

Planning forest cutting in State Forest Management Centre

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Summary

Forest covers half of Estonia, while just over a third of it belongs to the State. In the state forest administered by the Ministry of the Environment (98% of all state forest), reforestation, tending, use and protection of forest is organized by a profit-making state agency, the State Forest Management Centre (hereinafter RMK). As state forest is a state asset administered by the Ministry of the Environment, it is the duty of the Minister of the Environment, pursuant to the State Assets Act and the Forest Act, to supervise RMK's activities.

RMK's expenses in managing the state forest are covered with its revenue from selling the products of state forest assigned to its administration. The RMK transfers 26% of its revenue from the sale of the forest harvested for regeneration into the state budget. Sustainable forest management implies observing that current cutting volumes would not damage the environment and decrease prospects of future logging. Thus, accurate data on state forest, the volume of its cuttings and the revenue earned from its sale is needed to manage the forest in a sustainable way.

The National Audit Office (hereinafter NAO) audited RMK's activities in planning the logging during the period of 2003–2006 with a purpose to assess whether the value of state forest is to be retained and whether the planned cutting volumes ensure the sustainable management of state forest. The NAO could not meet all objectives planned in the audit, because the state lacks reliable statistics on state forest and its management.

In the opinion of the National Audit Office, the clear cuttings carried out in state forest during the audited period were not planned in accordance with a long-term plan based on reliable data as it is required by law. There is no coherent data available as to how much state forest is left, how much of it has been already cut and how much of it could be cut in the future. If the situation will proceed where RMK, being financially dependent on the revenue from the sale of forest, exercises the inventory, planning, cutting and sale of state forest at the same time, it may jeopardize the preservation of state forest and its sustainable management.

Main observations

- **RMK's accounting of cuttings in state forest is not accurate.** Comparing RMK's official cutting statistics with the accounting of the sale of timber and the sale of cutting rights of standing crop reveals that, during 2001–2006, 526 000 solid cubic meters (annually 0.8–9,4%) more wood was sold than it was cut at the same time according to RMK's data. As it is not possible to sell more wood than has been cut, the cutting statistics of RMK is not accurate. The RMK lacks an overview of regeneration cuttings in state forest, as according to different data, the extent of regeneration cuttings carried out during 2003–2005 ranges from 17 200 to 21 800 ha in total. In all seven forest districts examined by the NAO, numerous cases were identified, where the data of RMK headquarters differed substantially from the data provided by its Forest Districts. RMK has not analyzed the causes for these differences.
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- **State forest management is planned on a short-term basis.** Although the Forest Act provided for the audited period that the logging in state forest should have been subjected to long-term planning, the RMK has planned cuttings for only one to three years to come. Additionally, RMK has changed these plans every year. Planning cuttings in shorter perspective only and altering these plans annually contradicts the rationale of the Forest Act, compromising the sustainable use of state forest, as forests that qualify better for harvesting may be cut too hastily.
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- **In planning the logging in state forest, RMK does not meet several requirements of forest management planning and employs data, which shows**

larger area of standing crop than is actually available. The RMK does not prepare comprehensive formal forest management plans for its forest districts. During 2002–2006, the logging in state forest was not planned on the basis of forest inventory data as required by law, but only by making use of RMK's database, where previous inventory data was adjusted according to the cuttings carried out. The problem is that this database does not reflect adequately the changes occurred in state forest, because RMK has not surveyed the forests to necessary extent and cannot provide correct accounting of cuttings either. Likewise, in planning the logging in longer perspective it has not been considered that in order to meet the objectives of nature conservation, some of the state forest must be allocated for the exchange of lands and designation of sites to be protected within the Natura 2000 network.

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- **Planning of logging in RMK is not transparent and the exchange of information between different administrative levels is distracted.** RMK's information regarding the extent of regeneration cuttings annually planned in forest districts is contradictory, as its headquarters and Forest Districts provide different data about the area of regeneration cuttings planned for each year in the audited period. For several times in the course of the audit, RMK provided the NAO with data on the area of regeneration cuttings annually planned by forest districts, but the data submitted at different times varied significantly. In some forest districts, the area of regeneration cuttings planned for the same year but presented to NAO in different occasions differed up to 40%. In case of different plans there is a risk to exceed the planned cutting volumes and the sustainable management of state forest is not ensured.
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- **Centre of Forest Protection and Silviculture (hereinafter CFPS) has not fulfilled its purposes in establishing state forest management plans.** The duty of CFPS is to ensure that formal forest management plans are prepared for managing the state forest in a sustainable way, but instead it has established RMK's forest management plans, which do not comply with the requirements and have been prepared for a shorter period of time than required to be due. Likewise, in establishing the forest management plans, the CFPS has not required that the RMK must obtain an approval from the administrators of respective protected areas.
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- **The annual volumes maximally permitted to cut from the state forest, as proposed to the Government of the Republic for its approval, are not based on data of sufficient reliability.** Pursuant to the Forest Act, in approving the annual volumes maximally permitted to cut from the state forest, the Government of the Republic must rely on forest management plans. However, this is not possible as RMK forest districts lack required formal forest management plans. The Government of the Republic has been thereby confronted with a situation, where RMK applies for and the Ministry of the Environment presents for approval a project of volumes maximally permitted to cut from the state forest, but both the Ministry of the Environment and the Government of the Republic do not have the opportunity to compare the volumes requested by RMK with forest management plans. Thus, in recent years, the Government of the Republic has not been able to fulfill its duty as provided with the Forest Act to administer the state forest management within a framework determined on the basis of the results of strategic planning.
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- **In all seven forest districts included in the audit sample, the audit identified cases of forest stands, where RMK had planned cuttings, which violated the requirements of forestry law.** The National Audit Office notified the Environmental Inspectorate of cuttings with the characteristics of a violation.
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Recommendations to the Minister of the Environment

