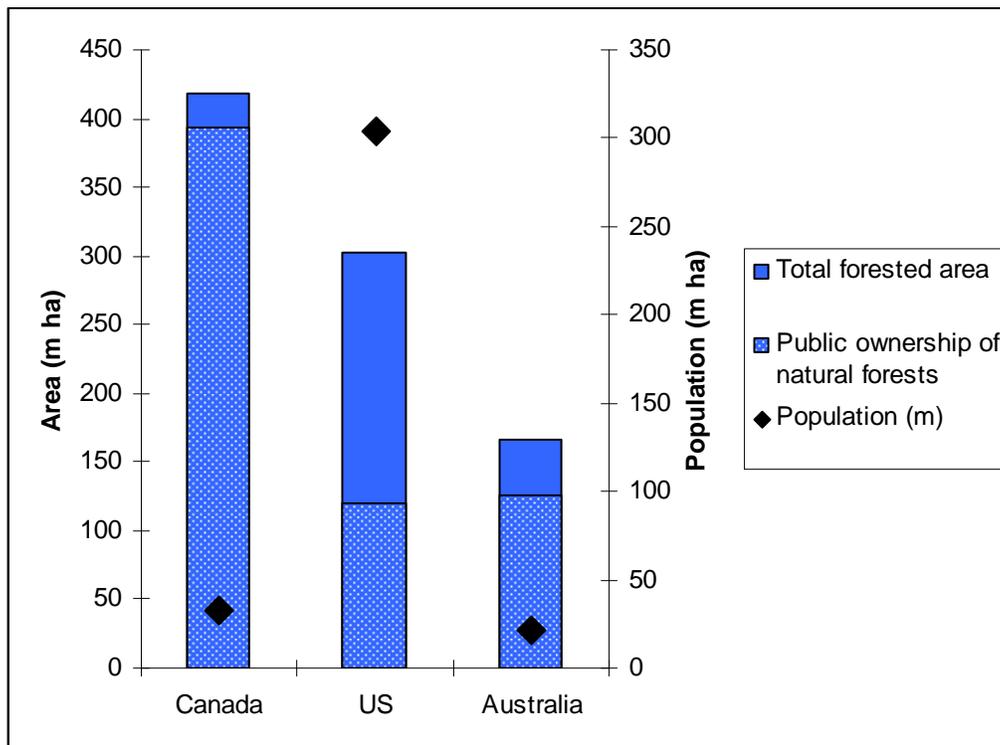
To identify opportunities for Australian forest managers to learn from the experiences of the North American forest managers, and to identify further success factors in the Australian context, interviews with a sample of Australian forest managers were undertaken. The Australian forest managers were selected from those organisations that are certified to either FSC or AFS standards.

2 A comparison of country and industry structures and history

It is instructive to consider the respective dynamics of the forest industries of Australia, Canada and the US over recent history. All have significant forestry industries based around natural forests. All have had changes to forest management, and consequently changes to the industry, brought about by increased levels of public interest in the management of natural forests.

Figure 2-1 shows the population, native forest area and forest ownership profile of each country.

Figure 2-1 Population of Canada, US and Australia and their native forest areas and tenures



Sources: The World Factbook (2009); DAFF (2007); USDA Forest Service (2000).

2.1 United States

The US has a large population and a large forested area. The majority of timber production is shared almost equally between the Pacific Northwest states of California, Oregon and Washington, from natural stands of Douglas fir, fir-spruce and smaller areas

of Californian Redwoods; and the south-eastern states, from extensive stands of native softwoods (Howard, 2001). While there is an element of hand planting involved in the re-establishment of many US forest species after harvesting, there is little plantation forest and negligible production of timber from plantations in the Pacific Northwest.

Historically, the majority of all timber produced in the US came from the Pacific Northwest (Howard, 2001), predominantly from Federally-owned land. One of the recent single biggest impacts on the US timber industry was the 1990 listing of the northern spotted owl as ‘threatened’ under the Endangered Species Act (USFWS, 2007). The listing, aimed at providing additional protection to the species, resulted in the cessation of timber harvesting in large areas of Federal forests (Howard, 2001). The volume of timber harvested from Federal forests in Washington, Oregon and Northern California was reduced by more than 80 percent (The Seattle Times, 2008). Estimates of job losses resulting from reductions in harvest volumes has been around 44,000 jobs (Swedlow, 2003).

According to Stennes et al (2005), Federal forests are now “not important” contributors to industrial forestry, with harvest volumes having fallen approximately 70 percent since 1987. They are managed under a regime of “ecosystem management”, where environmental considerations outweigh social and economic concerns (Stennes et al, 2005). As a result, the shortfall in timber production is met by an increase in timber production from privately-owned forests. There is a higher level of tolerance by the public for timber production from privately-owned forests than from Federal forests, although private forests are still subject to degree of public scrutiny. There is also a higher level of public interest, reflected in legislative controls, in the management of private forests in the Pacific Northwest than of the private forests of the southern states, which are predominantly pine species managed under shorter rotations.

2.2 Canada

Canada has a relatively small population and large forested area, the vast majority of which is natural forest, with minimal areas of plantation (Stennes et al, 2005). Most forests are managed by the provinces, in public land ownership, and the majority of timber produced is from these forests, by private timber companies (Stennes et al, 2005).

Stennes et al (2005) argue that the predominance of public ownership means that changes in forest management practices can be controlled by the public through means such as regulations linked to harvesting licences. The licensing structure means that a harvesting company must meet defined obligations to ensure future access to timber (Stennes et al, 2005).

Canada's large area of productive natural forests and its relatively low population has resulted in it being a net exporter of timber. It has been the major timber exporter to the US since the 1950's, providing 93 percent of the US' total imports in 1999, which is almost 63 percent of Canada's annual timber production (Howard, 2001).

Conservation groups have used Canada's exposure to the export markets of the US to bring about changes within the forest industry. Still the largest act of peaceful civil disobedience in Canada's history is the Clayoquot Sound demonstrations during the summer of 1993, during which over 12,000 protesters blocked access to harvesting operations and over 800 people were arrested. The protests were in response to a decision by the government of British Columbia to allow harvesting of the majority of areas of old growth rainforest on Vancouver Island (Western Canada Wilderness Committee, undated).

As the protests continued, the government maintained its position and the public focus turned to the logging company. Eventually, as a result of the ongoing public pressure, the logging company was removed, management was transferred to a First Nations group and the intensity of harvest has decreased (Western Canada Wilderness Committee, undated).

The Clayoquot Sound campaign helped to raise public awareness and consolidate interest in timber harvesting in Canada and has led to the introduction of the principles of sustainable forest management. Intense public interest in forest management means that forest management must aim to provide the myriad of forest functions and tangible and intangible outcomes that people value in forests. Land use decisions involve much community input.

