



App./Cert.	FMS20003
Date	18/01/2010

## FMS RECERTIFICATION AUDIT

<b>Client:</b>	VicForests
<b>Site Address:</b>	Level 7 473 Bourke Street MELBOURNE VIC 3001 AUS Alexandra, Powelltown and Noojee field offices

**Standard(s):** 4708:2007

**Relevant Codes (as applicable)**

E0301, E0302, E0303, F01-F06

**Scope of Certification:**

The registration covers the Forestry Management System for processes involved in the planning for, harvesting and haulage of native eucalypt forest and post harvest regeneration.

The Defined Forest Area is as per the area defined in the Timber Release Plan.

COMMERCIAL- IN – CONFIDENCE

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# AUDIT REPORT

## Introduction

SAI Global conducted an audit of VicForests Forest Management System from 07/12/2009 to 17/12/2009 with additional time offsite for stakeholder communication and reporting.

The purpose of this audit report is to summarise the degree of compliance with relevant criteria, as defined on the cover page of this report, based on the evidence obtained during the audit of your organisation.

SAI Global audits are carried out within the requirements of SAI Global procedures that also reflect the requirements and guidance provided in the international standards relating to audit practice such as ISO/IEC 17021, ISO 19011 and other normative criteria. SAI Global Auditors are assigned to audits according to industry, standard or technical competencies appropriate to the organisation being audited. Details of such experience and competency are maintained in our records. The audit team is detailed in the attached audit record.

In addition to the information contained in this audit report, SAI Global maintains files for each client. These files contain details of organisation size and personnel as well as evidence collected during preliminary and subsequent audit activities (Documentation Review and Scope) relevant to the application for initial and continuing certification of your organisation.

Details of your primary contact persons and their contact details and site addresses are also maintained. Please take care to advise us of any change that may affect the application/certification or may assist us to keep your contact information up to date, as required by SAI Global Terms and Conditions.

Please note that this report is subject to independent review and approval. Should changes to the outcomes of this report be necessary as a result of the review, a revised report will be issued and will supersede this report.

## Executive Overview

This is the first triennial of the VicForests forest management system. There has been exceptional improvement in the system since the first gap analysis conducted by SAI Global in January 2005 to the current status. Regional personnel are now actively working within the system with an understanding and knowledge that is leading to sensible and practical improvements on a continuing basis. Management remains strongly committed to improvement and has provided sufficient support and resources to ensure there is ongoing growth.

The initial certification was undertaken in the midst of the 2006 bushfires. VicForests elected to continue with the audit despite locations to be audited changing frequently and personnel either going to or coming from fires. This alone indicated a well established system and good commitment however; there have been significant improvements over time including new databases, appointment of specialised personnel and further training in areas of potential weakness. There have been further significant fires with the most recent occurring shortly after this audit, none however, as damaging to the forest resource as in February 2009.

Improvements other than the extended use of the system and good document management include the recognition of soils and rainforest training and implementation, introduction of the coupe haulage maps, the post harvest review report and the tighter CIS reconnaissance process involving a five step approach. Very good work has also been undertaken on the retained trees and soil compaction projects. Of particular note was the excellent salvage induction undertaken for the East Gippsland contractors working in the central areas and involving all foresters.

As a triennial audit, the entire system was again reviewed and audited with areas not previously reviewed in detail focussed on. Sampling of the regions included Central with Alexandra, Noojee and Powelltown offices visited. Improvements were evident and the system demonstrated a solid grounding with performance in the field also showing improvement. With no non conformances required, the system is recommended for recertification.

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## Audit Objective

To determine the capability and effectiveness of your organization's management system in ensuring continual compliance with customer, statutory and regulatory requirements and in meeting its specified objectives and the conformity of the management system to stated criteria.

## Past performance including a review of the results of previous SAI Global audits

The management system has shown considerable improvement over the three years since original certification. This has been largely due to an excellent commitment from senior management to the implementation of systematic processes and procedures with sufficient resourcing provided and progressive ownership of the system by regional personnel. This has been achieved despite major disruptions to the business and personnel due to significant bushfires, market downturn and restructuring of field offices and staff.

Performance has been excellent with no non conformances raised and few areas of concern.

## Review of any changes

Changes to the business have included the discovery that strata (Alpine Mixed Species) in the Allocation Order had been overharvested. This issue has been worked through with DSE and is well logged through the corrective action system (CAIR).

Issues relating to Brown Mountain and the Long Footed Potoroo in East Gippsland have led to writs being lodged with the Supreme Court and the matter will now go to trial.

As the salvage timber is phased out, harvesting is now transitioning back to green wood with all areas due to be back into green by February.

A new stakeholder engagement manager has been appointed ensuring a greater focus on this area of the business and system.

## Actions taken on previous audit issues

There has been very good progress to address all areas of concern raised previously using the CAIR system to manage them. This audit indicated a greater undertaking by other offices to manage their CAIRs.

- *The management review minutes do not indicate why some objectives and targets have been removed from the list and why others have been added.*

A new objectives and targets instruction has been developed to ensure it is clearer how these are derived. This is well documented and explains the process clearly including recognition of the Sustainable Forests Act 2004 which requires a response to the objectives in the Sustainability Charter by developing initiatives and targets. Corporate and Business plans are developed annually and performance is reported in the sustainability report annually.

## Opportunities for Improvement

- The instruction could explain the consideration of aspects and impacts and stakeholder interests.
- The instruction says that the intent is to establish targets however the intent is to try to establish a program to achieve the targets through actions and allocation of managers.

