Walking the talk: Getting FSC up and running in a medium-sized New Zealand forestry company

Brett Gilmore

Summary

FSC has produced tangible areas of improvement in Pan Pac’s business processes and has led to a more widespread and balanced view of what “well managed” forestry practices comprise.

Attaining certification was challenging. Pan Pac took a “keep it simple” approach that focussed on “walking the talk” with staff allowed to develop processes for their own work areas.

Gaining FSC certification has provided opportunities to sell into markets requiring certified lumber and to reduce our environmental risk by improving environmental management.

The real tests for Pan Pac are whether economic gains will be realised, the principal reason for Pan Pac gaining certification, and the on-going significant challenge of maintaining certification.

Introduction

This article gives a brief insight into the process Pan Pac Forest Products Ltd – Forest Division (Pan Pac) has taken to attain and maintain Forest Stewardship Council (FSC) certification. It discusses the critical factors that helped Pan Pac incorporate FSC into its business. The article also overviews, from Pan Pac’s perspective, the pros and cons of gaining FSC and details aspects it considers important in the on-going maintenance of certification.

Brief background on Pan Pac Forest Products Ltd

Pan Pac Forest Products Ltd is a privately owned, fully integrated Japanese company. Ownership is split between Oji Paper Company Ltd (87%) and Nippon Paper Industries Ltd (13%).

Pan Pac’s forest estate is located in five main blocks all within Hawkes Bay, with four blocks being Crown Forestry Licences. The productive area is approximately 32,500 ha of which 90% is radiata pine. The Company owns a large integrated sawmill and mechanical pulp mill. See the Pan Pac website (www.panpac.co.nz) for further information.

In September 2000, Pan Pac decided to seek FSC certification. The FSC pre-assessment was conducted in December 2000 and the main audit in August 2001. Our certification was received in December 2001, which coincided with the sawmill’s FSC Chain Of Custody certification. A first surveillance audit was carried out in June 2002.

Key factors that helped Pan Pac get FSC certification and maintain it

The approach taken to get and maintain FSC certification has worked well. However, there is certainly no “one way is best” approach, although some of the core themes within our philosophy are common to the approach by other companies to certification.

The following is a list of factors that Pan Pac believe are important:

- Pan Pac has strong support and encouragement from our General Manager. This ensured the project was adequately resourced and that there is continued focus. It was important to have a full-time staff member.

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dedicated to certification.

- Environmental aspects of our business are considered on a similar footing to safety and health and economic performance.
- There is strong “buy-in” throughout the organisation. Certification is promoted as more than a tool to increase gross margin. Certification is about “well managed” forest practices. A common question is “Shouldn’t we be doing it anyway, irrespective of FSC requiring us to do it?”
- A simple but robust environmental management system (EMS) is utilised emphasising a “keep it simple” and “walk the talk” approach. The EMS is based on our successful safety and health management system. This helped make implementation of the EMS straightforward. The focus is about “doing” rather than paper shuffling, although additional paperwork has been required.
- We let those doing the work develop and maintain their own systems and procedures. Without their buy-in, especially where it involves onerous tasks like additional paperwork, it would be a tough task implementing and maintaining new measures.
- We selected the right auditors for our company. This is important because in lieu of a National Standard, the auditing bodies interpret the FSC Principles and Criteria differently and may also place differing emphasis on criteria.
- Pan Pac appreciates the importance of developing and maintaining relationships with stakeholders.

The benefits of certification to Pan Pac

FSC has been good for Pan Pac and has shown tangible benefits to our business. The major benefits are:

- Opportunities to sell into previously inaccessible lumber markets requiring certified product.
- The risk of legislative non-compliance and associated risks from stakeholder groups, community and the media has been reduced through improved environmental management and performance.
- Environmental performance has improved, in some areas significantly. FSC has formalised areas of our operations we did well or provided focus for improvement. This extended into areas, like harvest planning, that we thought were already being done well.
- Environmental management is now more effective due to a proactive outcome-driven environmental focus. The EMS has strengthened the plan, do, act, and review processes. FSC has provided the discipline and the pressure to do many important environmental tasks that were often sidelined because day-to-day pressures pushed them back down the priority list. In the past, environmental management tended to be ad hoc. For example, it was done well in some areas and poorly in others, or done well for one project and inadequately for another. This led to inconsistencies and a tendency to be complaint or incident driven.
- The environmental culture is integrated throughout the business and has become everyone’s responsibility. Staff, contractors and their employees’ responsibilities and accountabilities are clearly detailed.
- Data and information management has been strengthened to assist in determining the effectiveness of our environmental performance. The focus is on appropriate data collection and selection of environmental performance indicators.
- Relationships with stakeholder groups have significantly improved in some areas. Our consultation with neighbours and government organisations has been strong, but consultation with tangata whenua and environmental interest groups was weaker. FSC provided discipline to encourage more communication with Maori. This has proven to be rewarding and of strategic importance, considering about 90% of Pan Pac’s forests are under Treaty claims.