One confounding factor in forest management in British Columbia today is that land rights agreements between First Nations people and the provincial governments are still under negotiation. This has presented difficulties in negotiating terms between forest

managers and First Nations stakeholders, due to the possibility of compromising ongoing negotiations with provincial governments.

2.3 *Australia*

Australia has a relatively small population and a relatively small forested area available for timber production, but, as with Canada, high on a per capita basis. Over the years since the initial large scale plantings of softwood in South Australia in the 1920's and 1930's, timber production from native forests has been supplemented by harvesting of softwood plantations. More recently, extensive hardwood plantations have been established for both fibre and, to a lesser extent, timber production. The vast majority of managed native forest remains in public ownership, however ownership of plantations has moved from public to majority private.

The increase in plantation forestry is partially attributed to public pressure to reduce the harvest from natural forests. As in the US and Canada, the public and activist interest in Australia is focussed on publicly owned forests, and natural forests in particular.

3 Continuing public interest in forests

There is ongoing interest from the broader community, including investors, in the sustainable and ethical treatment of forests and communities. The case studies presented in this paper represent some of the more progressive forest managers, which suggests that there is still significant room for improvement in the forest management practices of some other North American forest managers.

Studies examining changes implemented in the Canadian forestry sector over recent years to improve corporate social responsibility found that corporate governance was the area where most progress has been made, followed by environmental aspects (Brearton et al, 2005). Both areas have been emphasised to a greater extent than improvements in social aspects (Vidal and Kozak, 2008). Brearton et al., 2005 found that disputes with First Nations are still “all too common” and that consultation at the community level was identified as one area where the forest industry could improve its management practices.

In a study undertaken by Vidal and Kozak (2008) on changes in annual reporting of corporate responsibility by 20 of the top 100 forest products sector companies internationally between 2000 and 2005, it was found that reporting of some social aspects had increased. These were aspects related to human resources, employment and health and safety, indicating a focus on employees as the key stakeholder group. Vidal and Kozak (2008) suggest that this focus on employees comes at the expense of other stakeholders and initiatives such as community involvement, stakeholder consultation and engagement with indigenous people, which had all seen little or no increase in reporting during the five year period.

These studies suggest that although significant changes have been implemented by some forest managers, reflected in an improved local reputation with stakeholders, there is still an expectation that improvements should continue and that local actions will be reported globally.

4 Case studies

4.1 Mendocino Redwood Company

4.1.1 About Mendocino Redwood Company

Mendocino Redwood Company (MRC) is a family-owned company with 228,800 ha of natural forestlands in northern California. It started operations after purchasing its forestlands from another industrial forest manager in 1998. MRC harvests predominantly small diameter Californian redwood (*Sequoia sempervirens*) and some Douglas fir (*Pseudotsuga menziesii*) and oaks to make fence palings and minor quantities of other products. MRC owns forestlands, a sawmill and product distribution centres.

Figure 4-1 shows the timber yard at MRC's office and mill operations in Ukiah, northern California.

Figure 4-1 Californian redwood timber stacked in MRC's Ukiah timber yard.



MRC has been certified to the FSC Forest Management standard since November 2000. Openness is a characteristic that the company has worked to develop in its culture and reputation. This quality is recognised by even its strongest critics: A member of one of

the local watershed groups, which still maintains some differences of opinion with MRC, commented favourably on MRC's openness. One of MRC's FSC auditors, the Rainforest Alliance, describes MRC as being one of the "most open and technically superior companies".

MRC's Chief Forester, Mike Jani, is on the board of FSC US and is acknowledged by several outsiders interviewed as part of this study as being the key driver of positive cultural change in the new company, in its efforts to build its reputation in the wake of its predecessor. According to one industry observer, MRC inherited "decades of ill-will and baggage and an entrenched culture of heavy handed industrial forestry." MRC's predecessor was the focus of ongoing direct action by conservation groups.

Mike Jani is described as providing strong leadership through his "great people skills" and having the ability and charisma to lead the cultural change of the organisation. An industry observer commented that some people were less readily convinced of the new vision than others, and that some of those maintaining negative attitudes towards the company were eventually marginalised as MRC's practices were widely observed to be reflective of their words.

MRC's major customer is Home Depot, which has a policy of preferentially sourcing wood and wood products from certified well-managed forests (Home Depot, 2009).

4.1.2 Main stakeholder issues

As well as a general distrust of private forest managers, MRC reports that the areas of keen stakeholder interest in its operations are:

1. Harvesting of old growth trees and stands;
2. Clearfelling; and
3. Herbicide use.

These issues were confirmed as key areas of interest in a separate discussion with a representative of one of the community catchment interest groups, the Albion River Watershed Group.

4.1.3 Impacts of certification (FSC)

MRC was in operation for two years prior to gaining FSC certification. According to MRC, the process of seeking FSC certification did not result in significant change within the company, as the culture of openness and the intention to manage the forestlands in a more sustainable manner was initiated by the owners of the company, the Fisher family. For example, MRC had established its intention to avoid logging old growth and reduce herbicide use, and had initiated the use of its website as a main means of communication with stakeholders. MRC set out to demonstrate that the forest could be managed in a different way that improved the ecological outcomes and potential for future timber production, while maintaining a significant, although reduced, level of production in the meantime.

However, MRC considers that the certification process did help to put steps into place to reach the objectives set by the company. MRC literature also suggests that its FSC scoping assessment in 1999 provided important direction for what further work was required to meet the FSC standard (MRC, 2009). Some of the developments nominated by MRC as being required by the certification process and that facilitated changes in operational practices include:

- The creation of a working definition of old growth: MRC developed a definition of old growth and refined it through consultation with community stakeholders. Heavy historical harvesting has left few areas of old forest. In response, some stakeholders believe that patches of younger age class regrowth forest should be left to grow on into old age. As a concession to this community sentiment, MRC revised its definition to exclude smaller trees that could not be replaced in 200 years, such as on lower site classes. MRC changed harvesting practices from clear fall to other regimes, including group retention (also referred to as ‘mini clearfalls’) and single tree selection, to reflect a more natural uneven-aged structure. Spotted owls have been found to favour uneven age structure forests, as they provide better habitat for the owl’s main food source, the bush rat.

Figure 4-2 shows an example of the current structure of MRC's forest, with a mix of hardwoods and softwoods.

Figure 4-2 An example of the current structure of MRC's forest.



- The creation of a plan for reducing herbicide use: MRC reduced the quantity of chemical used through assessing the results of herbicide trials to control tan oak. Tan oak is a pioneer species that suppresses the conifers early in the rotation, which can result in a stand dominated by the oak species. The trial investigated a range of commercial herbicides, as well as other means such as vinegar and manual extraction by chainsaw. The chainsaw bar oil was considered to pose a greater environmental pollution risk than a chemical approach due to the quantities required. Stem injection with imazapyr was assessed as being the favoured method, one of the reasons being that it is only used in around 25 percent of the quantity of glyphosate used. This methodology is now being used operationally. MRC reported however, that a trade off is that imazapyr is

persistent in soil, with a half life of around 100 days, considerably longer than glyphosate.