## AFS/SAIG Logo Usage

Publications display the AFS/PEFC logo with internal audits picking up on a colour issue. The

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invoice from AFS indicates that the licence fee is up to date. The SAIG logo is not in use.

## Defined Forest Area

The current TRP is the DFA and in interrogating the GIS, the total DFA size at the time of audit was 77,630ha with 27,360ha in Central and 49,887.6ha in East Gippsland. An extra category has been added to the new TRPs indicating if harvesting is complete but the coupe is waiting on regeneration and to be bundled together for hand back. For these coupes to be removed from the TRP DSE approval will be required. This now clarifies exactly how many coupes are under VicForests control at any given time.

## Statistical Monitoring

Final drafts of the Retained Trees and Soil Compaction Monitoring projects have been received for Year 1. The results have been analysed and recommendations made. VicForests have put their research forester through a statistics course run by Melbourne University with a follow up course to be attended. This is being run by the person responsible for this element to be included in the AFS. Statistical power has been applied well to the inventory work that is being undertaken with a monitoring paper produced in June 2008. All coupes have been assessed after harvest for regeneration, soil damage, coarse woody debris etc.

## Areas of Concern

- VicForests have yet to communicate to all those undertaking monitoring or developing monitoring processes the need to consider and apply statistical power where possible.
- The VicForests document "Monitoring of the Environmental, Economic, Regulatory and Social Impacts of Commercial Forest Harvesting in Victoria's State Forests" (2008) picks up a number, but not all, monitoring requirements that may lend themselves for testing against the statistical power of the monitoring process to detect change.

## Opportunities for Improvement

- Statistical power is yet to be applied to the soil compaction results as there is not yet enough data for it to be meaningful. There is also an intention to consult a statistician once further results are picked up from 2009.
- The statistical power of monitoring could be readily tested for regeneration stocking, log grading, inventory, stem damage post-thinning and compliance monitoring as the data is already available.
- It was noted that statistical power has yet to be checked for the soil compaction and tree retention studies. Other statistical analyses indicate that the soil compaction study may meet statistical power requirements but that there could be analysis issues with the tree retention study. Additional sampling sites may be needed for the retained tree study.

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## System Management

### 4.1 FOREST MANAGEMENT SHALL BE UNDERTAKEN IN A SYSTEMATIC MANNER THAT ADDRESSES THE RANGE OF FOREST VALUES

Aspects and impacts have been assessed however, VicForests have raised an internal CAIR after recognising that it is time for these to be reviewed and that the instruction relating to this area of the system is not well known or used. Identified significant aspects include smoke generation, incorrect provenance seeding, boundary breaches, log grading, compaction, escaped burns and seed stock issues. The aspects register notes financial, environmental and social aspects.

Planning has been particularly important in the salvage operations with coupes clustered together to allow best utilisation of the roading network. Approvals for the new coupes were very quick through DSE. Use of the Gippsland tactical planners for the work in Central was possible due to the good integrated of the management system and the group structure that now exists within VicForests.

The fires have burnt around 20,000ha of ash which was to have been harvested over the next 10 to 20 years. This will now require VicForests to look at more remote areas and will also change the product mix increasing logging costs. At present, the Allocation Order is being negotiated with DSE.

An excellent post harvest review report has been completed for the first quarter of 2009/2010. Current processes ensure that each coupe is reviewed by the planner and the harvester to discuss any issues. These are documented in the tactical plan and reported on. The third stage of the review is Timber Resources and this process will ensure that overharvesting will be avoided due to an improved understanding and reconciliation on a more frequent basis therefore detecting issues early. There will also now be a report from the Director Sales and Planning to the management team on the risks related to resource utilisation.

There are now five steps in the gathering of information for coupes prior to harvesting from identification of the potential for a coupe through to QA. It is now possible to obtain from the GIS a real time report on the current status of all coupes. Tactical planning has improved considerably since certification through use of quality control, new forms and greater attention to special values. The system now applied is the same for both green and burnt coupes.

Of the 14,000ha of ash lost, around 1500ha has been saved in the salvage operation. Woodstock is currently being used to determine the sustainable yield, constraints and operational requirements. Several options were put together in a Board paper for consideration with other products included such as supply for biofuels.

There has been good progress in the training and competency area with personnel from HR attending regional management meetings and training request documentation well managed. Online learning has increased and all personnel are now aware that there are compulsory modules to be completed. Mill door sales training has been undertaken with good feedback provided. Coupe monitoring has also been a focus using a regional forester to provide instruction. Further training is planned in disease and pests, SFMS awareness and OHS and legal contracts.

System processes such as internal audits, management review and corrective/preventive action management are working very well. There is a marked improvement in the audit reports with good issues being noted. External audit reports were seen to be available on the internet. Monthly reports are run detailing the CAIR status with seriously overdue ones receiving close attention. The process is very well documented and ensuring there is good attention to the issues raised, trends

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developing and closure of issues.

Management review is being undertaken annually with the last meeting held in September 2009. Minutes indicate a good presence of management although the CEO did not attend. They are very detailed and thorough with all actions resulting from the meeting well documented. A good spread of system items was covered and an SFMS review booklet prepared by the management representative for the system.

The VicForests emergency response instruction does not comment on the need for periodic testing which may have led to some offices not conducting tests. There is evidence that there have been tests undertaken with actions raised through the CAIR process.

The Legal and Other Requirements Register was last updated in July 2009 and notes compliance requirements and controls. All catchment requirements were checked during an audit by raising a report from CIS.

Objectives and targets for 2010 include minimising the impact of harvesting on root regenerating understory species, improving accuracy of log grading and implementation of smoke modelling.

