



Audit Report

App./Cert.	FMS20003
Date	31/07/2010

SURVEILLANCE AUDIT

Client:	VicForests
Site Address:	Level 7 473 Bourke Street MELBOURNE VIC 3001 AUS

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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Introduction

SAI Global conducted an audit of VicForests on 28/06/2010 to 31/07/2010.

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

The management system has been continuing to improve indicating a greater awareness and use of the system. Changes are being made to ensure areas that have previously not been well documented or monitored in the system are now included. The audit focussed more on field practices including silviculture, tactical planning and regeneration success in the Gippsland region.

At the time of audit, VicForests were subjected to legal action from environmental interest groups. The issues raised are being well documented and investigated and findings and actions will be the subject of the next audit.

The appointment of community engagement officers for each of the two regions is a positive action which will assist in addressing a deficiency in the system. Whilst this role is only just developing, the experience of the personnel appointed and the briefing that they have been provided should ensure that the roles are successful.

All areas of concern and issues have been addressed however; the area of statistical analysis and monitoring will require attention prior to the next audit.

As there were no non conformances raised during this audit, the system is recommended to continue certification.

Audit objectives

To determine continuing compliance of your organisation's management system with the audit criteria; its effectiveness in achieving continual improvement and system objectives; and to review the management of any changes in the organisation.

Review of any changes

Changes have included the following:

- A significant reshuffle of management roles due to some resignations and the decision not to replace the Gippsland Regional Manager.

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- Appointment of communications liaison personnel for both regions.
- FSC certification audit had been completed with VicForests working through issues raised in the report.
- Consolidation of the system.
- A new Allocation Order issued by DSE which arrived half way through the TRP process which was released in March.
- At the time of audit, VicForests were still harvesting salvage out of the Central Highlands as a salvage sawlog customer had been identified.

Actions taken on previous audit issues

The following areas of concern were raised at the triennial audit in December 2009. There has been good progress with all issues raised as CAIRs in the VicForests management system and careful thought and consideration as to the cause of the issues prior to allocation of corrective and preventative action. Those that have sufficient progress are closed with an open dot 'o' and those requiring further work and remain for follow up are marked with a solid dot '•'.

- *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 relevant appendix from the AFS has been communicated to personnel however; there was some confusion over the wording in this area of concern. Discussions have been held between the forest scientist and senior foresters in relation to current monitoring and statistical validity is part of Appendix 1 in the silvicultural guidelines. All monitoring documents are to be reviewed in June.

- *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.*

A review is to be undertaken in July using external experts.

- *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.*

A target has now been added to the tactical plan and the harvesting forester will field check prior to harvesting. 100% of all unknown quality coupes will have a desktop analysis and 75% of TRP coupes have a field review.

- *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.*

The staff newsletter was used to highlight the need to place documents into the system.

- *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.*

The training working group meeting has been addressing this and actions are now mostly 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*

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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.*

The standard comments list has been reviewed and updated.

- *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.*

The objective has been removed as it could not be measured appropriately.

- *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.*

There is still some consideration over the link between the communications register and the stakeholder database and a possible need to consolidate. This was due to be completed in July.

- *Several neighbours had registered their concerns or complaints regarding VicForest operations. These contacts were not added to the stakeholder list.*

As above, this is still being discussed as the responsibility for adding information had not been defined.

- *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.*

The role will be undertaken by the two regional communications officers. The database will be checked annually to ensure the direct contacts are picked up by the senior managers.

- *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.*

There continues to be an open CAIR on this as the responsibilities for the new communications positions are settled. Communication methods are also still being defined.

- *The biodiversity training that had been planned for some time is still yet to be rolled out particularly to the Tactical Planning group.*

Training days will be set for the Tactical Planning group and to bring in an expert. Until this occurs, it has been reinforced to keep all activity away from any sensitive areas e.g. potential Leadbeater's possum habitat.

- *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.*

- *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.*

The Silvicultural Review for 2007/08 being prepared by the consultant is yet to be finalised.

- *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.*

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The CAIR was closed with no comment in the CAIR database. The STEMS roading audit material has been reviewed.

Alexandra

- *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.*

Information has been provided and the employee is also now included in emails.

- *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.*

Maps have been adjusted.

- *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 tactical plan review has considered the TRP process and changes have been made to the work instructions and other processes in the system. One of the difficulties was the lack of availability of staff.

- *The mill auditing template should have document control as should the sawlog damage assessment sheet.*

All documents have been sent to CSO for inclusion in the system.