- Reporting reductions in herbicide use to stakeholders on line: MRC's website is currently its key means of communication with community stakeholders. The quantity of herbicide used each period compared to previous periods is one of the items that MRC posts on its website for the information of stakeholders. Other items include all press releases identified, both positive and negative; company history; inventory figures, to provide transparency to sustainable harvest calculations; volumes of sediment removed in road and drainage works (this is major objective in restoring stream water quality and habitat for species including salmon); planned harvest areas for each five year period; maps of regions showing management zones, which has been of much interest; and contact details for the Stewardship Director (who typically receives around 15 emails and four to five calls per month from this source).
- Expanding wildlife surveys to include other species not required by law to be surveyed: An example of continual improvement identified by the auditors was that MRC should move on from the minimum legal requirements of surveys of two endangered bird species, Spotted Owl and Marbled Murrelet, to surveys of smaller mammals, songbirds and medium sized carnivores, in a move to improve management of general biodiversity. These surveys are now being implemented.

MRC values the certification process for the continual improvement requirement and the additional level of scrutiny provided by the external auditors, which helps them to "avoid complacency". One of the reasons cited by MRC as the reasons it engages two different certifiers (SmartWood and SCS, the only two FSC certifying bodies in USA) is that it considers that two auditors will identify more opportunities for improvement than one.

In terms of marketing the certified timber, having the FSC certification has helped MRC to build a long term relationship with Home Depot, its main customer. MRC considers that having certification has increased the security of demand for the product, which has helped fund the changes implemented.

MRC employs a wildlife biologist as its Stewardship Director. Her main roles are to maintain and manage FSC certification, communicate with stakeholders, review forest management policies, undertake internal audits and negotiate a long term (80 year) voluntary forest management plan with government regulators.

Communication processes

MRC aims to be as open as possible about its operations, in order to build trust and keep people informed. Its website states:

“We know we need local support, belief, and help to accomplish our objectives. Our commitment to the community is only as good as our ability to build an ongoing relationship of conversation, trust, understanding, and credibility. That's why our doors are always open to the community's questions, concerns, opinions, observations, criticisms, and suggestions.” (www.mrc.com).

Identification of stakeholders was not done through an analysis or to a plan. Rather, parties with an interest were identified intuitively. These included:

- Vocal people, such as outspoken critics during public reviews of Timber Harvesting Plans;
- Organisations in the area with an interest, e.g. catchment groups;
- Neighbours;
- Regulatory agencies; and
- Interested non-governmental organisations (NGOs).

Initially, when the company first took over management of the forest lands, there was a strong emphasis on public meetings and other forms of ‘in-person’ communication. The level of trust by the community was low, due to the historical issues created by the previous management. Now that the company has become more established, stakeholders have become more comfortable with the activities of the company and the website has become the predominant form of communication with community stakeholders.

During 2008, the company began using the same successful principles and processes used in managing the Mendocino forest lands for another recently acquired forest estate in northern California, the Humboldt Forests, managed by MRC sister company, Humboldt Redwood Company (HRC) (www.HRCLLC.com).

Success Factors

MRC considers that the effort it continues to make to establish and maintain a high level of openness and transparency has been a major contributing factor in the improvement in the level of trust shown by stakeholders over time. The public reporting of progress towards targets such as habitat restoration, reduction in chemical use and increase in conifer inventory have been instrumental in the improvement of relationships with stakeholders since taking over management of the forests nine years ago. The level of effort shown by MRC has taken significant investment and commitment by the company, particularly for its small size, and this has been achieved in part through strong leadership and the resourcing of a professional position to manage all stewardship matters, including communication.

4.2 Hancock Forest Management

4.2.1 About Hancock Forest Management

Hancock Forest Management (HFM) is a Timber Investment Management Organisation (TIMO), which manages forests on behalf of institutional investors.

HFM manages over 300,000 hectares of forests in its North West Division in the western states of USA, and over 800,000 hectares in south east USA, all certified to the SFI standard. HFM achieved FSC certification for some of its forests in California several years ago because, at the time, there was a price premium to be gained for selling the certified product. The price premium is no longer available, however the forest remains certified, for the time being.

4.2.2 Main stakeholder issues

HFM has four key groups of stakeholders, with which it actively communicates.

1. *Recreation users* (hunting, horse riding, fishing etc.): Access to forestlands is highly valued for recreation, particularly hunting, and users pay an annual fee for access. The presence of recreation users such as hunters provides a level of security for the forest owner against trespassers and poachers, particularly if the recreation user has paid for the right to access. Rights to access forest lands for recreation are keenly contested, with lottery systems operating for the rights to hunt some species, such as elk. User fees contribute to the cost of insurance.
2. *Government regulators*: HFM's main regulator is the state Department of Natural Resources (DNR), which has a focus on water quality. A permit is required for each activity (roading, harvesting, aerial spraying etc), and is required to be approved by a DNR Forest Practices Officer. The main concern of DNR, according to HFM, is whether HFM would be around for the long term, considering HFM does not own the forests. DNR's focus has been on ensuring shortcuts were not taken on road construction and maintenance is kept to a planned and agreed schedule.
3. *Indigenous tribes*: In Washington State, each of HFM's two main forest blocks are large areas of separate catchments, each with major rivers bisecting the properties.

These forest lands are of high cultural significance to the local tribes. The main areas of interest to local tribes are:

- a. Sustainable harvesting - that is that harvesting continues, but at a sustainable level. Elk populations, important to the tribes, need forage that comes back in the early succession stages after harvest and need forest cover for calving; and
 - b. Concerns about game poaching from roads – forest management access roads also provide access for illegal hunting. The tribes have requested HFM to leave unharvested buffers along roads to reduce visibility for poachers.
4. *Conservation groups*: HFM owns a large tract of forest lands immediately east of Seattle, which is highly visible from the city. The main areas of interest to conservation groups are:
- a. A group of conservation groups, called the Cascades Land Conservancy, put together a 100 year plan for how the Puget Sound area should be developed. All conservation groups are working towards this plan.
 - b. The sale of development rights of forestland has become more common with the provision of federal fund for conservation easements.

4.2.3 Impacts of certification (SFI)

According to HFM, its relationships with stakeholders have improved over time. However, the improvements are not attributed to certification processes. HFM contends that the drive to have good relationships originates with the company executive, which has instilled in employees since the Division's inception in 2002, that it makes good business sense to have good relationships, in that it is easier and more efficient in the long term than having poor relationships. HFM cites an example of the practices of another similar company in the area, which did not work constructively with one of the local indigenous tribes. As a result of the poor relationship, the tribe challenged all harvesting plans through the State appeals process with DNR, resulting in a cessation of harvesting.