## Areas of Concern

- Under the current system, it is possible to log a coupe that has only reached the desktop stage i.e. prior to field checking and QA. VicForests need to consider the risks of putting coupes onto the TRP without field and QA checking.
- There continue to be some documents being created or in use that are outside the management system. Whilst the odd one or two are expected, there are a number in several areas relating to logging and contractor checks which should be incorporated.
- Training is currently planned from the list at the manager's discretion offering the potential for some required training that is linked to significant aspects to be put on hold or delayed. This should be tightened up to ensure that the system identifies where training required in any year is completed.
- There were a number of instances in reviewing coupe plans where mistakes are being made or information is not being carried across as clearly as it should. This suggests that VicForests will need to ensure that peer reviews improve in their attention to detail.
- Prescriptions noted to manage significant aspects identified in the planning phase are not as meaningful as they should be to ensure the outcomes expected by VicForests.
- Actions to achieve the smoke modelling objective need to be developed and personnel accountable. A CAIR has been raised in the system in relation to the lack of specific actions having been documented and this will require follow through.

## Opportunities for improvement

- At present only the HR person responsible for training is able to run the report on training gaps. It may be useful for regional and group managers to have this capacity to ensure a greater focus.
- Whilst there has been a good focus on indigenous, rainforest and soils training, it is possible that training in European artefacts has not been well covered.

## 4.2 FOREST MANAGEMENT SHALL PROVIDE FOR PUBLIC PARTICIPATION AND FOSTER ON-GOING RELATIONSHIPS TO BE A GOOD NEIGHBOUR

A selection of stakeholders was interviewed as part of the auditing process. Selections were made from contractors, neighbours, regulators and focus groups. There were no specific issues raised in

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relation to the management system and the method of communication currently employed by VicForests that would warrant areas of concern being raised.

A stakeholder database and communications register are in use by the regional personnel and also the new stakeholder manager. There has been a very good strategy developed and presented to the Board which will now be refined further.

Concerns and complaints that have been raised and added to the communications register have been followed through and well managed.

Stakeholders identified by VicForests on the register include customers, contractors, media, unions, industry associations and non government organisations. Regional managers are attending regional committee meetings and the communication process during the salvage operations did a very thorough job of identifying a wide variety of stakeholders requiring consultation.

VicForests is intending to follow the lead of other forest managers and appoint regionally based client liaison officers to assist with a localised approach to stakeholder communication. A media plan is being developed and a more proactive rather than response based method of communication is planned. The focus is now ensuring that this area of potential weakness in the system will receive greater attention.

### Areas of Concern

- The current stakeholder database has no clear contact details for immediate or at least quick communication i.e. telephone numbers. Whilst these have been obtained and are kept by individuals, they are not available should a call be required.
- Several neighbours had registered their concerns or complaints regarding VicForest operations. These contacts were not added to the stakeholder list.
- In the process of trying to locate contact details for stakeholders to interview it was very difficult to determine which ones were involved with VicForests and what sort of role they played in addition to finding some form of contact. There needs to be more rigour around this process to ensure there is adequate identification and methods of communication established in accordance with the recognised need.
- More work is required in fully identifying the stakeholders that are relevant to the business including a more systematic approach to their identification and management of information and prioritising those that require certain forms of consultation rather than communication.

### 4.3 FOREST MANAGEMENT SHALL PROTECT AND MAINTAIN THE BIOLOGICAL DIVERSITY OF FORESTS, INCLUDING THEIR SUCCESSIONAL STAGES, ACROSS THE REGIONAL LANDSCAPE

VicForests prefers a landscape approach to biodiversity with exclusion zones and few in coupe modifications. Dispersal of forest coupes occurs largely by default through the Allocation Order and the allocated harvesting by broad forest type, catchment restrictions and reservation in the landscape.

Personnel on the DSE Liaison Group looking at ways to utilise the DSE biodiversity experts and managing endangered species. Prescriptions for dealing with Long Footed Potoroo sightings are detailed in an action statement put out by DSE and available for all VicForests personnel through the intranet. To ensure these are read, procedure alerts are also issued and this was followed through with noticeboard postings if required. Data is now also centralised with all planners and other personnel logging into the same data set.

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Further rainforest training has been undertaken following the release of a new action statement with all personnel attending. Desktop plotting by the planners includes examination of the overlays and locations of SMZ. Field assessments confirm what has been seen with information put on to maps and loaded into the GIS. Each coupe has an electronic folder in the system containing all data gleaned from this review process.

Field reviews are now undertaken by the tactical planning group which has 22 planners. Some of the field reconnaissance is conducted by contractors however there is now a greater emphasis on this important component of the business process.

The allocation order defines the areas that are available across the landscape with distribution defined by the tonnes allowed and stands available. Limitations to this include the catchments.

The monitoring program for retained trees is making good progress with the second assessment currently being completed. This measurement will assess tree survival and health following site preparation for regeneration which is predominantly by slash burning. Due to about half the study sites being burnt the impact of the February 2009 wildfire has also now been incorporated into the study.

## Areas of Concern

- The biodiversity training that had been planned for some time is still yet to be rolled out particularly to the Tactical Planning group.
- Biodiversity requirements are not always being lifted from Tactical Planning and meaningfully incorporated into the Coupe Plan. This needs to be addressed as a matter of concern.

## 4.4 FOREST MANAGEMENT SHALL MAINTAIN THE PRODUCTIVE CAPACITY OF FORESTS

As reported at the last audit management of the amendments to the Timber Release Plan (TRP) as a result of the fire has been better than following the 2006 fires. DSE and VicForests are working to an agreed process and the action time frames have been reduced. Twenty two coupes received early approval to allow salvage to get underway. VicForests consider this time they were able to optimize the salvage opportunity through timely approvals from DSE and concentrating contractors in the burnt coupes. Also a lot of the forest burnt supported trees of loggable size from the 1926 and 1939 wildfire regeneration.