Challenges and frustrations of certification

Attaining FSC certification has been challenging and at times frustrating. The process has highlighted aspects that we didn’t appreciate, or were stuck with whether we liked it or not. The more important of these are:

- We underestimated the time and resources involved in addressing Corrective Action Requests (CARs) prior to the first surveillance audit. We had 16 minor CARs most relating to chemicals or social and environmental impact. Resolving these took much commitment as the entire process of getting certified. Staff became tired of the additional work placed on top of existing heavy workloads. In some instances, our expectations may have exceeded those required by the auditors due to not being sure of exactly what was needed. Compounding this, we underestimated the extra demands on certain staff especially within the growing side of our business.
- The cost of certification was high for a voluntary process that targets environmental improvements. About $50,000 for a main audit is a lot of money and that was the most competitive price!
- Dealing with FSC’s Principles and Criteria was a chal-
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lenge because of the myriad of detail, the poor cross-referencing of criteria, and their generally confusing nature. Understanding the FSC babble and converting it into normal speak was a major challenge and one that should not have been necessary. Where clarification was needed, the problem was compounded because the auditors couldn’t advise because ethical considerations required separation of auditing and consulting. Although I agree with the rationale, who do you ask, other than the auditor, about what exactly needs to be done?

- Audit reports tended to focus on what wasn’t achieved rather than what had been done well. This was a motivation dampener.

Future challenges

Pan Pac has not met the principal original purpose for attaining FSC. This was to increase profitability through sales of FSC logs. The certification process has been expensive, in the order of $300,000 excluding most staff time, so a financial payback is expected in addition to the other gains. Sales of certified product have been small to date, but are increasing. It would be highly unlikely that the current trend of increasing environmental consciousness leading to expanding “green consumerism” will go away.

Maintaining FSC will be challenging due to the complexity and all-encompassing nature of the numerous criteria and the strong temptation in a busy organisation to move on to the next business focus area, and in the process lose emphasis and drive on FSC. Key considerations for our organisation’s success with FSC will hinge on maintaining a “well managed forest” culture. This will be heavily dependent on all staff, contractors and their employees managing their environmental responsibilities. Also the processes within the EMS will require continued diligence to ensure things actually happen.

The bedding in of the National Standard, if eventually ratified, may pose challenges. The major benefit is that FSC will reflect New Zealand’s unique conditions by clarifying local requirements. However, in many circumstances the standard will not solve the interpretation of FSC’s Principles and Criteria or address their readability. They will still be complex and awkwardly written over 50 pages because they need to follow FSC Principles and Criteria format. For example, “6.3.5. Weed and pest control plans as dictated by 6.2.4, 6.4.3, 6.4.6, 10.2.5, 10.5.4 are progressively implemented to ensure ecological functions are maintained including ecosystem regeneration and succession and species diversity”. Numerous issues are raised including what do the underlined words or criteria really mean? Can the average forest owner wanting to attain certification absorb this? Is the intent “control pests so you can maintain or improve what you’ve got”?

In addition, because of the political nature of developing a standard, some contentious areas have been heavily negotiated. In some instances criteria are substantial compromises. For instance, 10.5.8 requires “a minimum of 8% of certified forest area will be protected…”. Why 8%, or should I even go there?

There are interesting times ahead!

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Are plantations forests? An environmental NGO perspective of New Zealand forestry

By Grant Roseman

Forestry has moved into a new era of certification and having to be more accountable to a range of society values. It is a good time to take stock and reassess its direction and potential. Ten years on, NGOs are reconsidering the effectiveness of the Resource Management Act and looking to other mechanisms to achieve and reward environmentally responsible and socially beneficial practices.

Failure of governments and international institutions to act

First, a recap on some aspects of the international context and New Zealand environmental milestones. Popular environmental movements and rising public awareness, as well as the Brundtland report, Agenda 21 and other international fora, have identified the crisis in the world’s forests. As a result the 1990s led to unprecedented land stewardship accountability being required from state-managed lands and private lands. It heralded a new era of environmental and social responsibility by managers. However, governments and international institutions have been consistently high on rhetoric and lacking in action to ensure a regulatory environment that matched this. There is a lag in government action on society expectations.

Globalisation and the rise of consumerism at the end of the 20th century combined with unprecedented environmental awareness in westernised nations. Civil society movements evolved to bridge the accountability gap where governments and international institutions had failed. Thus the rise of the Forest Stewardship Council (FSC) and certification.

The forest industry in Aotearoa has ‘matured’ from the bad old days, of the 1960s to early 80s, of destructive native forest logging and conversion of forest to

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