It was clear to both HFM interviewees that protecting the HFM brand is critical, and that resources will be made available to ensure this is achieved. An example cited was the

outsourcing of road design to credible consulting specialists such as engineering geologists, rather than using in-house expertise, to assist in the keenly-watched process of road construction.

Like MRC, HFM also contends that its practices have not changed due to certification. Unlike the FSC standard, the SFI standard has no requirement for stakeholder consultation. However, HFM consults extensively with local tribes. Such is HFM's recognition of the value of consultation, that it provided comment during recent review of the SFI standard that stakeholder consultation should be included, as it is good for long term business, and its inclusion will improve the level of credibility of the SFI standard.

One of the positive impacts of certification mentioned by HFM is that positive projects have been identified during internal audits, which may not have previously been given the same attention.

Practices to engage stakeholders

1. Recreation users

HFM runs four annual recreation programs, one on each of four large forest blocks. Under these programs, a limited number of access permits are for sale for each of the four properties. For example, on one of the properties, there are 500 permits each at \$200; on another, there are 1,200 permits each at \$300. HFM sets the permit rules, which include no camping or fires, all users must sign in each time you enter the property, and all users must sign waivers. The company also specified permitted activities, which include limited firewood collecting, berry and mushroom picking for personal use and deer shooting (in the season).

HFM reports that revenue covers the cost of security (roving security guards), and that security would also be needed even in the absence of the recreation program. The advantages to HFM are that recreational users have identified issues such as blocked culverts and let HFM know. The company has estimated that around 98 percent of phone calls from recreational users are to provide positive feedback.

2. Government Regulators

HFM considers it has a very good relationship with DNR and with regulators in general, which is achieved in part through proactive and open communication and demonstrating commitment to long-term management.

DNR requires that a inter-disciplinary (ID) team be set up for each major activity that meets a set of risk criteria, such as having unstable slopes, channel migration potential and other elements that make them highly sensitive sites. HFM estimates that around 10 percent of its harvest plans require an ID team process.

The team process is managed by DNR according to established rules, the aim being to provide a formal forum for input by relevant stakeholders. The process requires that relevant stakeholders are invited to meetings where the project is discussed and input and agreement on elements of the project are sought. There is a documented set of guidelines stating duties and expectations for technical experts and observers, and project documentation is provided to all participants to review before the meetings so that all can be prepared to contribute. Meeting outcomes and attendance are documented and DNR makes the final decision on approval. If people are invited to attend a meeting and don't attend, it is noted by DNR that the opportunity for input was provided.

In addition to effectively using the DNR ID team process, HFM also ensures that it keeps up with its agreed program of road maintenance and decommissioning. By complying with annual targets set by DNR for a 15 year period, HFM is demonstrating commitment to the long term, and by doing so is building trust with the regulators. If targets are not met, there is a risk that DNR will withhold approval of future harvesting and roading plans.

3. *Tribes*

A key set of relationships for HFM are those with the indigenous tribes local to HFM's forestlands. HFM contends that good relationships and communication channels have been shown to facilitate management decisions. One example cited was the improved progress in the planning and approvals process for a major road construction project (3 miles of new road) that had been ongoing for 11 to 12 years with the previous forest manager. HFM believes that personality conflicts and low a level of consultation with the affected tribes contributed to the inability of the parties to resolve differences,

resulting in long delays to the project. With changes in personnel and approach that HFM has implemented, the project is now 80 percent complete and due to be finalised in 2009.

Getting to know how best to communicate with the tribes has been a learning experience for HFM. Each tribe is structured differently and can often have a number of key contact people, which has taken time, and some mistakes, to learn. However, the investment in establishing the appropriate communication channels is critical in effective communication.

One particular tribe with which HFM works consists of two distinct groups - those concerned with fisheries and those concerned with wildlife. HFM believes it has a good relationship with the wildlife group because both parties have a shared purpose.

Harvesting undertaken by HFM also benefits the tribe, as the structural variety brought about by harvesting benefits wildlife populations and facilitates hunting. In addition, the tribe has a continuous presence on the land, conducting wildlife research, such as elk and cougar population studies. HFM does not do its own wildlife research; instead results are shared by the tribe, which suggests and helps to build a level of trust.

HFM's relationship with the fisheries group has been more difficult as the tribe would prefer HFM to leave longer and wider buffers to protect streams, and therefore fish resources. At times, the two parties invite DNR to have input into helping to resolve issues.

As another example of working proactively with stakeholders, at the time of this study, HFM were planning a joint project with one of the tribes to stratify the forest estate into various geographic zones based on the potential for significant archaeological sites. The zones will indicate the intensity of survey that is required during road construction and harvest planning.

4. Conservation groups

HFM has an ongoing "Stewardship Program", which involves identifying areas of environmentally sensitive land that are acquired as part of large forest acquisitions, and establishing a means to preserve them. One way the company has achieved this is through the sale of development rights to a conservation group. The price paid for the

development rights is related to the price the company would get from development. HFM describes this program on its website: “Our Stewardship Program encompasses our philosophy that good stewardship is good business... To date, over 330,000 (133,600 hectares) have been preserved. Sensitive lands sales also help to protect our social license that gives us the operational flexibility to be successful.”

(http://www.htrg.com/manage_stewardship.htm)

The significant level of funding available for conservation land purchases in recent years in the USA has provided HFM with the ability to achieve an equivalent financial return from land sales for preservation as for developments such as for residential housing. The sensitive lands are of high quality and significant in area. Some examples of the land that HFM has sold for preservation are shown in Figure 4-3, Figure 4-4 and Figure 4-5.

Figure 4-3: Snoqualmie Forest



“Serving as the buffer between the Greater Seattle metropolitan area and the Cascades’ alpine wilderness, the Snoqualmie Forest contains two major river forks, numerous lakes, diverse wildlife populations, and mountains nearing 5,000 feet. Hancock Timber Resource Group joined with King County, supported by Cascade Land Conservancy, to place the development rights to 90,000 acres in public ownership. The agreement, one of the nation’s largest land conservation actions so close to a major metropolitan area, forever preserves this working forest from the increasing pressures of development.” http://www.htrg.com/manage_snoqualmie.htm

Figure 4-4: Teal Slough



“Teal Slough is a magnificent coastal stand of old-growth western redcedar. This 331-acre forest and salt marsh supports a diverse wildlife population including the marbled murrelet, northern spotted owl, amphibians, Roosevelt elk and a host of waterfowl and shorebird species. The Hancock Timber Resource Group recognized the significance of preserving this vital estuary, and with funding from The Nature Conservancy and The Paul G. Allen Forest Protection Foundation in 1999, and through cooperation of the U.S. Fish & Wildlife Service, Teal Slough will become part of the Willapa National Wildlife Refuge.” http://www.htrg.com/manage_teal.htm