Salvage harvesting is now coming to an end due to the rapid increase in degrade following the high November temperatures.

Tactical Planning now do a post harvest review which has three components:

- a. Planning – from the Allocation Order (AO) and the TRP;
- b. Post harvest – resource utilization and reconciliation; and
- c. Post Harvest Review
- d.

VicForests exceeded the AO by 80 ha in a 2000 ha stratum. This happened because there was greater area in the TRP than in the AO. Quarterly reviews of progress in implementing the AO and the TRP are planned to provide an early warning signal to ensure that the AO is not exceeded.



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The area of the 2009 wildfire was about 450,000 ha of which only 56,000 ha was State Forest which included 14,000 ha of Ash. The total Ash volume was reduced by about 13%. Timber supply commitments will be maintained at current levels for two years followed by a lower long term commitment.

No progress with sale of low value wood due to global economic conditions. Knowledge of available wood is improving.

VicForests is looking at the long term sustainable yield using Woodstock and the constraints that may impact on supply. There is a proposal to update SFRI data by July 2010 and the use this data which will become SFRI-2 as the reference data set. This data set will place greater emphasis on the biodiversity resource. This updating will use remote sensing with ground truthing.

Salvage timber has been positioned under water in six locations with a new pulp log dump created close to one of the salvage sites.

Silvicultural reviews have been previously completed in 07/08 and 06/07 with the 08/09 still to be completed. Distribution of seed has been improved through the use of the GPS in aerial sowing to ensure that this area of potential error is removed. Focus is now on correct provenances with peer reviews being undertaken and recorded.

VicForests have demonstrated that they have the knowledge and expertise to prepare for unplanned fires and to ensure that there are adequate fire breaks in place. There was some concern from stakeholders that the salvage operations were starting fires and there had been incidents recorded in the system. Additional precautions had been added with contractors obtaining extra water resources on site and new pumps to ensure a good flow could be achieved should any fires break out.

Annual sowing records indicate that the preparation and planning for regeneration has been more systematically managed. Flight path information is now better recorded and maps are being produced indicating the seeding survey results.

To protect post-fire regeneration guidelines have been developed by Owen Bassett for use during the 2009 salvage operations. Mick Hansby conducted field days for all contractors.

Despite the implementation of the above guidelines VicForests are planning for 100% retreatment of burnt areas This is due to the loss of naturally regenerated seedlings as a result of high dry weather, particularly in November and damage and disturbance from harvesting.

VicForests are introducing some "supersurveys" as part of the regeneration survey process. In addition to eucalypt regeneration these surveys will also record root re-sprouting species (shrubs and ferns), soil damage and coarse woody debris.

The available seed resource and storage requirements have been reviewed by Ian Ferguson. Most of the recommendations apply to DSE but those applicable to VicForests will be implemented via the Regional Silviculturalists.

DSE have yet to complete their review of the 2008 handback coupes (648 ha regeneration, 444 ha thinning, 94 ha roadlines). Central Highlands have prepared 160 coupes for the 2009 handback – 38 of the coupes are burnt coupes. Coupes that have been burnt in wildfire do not necessarily have to have a regeneration stocking assessment but do have to demonstrate that appropriate establishment operations have taken place.

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## Area of Concern

- There has been a delay on the silvicultural review process for 08/09, VicForests need to ensure that this is completed as per the system requirements and in a timely manner to allow adjustments to be made to forest management practices.

## 4.5 FOREST MANAGEMENT SHALL MAINTAIN FOREST ECOSYSTEM HEALTH AND VITALITY

The forest health advisory committee which originally included DSE, DPI and VicForests has not been meeting with no further progress. Psyllids continue to be an ongoing issue being managed through the work instructions. Forest management plans list all pests and diseases and provide recommended prescriptions and tolerance levels.

There are excellent manuals available for personnel to identify any specific outbreaks of insects or pests with weed identification guides carried in most offices. DSE provides a range of personnel expert in various damage agents and all VicForests personnel were aware of the need to seek guidance should anything unusual be located.

The chemical use register is in place with very few chemicals actually required. Chemicals are restricted to minimal amounts relating to seed protection and management and fertiliser used to rehabilitate landings.

### Opportunity for improvement

- Consideration may be given to chemical weed control pre planting following determination from the silvicultural group. If this is changed, VicForests will need to ensure that the system registers justification for use and whether there is a reliance on them.

## 4.6 FOREST MANAGEMENT SHALL PROTECT SOIL AND WATER RESOURCES

There are components of CIS where catchments, water flows, streams and soil capability are adequately described. Field practices indicated that rehabilitation of landings is improving and there is greater attention to the erosion potential of snig tracks and landings. Checks are being undertaken although assessments are not as well recorded in Central as was previously observed in East Gippsland.

Personnel are paying particular attention to the use of existing tracks rather than creating new creek crossings and road inspection reports are now being used consistently.

Prescriptions are documented clearly in the system for catchments with specific controls in place and known to those questioned including contractors.

Overall the management of soil and water values on the coupes inspected was good. Earth banks were constructed on snig tracks and minor logging roads. Top soil was being set aside for landing restoration and completed landing restoration work was as required. No instances of rutting were observed.

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There was evidence in coupe planning of excluding steep areas (>30 degrees) from harvesting. The monitoring program for soil compaction is making good progress. Further assessments are currently being completed.