- To organize the management of RMK in a way in which its internal control system would ensure reliable and correct accounting of the areas and volumes of cuttings. For this purpose, the RMK must
- - prior to cuttings, carry out a sufficiently thorough assessment of all areas subject to cutting;
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- after cuttings, check the timber volumes sold against the assessment data of the cutting area and descriptions of forest surveys. If differences occur, then RMK must find out the causes for such inconsistencies;
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- ensure accurate accounting of the timber volumes produced from state forest;
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- ensure full compliance with the requirements of forestry law;
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- improve the information system in a way that would enable to compare effectively and quickly the timber volumes cut and sold with the assessment data of cutting areas and descriptions of forest surveys.
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If necessary, to pursue an additional independent audit to assess the performance of RMK's internal control system and its accounting of cuttings in order to identify and address the shortcomings in the internal control system and to ensure that the activities in state forest are reported correctly.

- To analyze and, if necessary, to rearrange the organization of state forest inventory, preparation of forest management plans and forest management in a way in which the possible conflict of interests would be eliminated. For example, in order to separate different functions from each other, to purchase forest surveys and the preparation of management plans from private sector or assign the task to conduct forest surveys and management planning to some existing state agency.
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- To recommence forest management planning in the state forest managed by RMK, thereby effecting the preparation of formal long-term forest management plans on the basis of a total area forest inventory as follows from the Forest Act. To require that RMK will submit formal forest management plans to CFPS for establishment. For the time being when the required new forest management plans are being prepared, to request, pursuant to the Forest Act, the RMK to submit lists of activities carried out in forests (cuttings, reforestation, etc.) along with the management plans compiled before the year 2004.
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- This guarantees that the management is based on and the Forest Register is supplied with the most recent and accurate data, that cuttings are planned pursuant to long-term objectives and that the management activities during the period preceding the plans are assessed as well.
- To ensure that CFPS fulfills the duties assigned to it and requests RMK for formal forest management plans. This includes
- - permitting to regard only the cuttings planned in the course of total area forest inventories and described in forest management plans as regeneration cuttings;
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 - observing that additional formal lists indicating the cuttings which Forest Districts have carried out after the respective forest management plan was originally prepared are submitted together with the draft management plans proposed to CFPS for establishment;
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 - analyzing the lists of performed activities and forest management plans submitted by RMK with a purpose to assess whether RMK has followed these plans when managing state forests.
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If necessary, to change the structure of the Centre of Forest Protection and Silviculture and to ensure that necessary funds are available for performing these tasks.

- To improve the performance of County Environmental Departments and the Environmental Inspectorate in the field of state forest in order to prevent violations of the Forest Act.
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- To assess consistently the effect of state forest management on the value of state forest as state's biological assets. Depending on the results of this analysis, to adjust the organisation of state forest management if necessary.
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The Ministry of the Environment complies with the recommendations made by the National Audit Office in general terms and prioritizes the need to improve the control in regard to the compliance with forestry law provisions of in state forest. To ensure the reliability of cutting data, the Ministry intends to assess additionally the organization of RMK's management and the performance of its internal control systems, as well as the accounting of cuttings.

The Minister of the Environment admits in his reply that the state must have a better overview of RMK's activities in state forest management. This requires more effective cooperation between the Forest Department of the Ministry of the Environment, the RMK, the Centre of Forest Protection and Silviculture, County Environmental Departments and the Environmental Inspectorate in adjusting and, if necessary, complementing the monitoring processes, performance of procedures, and respective regulations.

The Minister did not consider it to be reasonable to separate the conducting of forest surveys and management planning from the management of logging in order to eliminate the potential conflict of interests, because private enterprises are not capable to provide forest surveys and management planning on such a large scale. In the opinion of the Minister, the separation of forest surveys from RMK's functions may affect RMK's competitiveness.

The Environmental Inspectorate concurs with all conclusions and recommendations of the NAO and plans closer and more extensive control in respect of the legal compliance of cuttings in RMK forest districts.

The Centre of Forest Protection and Silviculture explains the shortcomings in establishing RMK's forest management plans with a shortage of time and employees. At the same time, it draws attention to the fact that the Minister of the Environment has not established the methodology for the assessment of forest management activities and has not determined the extent of assessments to be carried out in every year, although these duties are also provided with the Forest Act passed in 1998. Due to limited resources, the CFPS has taken the decision to confine its work only to allocating prescribed yields and checking the accuracy of cutting lists.

RMK disagrees with several conclusions made in this audit report and gives the reasons for that in its reply. However, RMK admits problems in operative data management and considers it necessary to improve its internal control systems.

[Full text of the audit report \(pdf\)](#)

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