Figure 4-5: Klickitat River



“Columbia Land Trust has acquired 15 miles of Klickitat River frontage from Hancock Timber Resource Group, conserving it in perpetuity. The property, which includes an old forest haul road, contains critical spawning, migration, and rearing habitat for federally threatened steelhead, Chinook salmon, and Coho salmon. The section of river includes five parcels containing 480 acres in all. The purchase ensures that this habitat will continue to support not only fish but also migratory birds and one of the largest breeding populations of threatened Lewis’ woodpecker in Washington State. The 480 acres,

in the heart of the 14,000-acre Washington State Klickitat Wildlife Area, are surrounded primarily by wild lands. Columbia Land Trust's stewardship of the property and road will restore fish access to backwater channels and ensure long-term protection of some of the highest riparian habitat diversity within the watershed. The area, known for natural beauty, fishing and recreation opportunities, will continue to be open to recreational users."
http://www.htrg.com/manage_klickitat.htm

Success factors

Like MRC, HFM considers that openness and proactive communication are key elements of successful stakeholder relationships. HFM tries to engage stakeholders from early in planning processes in order to keep affected people informed and to allow the opportunities for input. Establishing the appropriate communication channels up front and identifying areas of common interest has led to cooperative research efforts. HFM summarised this approach as trying to achieve “no surprises” for stakeholders.

In particular, HFM identified the following key processes that have helped achieved successful harvest planning outcomes:

- Anticipating potential issues early, doing some research and design to address these as much as possible before involving other stakeholders;
- Making the process iterative so that comments and suggestions can be addressed and incorporated;
- Maintaining open and proactive communication;

4.3 The Campbell Group

4.3.1 About The Campbell Group

The Campbell Group is a timberlands investment company with 1.2 million hectares of forest under management across 14 states in the US, including the Pacific Northwest (The Campbell Group, 2009).

The Campbell Group has forests certified to the SFI standard, and none certified to FSC. The first forests were certified in 2001, at the request of one of the Group's clients. The Campbell Group reports that none of its other clients have expressed a requirement to pursue certification. Despite this, the group plans to gain SFI certification for all its forest areas, with the exception of those in California, during 2009 (1 million hectares). The Group has decided that it will not seek certification in California, as the existing State requirements meet or exceed the SFI and FSC standards, leaving little opportunity for adding value through improving practices. For example, in California, the maximum clearcut size is 20 acres, whereas the FSC maximum area is 40 acres.

The Campbell Group sums up the importance of sound stakeholder relationships to its business, a philosophy reflected by other forest managers consulted during this study:

“Professional forest management goes beyond the growing of timber. Our practices include developing strong relationships with regulators, environmental concerns, customers, contractors, and property neighbours. The ability to efficiently perform harvest operations strongly depends upon our actions in the field. We have been publicly recognized several times by federal and state agencies for our forest management practices.” (<https://www.campbellgroup.com/forest-management/index.aspx>)

4.3.2 Main stakeholder issues

Hunting is the main stakeholder interest, including tribal hunting. The company holds elk hunting raffles, which are very well received by the hunting community as good quality hunting is on offer. In most forests in the western states where there are no hunt clubs, trespassers are common and issues such as poaching, squatting, illicit drug laboratories and car dumping occur as a result. Managed hunting programs are usually seen as a positive and complementary activity to timber harvesting, as part of forest

management. The company also offers access for other recreational pursuits such as rock climbing.

4.3.3 Impacts of certification (SFI)

Like the Mendocino Redwood Company and HFM, the Campbell Group claims that certification hasn't brought about many changes in overall forest management practices, but has made them more aware of issues and better at documenting their activities, particularly in the states that have fewer compliance requirements. Despite this assertion, the examples provided by the company suggest that the certification process has provided some opportunities for improved environmental and stakeholder relationship outcomes.

Practices

One example provided was that the certification process has specifically required the company to comply with the Federal Endangered Species Act, which required them to provide additional means related to protection of the spotted owl and marbled murrelet. In Oregon, additional protection for the marbled murrelet is not included in Forest Practices Rules. The certification auditor considered that the State rules were inadequate to meet the requirements of the Federal Act, and the Federal Act is not prescriptive about how to manage for the marbled murrelet. The company reported that having a third party auditor reviewing their business brought the deficiency to their attention.

Another example given by the Campbell Group is that certification to the SFI standard has resulted in improved environmental protection in those states where environmental requirements are not mandatory. The company reported that in the south-eastern states of the USA, the industry operates to voluntary Best Management Practices, based around meeting the Federal Clean Water Act. Participation in SFI in the south-eastern states gives a greater degree of environmental protection, as the environmental protection measures required by the SFI standard are greater than the state requirements. The Group also reported that implementing greater environmental protection measures has been good for the company's relationship with state regulatory agencies, as the company is seen as being proactive. The company reported that it is also active in community outreach programs such as Arbour Day, Scouts, presenting talks at schools and maintaining membership on various community and industry committees.

The Group undertakes community outreach programs, including a large project in the Big Thicket in Texas, where it worked with community groups to preserve an area of land where three different ecosystems meet. It also undertakes habitat restoration activities, mostly in the south-eastern states, for species including the red-cockaded woodpecker.

Despite the greater requirements of the certification standard, the company claims that it would be implementing many of the actions required by certification anyway. Being certified has required that they document their work more thoroughly now than they would have in the past.

Communication Processes

The Campbell Group aims to communicate face-to-face with neighbours as much as possible, however it also sends letters for larger group communication. The company provides email and a free-call number on its website for queries or complaints. One person manages these calls and distributes each to the relevant company representative.

Success Factors

Face-to-face communication, particularly with neighbours, was considered important. The company stated that it prefers to “let actions speak for themselves” in that achieving positive outcomes as a primary means of promoting its reputation, rather than having too great a focus on communicating its achievements.

4.4 Collins Pine

4.4.1 About Collins Pine

Collins Pine is a family-owned business, which has been operating in Pennsylvania since 1855, and in the early 1900's moved to California and Oregon. Collins Pine owns and manages 32,000 hectares of forestlands in northern California and southern Oregon, an area of relatively low population density and away from close public scrutiny. The forest exists as three properties of around 10,000 hectares each, one purchased from Weyerhaeuser and one from Louisiana Pacific.

Collins Pines achieved FSC certification for its own forests in the early 1990's. The company has not considered seeking SFI certification as it considers FSC as more credible.

Collins Pine also harvests from public forests. It operates within a defined area of forest, called a Federal Sustained Yield Unit, which restricts the company's access to timber from Federal natural forests to that originating within the local Unit. It is required that the timber is provided to local processors in order to provide local employment opportunities.