### 4.7 FOREST MANAGEMENT SHALL MAINTAIN FORESTS' CONTRIBUTION TO CARBON CYCLES

The Sustainability Report 09 notes carbon and climate change recognition by VicForests. At present, the calculations cannot be made due to the impact of the fires and waiting for DSE carbon modelling. Once this is determined, the carbon balance will be updated in Woodstock.

DSE are doing carbon modelling in tandem with VicForests but for the entire forest estate. The work is being done in consultation to ensure consistency of approach. DSE also include silvicultural outcomes using VicForests data.

VicForests are using the CSIRO produced report, the Australian Lifecycle Inventory database for forests and wood products to target areas for efficiencies. The major contributions to greenhouse emissions were forest re-establishment, log haulage and harvesting (particularly where burning is carried out). VicForests is targeting improved timber utilization to reduce emissions from burning.

### Opportunity for improvement

- Field days for contractors relating to sections of the UPs where there are deficiencies or when there are changes made to the UPs.

### 4.8 FOREST MANAGEMENT SHALL PROTECT AND MAINTAIN, FOR INDIGENOUS AND NON-INDIGENOUS PEOPLE, THEIR CULTURAL, SOCIAL, RELIGIOUS AND SPIRITUAL HERITAGE VALUES

The VicForests Instruction Protection of Indigenous Values is dated February 2008 and notes that DSE protects values through the Forest Management Plans. It is the role of DSE to highlight coupes that may contain or be adjacent to aboriginal sites in the TRP and the role of VicForests to protect them. Evidence was viewed of coupe shape files sent to AAV by VicForests for assessment and changes made to planning on return of positive information.

There are registered aboriginal parties on the stakeholder register and these are being communicated with at the regional level. The plan is to work more closely with AAV to ensure that communication with the relevant groups is achieved as to date it has been difficult to obtain responses for groups contacted.

At a more local level, there has been very strong consultation and communication where required particularly where personal relationships have been formed. Records in coupe files indicate appropriate consultation processes are in place, sites have been identified and well protected where required. Evidence was also seen of an aboriginal heritage consultant having been engaged where a registered site was located. This information is contained in the CSO aboriginal heritage file with good documentation of communications.

European heritage is identified through the overlay process and planners and contractors are well aware of the potential for sawmills, tramways, mine shafts, buildings etc. An instruction written in

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February 2008 notes the heritage issues that could be located and prescriptions for management with coupe monitoring to check on these.

Another VicForests instruction has been written to deal with legal and traditional uses of the forests and includes firewood collection, apiaries, seed collection, hunting etc. Control of these activities is again through the forest management plans and DSE however the VicForests system will note where they are to be taking place and consideration for issues such as traffic management.

## 4.9 FOREST MANAGEMENT SHALL MAINTAIN AND ENHANCE LONG-TERM SOCIAL AND ECONOMIC BENEFITS

A VicForests instruction for minor and secondary forest products notes that there are provision for firewood, wood chop logs, poles and posts to also be produced from the forest. Consideration is being given to biofuels and other sustainable uses for by-products from the harvesting operations.

VicForests continue to manage occupational health and safety in accordance with the legislative requirements and the Codes. OHS legislation is included in the legal and other requirements register and is updated by the appointed legal firm. Changes to the construction regulations have been built into the coupe monitoring processes and changes made to the legal register. VicForests are investigating red card requirements for their roading crews and that safe work method statements are prepared.

Issues and action items are discussed at the OHS Consultative Committee and STEMS conduct audits of contractors twice annually. A high level review of contractor OHS management was undertaken in both regions independent of the STEMS audits.

Additional training has been provided to staff in the area of personal liability with the drug and alcohol policy reviewed after consultation with both contractors and staff.

### **Area of Concern**

- The roading audit question sheet has not been adjusted to include the safe work method statement however; this has been picked up in the harvesting sheet.

### **Opportunities for improvement**

- The coupe monitoring is not checking on the presence of safe work method statements. If this is the mode of checking compliance then consideration of inclusion may be required.
- The STEMS audit reports are not clearly indicating what activity has been audited i.e. what was observed.

VicForests finalised the EBA at the time of audit with 96% approved by staff. The process was undertaken over twelve months with the EBA valid for three years. Approximately 127 personnel are included in this. All public sector policies and principles are developed by the Shared Services Authority with human rights principles included in the E learning. There is no auditing process to ensure that the EBA is being adhered to however, the Unions can monitor it and there are no particularly high risk areas. A site in SharePoint for the EBA ensures that all personnel have access.

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There is also an EEO policy dated 2006 with procedures reviewed in December 2008. The March 2008 Sustainable Forest Management Policy is still in force and now includes the FSC principles.

## REGIONAL OFFICES AND FIELD VISITS

### Alexandra

Time was spent in the office interviewing staff and reviewing work processes and records generated. There is a noted improvement in the structure and management of the coupe files with information better presented and easier to locate. A selection of coupes were visited and also reviewed in the office. Comments on these are noted in the table below. The use of a coversheet at the front of the coupe files is very good and there were examples of good planning for habitat with patches retained.

A paper has been prepared by a former employee on protection of regeneration and this was followed up with two field days. This is seen as a very good initiative. Training has been listed on the back of the induction sheets for a new forester in the office. Discussions and records indicate that competency requirements have been very well thought through with a good prioritised list developed.

Minutes of the fortnightly harvesting meetings were viewed in addition to the register of accredited log graders although this is no longer in use for identifying issues. Maps in the plans have improved with flags and notes indicating special issues such as sawmills etc.