One of Collins Pine's two timber mills in the area was closed down in 1995, when it was recognised that there was insufficient resource under a sustained yield to support two mills. This change triggered a review of the Federal Sustained Yield Unit, through which the Lakeview Stewardship Group was formed to provide a means of multi-stakeholder input into management of the forests. Members included community and company representatives, local farmers, the Federal Government and the Lake County Commissioner, as well as Defenders of Wildlife, the Wilderness Society, WWF and several other national conservation groups. Since the group's formation, it has been working to provide high level policy direction to the US Forest Service for the management of the local Federal forests.

Collins Pine manages its operations on private and federal lands to an uneven age structure, except where there are areas of mortality caused by insects, such as the mountain pine beetle. Timber species include lodgepole and ponderosa pine, and firs. The company operates a hardboard mill, which uses the pulp quality material and is considering establishing a biomass cogeneration plant.

Collins Pine recently invested \$6.7 million to develop a new sawmill to specialise in small diameter logs, as a result of changes in harvesting practices on Federal lands. In 2008, the company signed a 10 year "Stewardship Agreement" for access to timber off Federal lands, with a focus on removing small diameter (<21 inches) logs in overstocked stands. This is an outcome of the Lakeview sustainability strategy, developed by the Lakeview Stewardship Group, in an effort to improve the health of the forests.

By working with the Lakeview Stewardship Group and the strategy, Collins Pine considers that its harvesting plans are more readily approved because stakeholders have been involved and issues addressed.

4.4.2 Main Stakeholder Issues

Collins Pine reported that its neighbours are mostly cattle farmers, who, along with most of the local community seem to be comfortable with the forestry operations carried out by the company. In Oregon, forestry represents a significant proportion of the state's revenue and employment and conservation groups tend to be more concerned with influencing operations on Federal lands than on private land.

From its experience, Collins Pine considers that the focus of national conservation groups has changed to be more interested in management of the health of forests rather than the exclusion of harvesting. There have been few complaints to Collins Pine about their activities. The company commented that in one instance a party made a complaint to the Sierra Club that clearcutting was being undertaken. Collins Pine offered a forest tour for the concerned party; however the offer was not taken up.

Hunting is undertaken on all properties, however only one is gated and signed (therefore this is the only one for which Collins Pine has the legal right to manage access). The other two properties are not gated and anyone can access. Like the other forest managers interviewed as part of this study, Collins Pine runs a lottery system for hunting rights on its gated property.

4.4.3 Impacts of certification (FSC)

The company investigated FSC certification in the early 1990's and felt it was a natural fit, not requiring a major paradigm shift. Some changes that it attributes to going through the certification process are: inventory and management plans are more robust; and it now takes a broader view of the ecosystem.

Collins Pine considers that if it was not FSC certified, it may not have had the level of co-operation and support from the conservation groups that it has had through the Lakeview Stewardship Group, with which it developed the long range strategy for the forest.

(<http://www.lcri.org/unit/longrange.htm>)

Practices

The main impacts on Collins Pine's practices as a result of FSC certification are reported to be a greater mass of rotten logs and fallen timber is being left on the

ground as habitat, and the company is required to seek input from local indigenous groups. Collins Pine commented that it has sought input from local indigenous groups, however no response has been forthcoming to date.

Behaviours

Collins Pine has been in the area for a long time and considers that it is recognised as being there for the long term. It considers that it is community oriented, exemplified by such activities as providing scholarships for locals to attend college, and gives its annual deer tag allocation to local charities for fund raising. There is a state-wide Collins Foundation and a local Collins and McDonald Foundation that originated from Collins Pine, but are now managed independently.

Success Factors

Collins Pine reports that working with the Lakeview Stewardship Group has provided successful outcomes, however it requires compromises by both parties. The conservation groups showed faith by working with Collins Pine to allow it to continue harvesting, albeit under a different regime. Collins Pine compromised by investing heavily in infrastructure to allow it to move its business focus to processing of smaller diameter logs.

The success of the Lakeview Stewardship Group is attributed to the close sense of community in Lake County and the support of the conservation groups for Collins Pine, which in turn is considered partially attributable to being FSC certified.

5 Discussion

Certification and stakeholders

Previous studies have noted the benefits to stakeholders, particularly local communities, brought about through forest management certification processes. Molnar (2003) described positive impacts on worker rights and conditions, including worker safety, in developing countries. In addition, FSC certification has been important for the recognition of indigenous forest tenure rights (Molnar, 2003).

Benefits of certification in developed countries have also been documented. For example, in Canada, recognition of historical trapping, fishing and collection areas have been negotiated and opportunities for sharing in benefits through the establishment of contracting services by indigenous groups have been realised (Molnar, 2003). Newsom et al (2005) found that the certification process required more than 45 percent of SmartWood FSC-certified operations to make improvements in communication and conflict resolution with stakeholders, neighbours and communities. Similar findings were also found for Australia and New Zealand by Mason and Jones (2007).

For those forest managers that already have good environmental, social and economic management, the path to certification generally requires fewer changes. Newsom et al (2006) found that in highly regulated regions, such as the western states of the US, forest management certification is typically pursued by forest managers that are already implementing progressive forest management practices, resulting in a minimal need for changes to practices through the certification process. This is not to say that some changes aren't required to meet the certification standards; but the changes are less than may be required of other, less prepared organisations.

The forest managers represented by all four cases in this study stated they did not directly attribute many of the changes in practices or behaviours to requirements of certification processes. Regardless, the practices that the companies reported to have led to positive stakeholder relationships are generally aligned with the changes that would be required under various certification schemes. Mason and Jones (2007) found that the following were some of the specific actions related to stakeholder engagement that were undertaken

by Australian and New Zealand forest managers in order to meet the requirements of FSC certification (Mason and Jones, 2007):

- Development of a Community and Stakeholders Relations Strategy and improvement of the stakeholder database;
- Appointment of community liaison officers;
- Offer company and industry information to all interested stakeholders;
- Implementation of a complaints database, with all complaints followed up;
- Formalisation of a community sponsorship program;
- Development of a stakeholder survey to better understand the needs of local communities;
- Training of senior operational staff in conflict resolution and communication skills;
- Development of a social impact manual for management of impacts on employees;
- Development of a social impact manual for management of impacts on the wider community from management and operational decisions;
- Initiation of a website, which has current information on forestry operations, including spraying and harvesting; and
- Hosting of a field day open to the public, prior to harvesting in a forest block.

Newsom et al (2006) found that in highly regulated regions, which would include the western states of the US and Australia, forest management certification is typically pursued by forest managers that are already implementing progressive forest management practices, resulting in a minimal need for changes to practices through the certification process. The four forest managers were selected for this study because they are considered leaders or are considered to at least have achieved some degree of success in managing stakeholder relationships.

Issues of interest to stakeholders

Not surprisingly, a number of the issues that raise stakeholder interest in forest operations in North America are similar to those of interest in Australia. These include chemical use; harvest regimes (clearfall versus selective harvests); the sustainability of harvest rates; protection of old growth trees and forest; and in some cases in Australia, but less so than in US as a result of cultural and land tenure differences, access to forestlands for recreational purposes such as fishing and hunting. These issues are relevant to management of Australia's natural forests; and some are relevant to plantation forest management.