Documentation observed consistently used in the coupe files included the coupe monitoring, tactical planning checklist, soil assessments, roading risk assessment form and QC. SFM policy was observed to be on display and known by staff

### **Areas of Concern**

- As the individual responsible for undertaking log grading assessments is not working fully within the system and is unaware of the alerts being sent out, he may be missing out on important information.
- The map legends viewed whilst examining coupe files are not indicating some of the historic information such as tramways that require protection and awareness of all those utilising the maps.
- Immediately following the fires, the first group of coupes to be added to the TRP were prepared quickly and as such a number of the check sheets had not been adequately completed.
- The mill auditing template should have document control as should the sawlog damage assessment sheet.
- The context map for Jug indicates a tramway but not what it is in the legend, in addition a green section indicates Leadbeater's Possum habitat but this is also not in the legend.

### **Opportunities for improvement**

- Issues noted in relation to out of spec logs or other feedback issues at the landings are not being recorded in the coupe diary unless noted by the forest officer. A method may need to be developed to ensure these issues are noted to allow any trends or opportunities for further improvement to be identified.
- It may be more useful to use an initial rather than a tick on the operations planning

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section of the coupe planning checklist to identify who has been checking the various sections.

- As the AAV queries are batched before being sent, it is often difficult to see from the coupe files if the loop has been closed on any questions raised i.e. coupe file documentation does not indicate that where an AAV check is required that it has been completed. This is seen in the electronic records in CIS.

### Powelltown

There has been a very good process of ensuring that all contractors working in the salvage have been made aware of the logging prescriptions that are unique to the region. The communications database has been used however, there are no contacts listed for any cultural groups. With the salvage operations there has been a strong emphasis on washing down of equipment to limit the spread of blackberry and gorse. There has also been communication of the different landing prescriptions to the 2008 salvage that are in place for the catchments. Fire Salvage Harvesting prescriptions were approved by DSE prior to issuing.

Fire equipment has been checked including fire extinguishers, blankets, pigs etc in preparation for the fire season. VicForests has changed procedures to incorporate the new fire danger ratings. Memos were sent to the logging contractors and all employees.

Issues have been raised in the CAIR system for incorrect THOLs and other OHS related items. The contractors interviewed in the field had a good awareness of the system requirements and VicForest expectations indicating a good communicative relationship with the supervisors. Documentation in the coupe files was found to be as required and the roading risk assessment form has been used along with the tactical planning quality checklist. Field practices at the coupes were very good in all areas from seed tree selection to the habitat patch retention and breaching and barring of tracks.

### **Area of Concern**

- It has been some time since an emergency drill has been conducted involving the local personnel and contractors.

### **Opportunity for improvement**

- The FOP request form that was used at The Big Rock coupe is not in the system.

### Noojee

It has been some time since the last visit to Noojee and personnel showed a greater awareness and use of the management system. This has been enhanced by the easier location of documents in SharePoint and the ability of personnel to search for items and locate them during the audit.

In addition to the inspection of coupe files and discussions with the tactical planners, discussions were also held with roading personnel. Roading is planned centrally from Healesville using the rolling operations plan. There has been very good recognition of the need to ensure supervisors of blasting activities being conducted by contractors require additional training. The utilisation procedures provide detail on the soil erosion issues, run offs, cross drains and culverts.

During the audit, it was noted that the current sustainability policy was on display and information on noticeboards had been kept up to date. Adjustments have been made to the method of

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installing pipes with a sock used to try to minimise flow and hence erosion. Some of these have been tampered with by vandals.

Pre planning for harvest traffic is well managed including the process of hiring a B Double to conduct route assessments. Planned road construction is through an Excel spreadsheet. Road maintenance and monitoring records were viewed for two coupes.

Tactical planning is now very structured with peer reviews recorded following the desktop and field reviews. As the process is now structured it is easier for new personnel to undertake. There was a good indication of assessment of all available data to identify any known special values and personnel have been trained to identify the key significant values should they be present but not yet picked up by the forest mapping overlays.

## Areas of Concern

- The roading prescriptions are not being systematically documented for the contractors to ensure that expected results are well communicated and then checked on completion.
- Blasting is a new activity for the region but has not been assessed for aspects and impacts. As such, the legal requirements have not been added to the system and documentation in use or developed is also not captured. This process should also identify stakeholders and ensure records are kept of communication.
- A shortfall of seed was recorded for one coupe due to a calibration issue with the helicopter equipment. This was not noted in the system using a CAIR as required and therefore the opportunities to pick up the same issue in other regions were not achieved.
- In searching for the issue above in the CIS comments, it was noted that a second flight undertaken at the Ballantyne's Road coupe had not been entered in to the system.
- The visit to Ferguson's Bend coupe noted that there were a number of blocked culverts. These were yet to be recorded in the system for follow up raising the question as to how routine inspections and maintenance of built structures are carried out and information recorded for attention.

## Opportunity for improvement

- As the road marking wheels cannot be calibrated, there may be some advantage in validating them against each other at intervals.

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The following coupe plans (16) were reviewed and those with an asterisk against them (10) were also field inspected. Notes relating to each coupe below appear in Appendix 1.

## Alexandra

Seeker 288/516/0005

Barbie 288/516/0004

Handprint 299/507/0006

Fingerprint 299/507/0005

Bruce Wayne\* 306/504/0008

Jamfest\* 306/503/0006

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Kohl\* 299/508/0001

## **Powelltown**

Opposite Phasmid\* 350/509/0002  
Lower Sharp Creek\* 349/502/0011  
The Big Rock\* 344/511/0005  
Sister Tarago\* 464/501/0025  
Tricep 343/518/0001  
Observation Hill 343/525/0004

## **Noojee**

Woodlawn\* 464/506/0007  
Fergusons Bend\* 467/504/0004  
Phantom\* 464/501/0010



<b>APPENDIX 1 – Coupe Plans checked (* and field inspected)</b>				
<b>Office</b>	<b>Coupe name</b>	<b>Coupe number</b>	<b>Species type</b>	<b>Notes</b>
<b>Alexandra</b>	Seeker	288/516/0005	Alpine Ash	Clearfell coupe. Plan under development. Tactical planning completed including quality control checklist. Reconnaissance picked up hollow-bearing trees, Leadbeaters possum habitat and rainforest. Coupe submitted to AAV for site check. Soil assessment completed. Identified special values excluded from coupe area.
	Barbie	288/516/0004	Alpine Ash	As for Seeker but two threatened plants identified within 500 m of coupe. It was considered that they were unlikely to be affected as they occur in riparian zones and sub alpine areas not threatened by harvesting.
	Handprint	299/507/0006	Mt. Ash	Clearfell salvage coupe. Tactical planning checklist not signed off. Overall coupe planning good except revised prescription for Barred galaxies in burn salvage areas not in plan only VicForests default prescription. SPZ for Barred galaxies on coupe map. Coupe diary good and coupe monitoring records with follow up on issues documented.
	Fingerprint	299/507/0005	Mt. Ash	Clearfell salvage coupe. As for Handprint except revised prescriptions for Barred galaxies included in the coupe together with correspondence from DSE.
	Bruce Wayne*	306/504/0008	Mt. Ash	Clearfell salvage coupe. Coupe plan well done. Harvesting to be done in accord with Fire Salvage Prescriptions (2008). Leadbeaters possum habitat to be retained whether dead or alive. Coupe monitoring records done but no evidence of follow up. The new Coupe Haulage Plan which addresses areas of potential community concern are an excellent initiative. Area sown post wildfire. Seedling distribution very good to patchy. Preliminary stocking survey currently underway.
	Jamfest*	306/503/0006	Mt Ash	Clearfell salvage coupe. Reconnaissance demonstrated that streams in the coupe are not part of the Barred galaxis catchment. Coupe plan generally well done as per Bruce Wayne above. Landscape issues from Maroondah Highway addressed. If possible tramway is located it will become an MEZ.
	Kohl*	299/508/0001	Mt Ash	Clearfell salvage coupe. Coupe plan well done as per Bruce Wayne above. This coupe is in Barred Galaxid catchment and appropriate prescriptions, updated by DSE, included in the plan

	Observation Hill	343/525/0004	Mt. Ash	Clearfell salvage coupe. Coupe plan (9/11/09) included 2008 salvage prescriptions and not the updated DSE requirements (6/10/09). New prescription on file but not in the coupe plan. Otherwise coupe plan well done. Haulage plan done. Coupe monitoring records completed with documented follow up. Correspondence with DSE on file relating to approvals for plant movement and early commencement within catchment.
<b>Powelltown</b>	Opposite Phasmid*	350/509/0002	Mt. Ash	Clearfell salvage coupe. Reconnaissance identified two threatened plant species and a tramway not on the DSE overlay. Coupe plan well done with special values taken into account. Updated Fire Salvage Prescriptions (2009) incorporated into the coupe plan. Coupe diary well done and coupe monitoring records completed with documented follow up. As in water supply catchment documented instructions on location of camp site and camping requirement on file. New haulage plan initiative implemented. In the field boundaries well marked. Log grading well managed, Landing located >60 m from stream and good streamside buffers left. Little regeneration present – likely to require further treatment.
	Lower Sharp Creek*	349/502/0011	Foothill mixed species	Seed tree retention coupe. Coupe plan excellent. Special values taken into account. Seed tree/ seed crop assessment document showing a good seed crop present. Coupe diary well done and coupe monitoring records completed with documented follow up. In the field seed trees were present with good distribution, Streamside buffers were good. Stump height was appropriate. Snig track drainage was as required.
	The Big Rock*	344/511/0005	Mt. Ash	Clearfell coupe. Coupe plan excellent. Special values taken into account. Advice sought from DSE on management of LBP research site – excluded from coupe. Rainforest well buffered. Coupe diary well done and coupe monitoring records completed with documented follow up. DSE provide approval for early harvesting within catchment. In the field boundaries were well marked, drainage done for temporary closure. Debris removed from around pre-1900 retained big trees.
	Sister Tarago*	464/501/0025	Mt. Ash	Clearfell salvage coupe. Coupe plan well done. Special values taken into account. Salvage prescriptions incorporated into plan. Coupe monitoring records completed with documented follow up. DSE provide approval for early harvesting within catchment. In the field boundaries clearly marked. Snig tracks were drained and landing restored. Good seedling establishment present.
	Tricep	343/518/0001	Mt. Ash	Clearfell salvage coupe. Coupe plan well done. Special values taken into account. Salvage prescriptions incorporated into the plan. Coupe monitoring records completed with documented follow up. Haulage plan well done. Boundary with National Park agreed upon and signed off by both parties.