Some of the issues typically associated with plantation development in Australia, including use of water by plantations; the displacement of agriculture and communities; and the increased risk of fire were not raised as issues of interest to stakeholders in discussions with forest managers in North America, where the area under plantations is negligible.

Key success factors

A number of key success factors were identified by the US forest managers as contributing to successful stakeholder relationships. They can be categorised broadly into two groups: Behaviours or cultural attributes; and tools or mechanisms to help achieve the outcomes sought. The key success factors nominated are as follows:

Cultural attributes

- Provision of strong leadership support for developing and maintaining good relationships;
- Commitment to investing in understanding key stakeholders and their interests.
- Practising proactive, open, honest, and transparent communication;
- Employing people with the appropriate personalities in key positions; and
- Maintaining good operational outcomes.

Mechanisms

- Public reporting of progress toward improvement targets;

- Implementation of structured communication processes, which includes identification of key contacts and establishment of communication channels;
- Sharing of research done by stakeholders; and
- Implementation of stewardship programs.

It would not be expected that the implementation of any one of the success factors would necessarily result in sustainable improvements in stakeholder relationships; they have been implemented as a suite of measures by the US companies and the factors can be seen to be complementary. Jenkin (2008) in a recent paper about the issues faced by Australian plantation managers in regard to stakeholder relationships identified the ‘*social licence to operate*’ as being “a measure of community confidence in the actions and outcomes of a project manager.” He also states that the social licence can be difficult to earn and very readily withdrawn at any time if that confidence is not maintained. A combination of the key success factors are considered by the case study forest managers to help to build trust if implemented consistently with an intention of goodwill.

Cultural attributes

Strong leadership support

Both MRC and HFM representatives emphasised that their focus on establishing and maintaining effective stakeholder relationships comes from strong and consistent direction from their leaders that stakeholder relationships are critical for the effective management of the business, whether through brand protection, in the case of HFM, or through regaining and maintaining the ability to harvest, as in the case of MRC. The culture of an organisation and its priorities are set through the actions and words of those leading the organisation.

Commitment to investing in understanding key stakeholders and their interests

MRC has taken the approach of identifying the key issues and level of interest or concern in aspects of forest management and to provide the information that is relevant to those concerns. For example, MRC has published statistics on its website about its inventory, chemical use, and progress towards targets, all of which were identified as issues of interest to stakeholders. MRC continues to publish progress reports containing these

statistics to demonstrate change over time. This level of commitment, in addition to frequent face-to-face communication and the standing offer to show their operations to interested parties builds trust that the company is committed to longer term goals.

For HFM, the importance of understanding the interests of stakeholders has been gained in part through working with local indigenous groups that sought input into management of forest areas. HFM reported that it took considerable time and effort to get to know how best to communicate with the groups. However, by persisting, HFM reported that it was able to establish effective communication channels such that the important issues and the reasons for their importance could be identified and understood. HFM's knowledge of the issues of importance to the groups has reportedly facilitated the process of input into operational decisions, such as road construction plan approvals.

As an Australian example, one forest manager reported that it also achieved a level of success in removing active opposition to harvest in an area of native forest through investment of time and effort in a series of face-to-face meetings with the complainant. The outcome was that the manager was eventually able to demonstrate that all of the issues had been addressed and the stakeholder ceased formal complaints, allowing harvest to be undertaken.

The *Good Neighbour Charter for Commercial Tree Farming in Tasmania*, an initiative of the Tasmanian forest industry in consultation with local government, regional authorities, farming and tourism groups, was launched in late 2008. It is an example of a public commitment to actively manage the key areas of concern by neighbours of plantations. It sets out broadly how issues of interest such as fire, weeds, pests, and the impacts of shading will be managed, and encourages communication with local foresters to co-operatively resolve issues (Forestry Tasmania, 2008a)

Proactive, open, honest, and transparent communication

All four US forest managers mentioned communication as a key success factor, however MRC and HFM elaborated further on the importance of the communication being proactive, open, honest and transparent.

HFM reported that its experience with communicating with indigenous groups and regulators in particular requires proactive communication, in order to maintain progress

on operational issues that require inputs from both parties. Open, honest and transparent communication can help to build trust, which makes future communication easier.

Openness, honesty and transparency are attributes for which MRC is well known, through its standing invitation to show any interested person any part of its operation; and through the publication of its management objectives and periodic public reporting of progress towards them. MRC was proactive in that it organised a series of public meetings when it took over the business, to hear the concerns of community members and discuss the operational changes that it would be implementing. MRC is now proactive in maintaining regular and frequent communication through its website.

MRC's experience is that it has taken a great deal of commitment and communication effort to provide the consistent message that its values, management objectives and therefore its practices, are different from the previous forest manager. Through proactive engagement, MRC has substantially regained the 'social licence' to harvest on its own land, largely unencumbered by the constraints of the ongoing presence of protesters.

An Australian forest manager consulted during this study reported that it had implemented a strategy of showing interested parties around its operation. However, in one case it had resulted in the information provided being used against the forest manager, which illustrates that opening operations to all is not without risks.

Employing people with the appropriate personalities in key positions

MRC and HFM both reported that having people with the appropriate personality traits to engender trust, open communication and resolution of conflicts was critical to developing and maintaining effective stakeholder relationships. MRC had a charismatic and proactive Chief Forest, and HFM reported that personality conflicts between individuals of the previous forest manager and local indigenous groups had deadlocked operational negotiations. Taking care to employ the right person in key positions enabled HFM to resolve some of the conflicts and ill will left by the previous forest manager.

One Australian forest manager reported that it established positions for Community Liaison Officers in each district of operation, in response to a certification requirement. The Officers are operational staff nominated as the key points of contact for community input. The personality traits of the Officers that enabled them to proactively anticipate

issues, and address issues before they escalated into complaints, was considered critical to the success of the initiative.

One Australian forest manager provides training for new personnel in communication and the appropriate management of conflict. The forest manager has advised that it has been difficult to measure the success of the training, although it appears to be a positive step to support experience or skills of key personnel.

Maintaining good operational, environmental and social outcomes

The importance of maintaining operational performance was reported by both MRC and HFM as critical in maintaining good relationships, particularly with regulators. HFM relies on its performance, and regular reporting of its performance against agreed annual targets, to ensure it has the best chance of avoiding the regulator withholding approval for future operational plans endorsed.

By demonstrating commitment to sound long-term operational outcomes, MRC has been able to commence negotiations with government regulators for a voluntary long term management plan, which is intended to take the place of some of the ongoing monitoring and reporting they are currently required to undertake for periodic provision to the regulator.