<b>Noojee</b>	Woodlawn*	464/506/0007	Mt. Ash	Clearfell salvage coupe. Coupe plan reasonable but improvement needed in addressing special values. Requirements for special values identified in tactical planning, particularly threatened species, not meaningfully incorporated into coupe plan. Response from AAV indicating no sites present not shown in plan. Coupe diary and coupe monitoring records done. Haulage map well done. In the field boundaries marked, good utilization, habitat patches retained, topsoil from landings set aside for restoration work.
	Fergusons Bend*	467/504/0004	Foothill mixed species	Seed tree retention coupe. Coupe plan generally well done but response from AAV not incorporated. Other special values addressed. Seed crop assessment leading to supplementary aerial seeding post-burn. Burn plan and approval on file. In the field boundaries marked. Seed trees retained with most surviving the burn, Seedlings present at low density – survey needed to determine adequacy. Snig track drainage and landing restoration completed.
	Phantom*	464/501/0010	Mt. Ash	Clearfell salvage coupe. As for Woodlawn details of threatened plants identified in tactical planning not incorporated into coupe plan. Otherwise coupe plan well done. Haulage plan done. Coupe monitoring records completed with documented follow up. Correspondence with DSE relating to early start within catchment and camping requirements. In the field boundaries marked, habitat clumps retained, good utilization and top soil set aside for landing restoration. Log grading checks particularly well done. No evidence of seedling establishment to date.

During our next audit the issues identified as requiring attention will be reviewed to ensure they have been adequately addressed, as well as the following:

- Sales
- Monitoring and statistical analysis
- East Gippsland region – Cann River, Orbost
- Contracts management
- Rooding operations plan - Healesville

### **Recommendation**

The recommendation from this audit is that your certification continues.

Audit recommendations are always subject to ratification by SAI Global certification authority.

This report was prepared by: Sabrina Kerber with assistance from Gary King

## AUDIT RECORD

**Audit Team Leader:** Sabrina Kerber  
**Auditors:**  
**Observers/Technical Specialist:** Gary King

<b>Total number employees relevant to this audit and site:</b>	136
<b>Applicable Statutory/Regulatory/Standards requirements (to be identified by the client):</b>	Vic Timber Code, OHS and Environmental legislation
<b>Exclusions From Standard Requirements:</b>	NA

Day	Auditor	Audit meetings plus functions/ processes/ areas/ *shifts audited	Audit area employee no	# Shifts*	Result
7/12/09	KERS/KING	Opening Meeting – discussion of audit process and changes to business/system		NA	
		Allocation Order/Timber Release Plan – DFA/GIS			✓
		OHS			
		Biodiversity identification and management			!
		Harvesting rates/Productive Capacity			
8/12/09	KERS/KING	Monitoring and measurement/statistical analysis			!
		Silvicultural Plan/Review			!
		Training			!
		Forest Health/Carbon			✓
9/12/09	KERS/KING	Alexandra office and field	8		!
10/12/09	KERS/KING	Powelltown office and field	2		!
11/12/09	KERS/KING	Noojee office and field	8		!

All applicable requirements of relevant standards are covered during the audit of the 'Functions/Processes/Areas.'  
 \* Enter shift details only where applicable.

**Results:** ✓ = audited no NCR's, ! = Area of concern to follow up, **NCR Nr.** for open NCR's, **NCR Nr. (C)** - for closed NCR's, (-) = not fully audited, **(blank)** = not audited

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Day	Auditor	Audit meetings plus functions/ processes/ areas/ *shifts audited	Audit area employee no	# Shifts*	Result
14/12/09	KERS	Legal and Other Requirements, aspects and impacts, objectives and targets			!
		Internal audits, management review			✓
		Policy, Documentation, Incidents and corrective actions			✓
15/12/09	KERS	Regional Community Initiatives			✓
		Stakeholder engagement/neighbours			!
		Heritage and Cultural values, Indigenous involvement			!
		Carbon/Greenhouse gas progress			✓
16/12/09	KERS	Communication with Stakeholders – SAI Global to call various groups or individuals			✓
17/12/09	KERS	9am Exit Meeting			
		Reporting			

All applicable requirements of relevant standards are covered during the audit of the 'Functions/Processes/Areas.'  
 \* Enter shift details only where applicable.

**Results:** ✓ = audited no NCR's, ! = Area of concern to follow up, **NCR Nr.** for open NCR's, **NCR Nr. (C)** - for closed NCR's, (-) = not fully audited, **(blank)** = not audited

## **Appendix - Definition of and action required with respect to audit findings**

### ***Non-conformity:***

Based on objective evidence, the absence of, or a significant failure to implement and/or maintain requirements of the applicable standard. Such issues may raise significant doubt as to the capability of the management system to achieve its intended outputs.

Action required: This category of findings requires SAI Global to issue a formal NCR; to receive and approve client's proposed correction and corrective action plans; and formally verify the effective implementation of planned corrections and corrective action. Correction and corrective action plan should be submitted to SAI Global prior to commencement of follow-up activities as required. Follow-up action by SAI Global must 'close out' the NCR or reduce it to a lesser category within 90 days for initial certification and 60 days for surveillance or recertification audits. If significant risk issues (e.g. safety, environmental, food safety, product legality/quality, etc.) are detected during an audit these shall be reported immediately to the Client and more immediate or instant correction shall be requested. If this is not agreed and cannot be resolved to the satisfaction of SAI Global, immediate suspension shall be recommended.

In the case of initial certification, failure to close out NCR within the time limits means that the Certification Audit Stage 2 may be repeated.

In the case of an already certified client, failure to close out NCR within the time limits means that suspension proceedings may be instituted by SAI Global.

### **Follow-up activities incur additional charges.**

#### ***Area of Concern:***

This is an area of the system for which the client is required to investigate potential non-conformity.

Action required: SAI Global may require client to formulate preventive action plan for approval prior to next planned audit / certification decision or alternatively may follow up client's preventive action at the next planned audit. Lack of client attention to such issues implies that a preventive action system is not working effectively.

#### ***Opportunity for Improvement:***

A documented statement, which may identify areas for improvement however shall not make specific recommendation(s).

Action required: Client may develop and implement solutions in order to add value to operations and management systems. SAI Global is not required to follow-up on this category of audit finding.