Mechanisms

Public reporting of progress toward improvement targets

Reporting of progress toward improvement targets, such as the reduction in chemical use or the number of kilometres of roads rehabilitated is considered an important means through which to communicate with stakeholders and maintain a level of transparency. MRC has focused on areas of interest to stakeholders and publishes monitoring results periodically on its website.

Australian forest managers had implemented monitoring and public reporting to varying degrees. Public reporting is required by the FSC standard, however many of the some of the plantation companies have chosen to provide the information only if it is requested by an interested party.

Forestry Tasmania is an example of an Australian manager of public land that has been publicly reporting its performance against targets for a number of years, in its Sustainable

Forest Management Reports (Forestry Tasmania, 2008b). It recently developed a new-style ten-year plan, called the Sustainability Charter, which incorporates objectives and management aims. According to Forestry Tasmania (2008b), it intends to report publicly on its progress against these targets from 2008/2009, with a stated objective to increase transparency with stakeholders.

Use of structured communication processes, which includes identification of key contacts, and establishment of communication channels

HFM successfully used a (mandatory) structured communication process to gain stakeholder input into its operational plans when they involved the potential for environmental impact on a sensitive site. The process is managed by a government regulator and sets rules for participation, including that all parties must arrive at the meetings prepared and that opportunities for input that are not accepted are recorded as having been offered.

Nomination of a key contact person or persons is a common means for forest managers, including in Australia, to provide a consistent 'face' of the organisation to stakeholders. MRC has successfully employed a wildlife biologist in the role of the central contact point for all stakeholder communication regarding stewardship issues.

Sharing of research done by stakeholders

HFM reported that rather than employing its own wildlife biologist, it shares research findings undertaken by wildlife biologists employed by the local indigenous groups, undertaken in its forests. HFM claims that not only is it gaining the benefits of sharing resources, but the venture has resulted in an increase in the level of trust between the parties.

Stewardship programs

HFM emphasised its stewardship program as a means by which mutually beneficial outcomes could be gained for both the company and the conservation groups. The prevalence of funding for the purchase of land for purely preservation purposes in the US is a key factor in facilitating the program, which is not currently in place in Australia to anywhere near the same degree. A small number of similar programs, such as Greening

Australia's Gondwana Link project, which accesses philanthropic funds through The Nature Conservancy in the US, have been implemented in Australia.

MRC is implementing a different kind of stewardship program, whereby it is engaged in the active restoration of silted streams and disused roads within its estate, in an effort to improve habitat for native salmon and other aquatic species.

A number of Australian plantation forest managers have also entered into commitments to manage remnant native forest areas on their respective estates more actively than in the past, with rehabilitation of degraded areas and ongoing monitoring of species of interest. These programs have, in large part, been initiated through forest management certification processes.

6 Conclusions

There are a number of management practices and processes being undertaken by North American forest managers that may be of interest to Australian forest managers. In most cases, forest management certification was not identified as the reason why the changes were implemented, however it can be seen that many of the changes are aligned with the requirements of the relevant certification schemes. It is also evident that there is no 'quick fix'; sound stakeholder relationships require considerable investment.

Openness and transparency in interactions with stakeholders have proven successful themes for MRC in establishing a reputation as a credible and trustworthy company, after taking over management from the previous forest owner, whose operations were negatively impacted by ongoing community protests. The resourcing of a stewardship position with a professional ecologist, provision of contact details for comments or complaints and periodic public reporting against targets of interest to stakeholders were identified as key success factors. It should be noted that MRC also reduced its harvest rate and changed its silvicultural practices to change to forest structure back to what it considers a more long term "natural" mix of species, which is supported by most stakeholders.

It is important to note that MRC has earned a level of respect even from the group that it identified as its most vigorous opponent, however there are still some unresolved issues and it seems unlikely that the two parties will have identical visions for the forest into the future. However, they have built respect to a level that direct action has ceased.

HFM found that a (mandated) structured process through which to gain input from stakeholders into operations, such as forest road design, led to successful outcomes, albeit over extended time periods and requiring significant investment in expertise, communication and project management time.

The Campbell Group endeavours to maximise face-to-face communication with neighbours in particular, and provides a free-call number and email address for comments or complaints and has nominated one person to manage these inputs.

Collins Pine reported found that it was willing to make significant changes to its business, from processing large logs to specialising in smaller logs, to allow it to continue operating in the local Federal forests, where thinning is being implemented to improve forest health.

All four case studies reported benefits from managed programs for access to their private forests for recreational purposes. Increased security, through the presence of hunters who had paid for the right to use the forest, was one direct benefit, while goodwill generated by allowing access to the private forests was another. Due to cultural and land tenure differences between North America and Australia, forest recreation may be a less obvious opportunity. It may however be worth consideration by individual forest managers according to their particular situations. As an Australian example of forest recreation, Forestry Tasmania has had a major focus on creating high quality tourism infrastructure throughout Tasmania in recent years.

Both MRC and HFM also found that ongoing efforts to maintain successful communication channels with stakeholders benefitted from involving people with the appropriate personalities to build and maintain ongoing openness, respect and goodwill. Two of the Australian forest managers consulted also mentioned the importance of allocating the appropriate personalities to key stakeholder relationship roles. One organisation is even undertaking training for staff in the appropriate ways to manage particular situations and people.

Some or all of these lessons may be of interest to various Australian forest managers in their efforts to address sensitive forest management issues with stakeholders. In general, despite some significant differences in the focus of the forest industry and land tenures, the general issues of concern to stakeholders of Australian forestry are similar to those of concern in North America.

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Appendix A: Meetings held as part of the study

Date	Meeting with	Location
8 September 2008	Linda Perkins, Chair of Steering Committee, Albion River Watershed Group (in MRC operating area)	Ukiah, California
9 September 2008	Sarah Billig, Stewardship Director, Mendocino Redwood Company	Ukiah, California
11 September 2008	Jon Pampush, Program Manager, Metafore	Portland, Oregon
12 September 2008	David Morman, Director Forest Resources Planning Program, Oregon Department of Forestry	Salem, Oregon
15 September 2008	Greg Giusti, University of California Cooperative Extension, Lake County Director	Puyallup, Washington
	Angela Stringer, Wildlife and SFI Manager, The Campbell Group	Puyallup, Washington
16 September 2008	Julie Stangell, Senior Forester – NW Division, Hancock Forest Management Stephan Dillon, Road Operations Forester – NW Division, Hancock Forest Management	Puyallup, Washington
17 September 2008	Lee Fledderjohann, Senior Forester, Collins Pine	Seattle, Oregon
	John Cathro, ex Chair of FSC Canada Standards Setting Steering Committee 1996-2001	Seattle, Oregon
	Anna Tikini, Researcher, University of British Columbia	Seattle, Oregon
	Natalia Vidal, PhD candidate, University of British Columbia	Seattle, Oregon