- *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.*

All have been added to the legend. Discussion on the legend was occurred at the Operations Meeting held in March 2010 with agreed actions.

Powelltown

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

Drills are being planned for the first week of July 2010.

Noojee

- *The roading prescriptions are not being systematically documented for the contractors to ensure that expected results are well communicated and then checked on completion.*

The road planning document has been incorporated into the Coupe Monitoring record.

- *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 new CAIR was issued for the update of roading instructions to include blasting and aspects and impacts have been assessed.

- *A shortfall of seed was recorded for one coupe due to a calibration issue with the*

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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.*

A CAIR was raised and appropriate records added to address both issues.

- *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.*

Operations are to monitor the maintenance schedule.

Area of Concern

- VicForests are reminded that areas of concern need to be reviewed as to the cause of the issue noted and allocate appropriate corrective and preventative actions rather than just add a comment or thoughts on the issue raised i.e. consider what the deficiency in the system actually is.

Periodic evaluation and review of compliance with relevant legislation and regulations

The review of legislation and compliance was due to be undertaken shortly and will be addressed at the next audit when records will be available.

Progress on planned activities for performance improvement

Performance against thA rewve objectives and targets for 2008/09 is detailed in the management review presentation with six of the eleven achieved for the period. Three still remain in progress and two have not been achieved relating to a joint DSE/VF study on the effectiveness of rainforest buffers and compliance with hydrocarbon bunding. Those that were achieved related to improvements in log grading capability, implementation of the retained tree long term monitoring program, implementation of dust and noise management guidelines and modelling of the impact of VicForests activities on forest carbon cycles.

The Utilisation Procedures were reissued in March 2010 and continue to provide excellent guidance for all contractors conducting harvesting and haulage operations in the forest. These are used to ensure compliance through the coupe monitoring system and provide clear specifications relating to the VicForest performance requirements.

DFA Changes/Logo Usage and Statistical Monitoring Protocols

The DFA is as per the TRP available on the internet and in the GIS.

Progress in the area of statistical monitoring to date has been limited however; the Forest Scientist has an appointment with a biometrician to discuss the use of statistical power in designing monitoring approaches for a range of parameters on 23 July 2010. The parameters being considered include regeneration surveys, retained trees, soil compaction and wildlife surveys.

An analysis of the snig track data has been undertaken to determine any opportunities for

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statistical analysis.

Stakeholder Consultation/Complaints

Direct communication with a stakeholder group indicated concerns over logging practices in the Central Highlands region. Four specific CAIRs had been raised in the system to address the issues contained in correspondence sent via email. A new file was being created in the system for the main environment group which had numbered nine specific issues of concern. At the time of audit, these were being assessed in the field however; the manager dealing with communication was on an overseas business trip. The details of all complaints and CAIRs have been noted by SAI Global and progress will be followed up at the next Central Highlands external audit.

The issues raised relate to potential damage to old growth trees and Leadbeater's possum habitat, landing and haulage operations in wet weather, pre 1900 tree damage and inadequacy of public participation during the TRP preparation. During the audit, legal notification was received by VicForests in relation to the first two issues and a media release was made by the environment group. The level of investigation and personnel examining the concerns appeared appropriate at the time of audit with findings still pending. A full brief had been prepared for comment back to the stakeholders but was put on hold following the implementation of legal action. It is noted that the TRP had not yet been approved.

The result of the court case relating to Brown Mountain was still pending at the time of audit.

Internally, the stakeholder engagement plan is now focussing on the various environment groups. There is also a growing focus on expanding the current communication with indigenous groups and the new communications officer in the east brings significant experience in this area.

There has been some community interest in the aerial reseedling program partly generated by a news story which ran on local television.

The external audit report is publicly available on the VicForests website.

Area of Concern

- The previous collation of documentation relating to the concerns raised by the environment group has not been systematic with no formal file created and no reflection in the communications register of corrective and preventative actions being undertaken by VicForests. As such, it was difficult, at the time of audit to locate the history of concerns and actions that had taken place to address the issues and to prevent any further issues.

Internal Audits, CAIRs, Management Review

There have been no further internal audits undertaken since the previous external audit. The plan is to complete a sequence of audits at the end of 2010 as an annual occurrence in the August/September period.

All system issues are logged as CAIRs in the database including the findings of external audits. A review was made of the previous six months incidents and issues logged in the system. A boundary breach and tree damage had been noted on one coupe with DSE notified. This was still open for action. A CAIR had been raised in relation to the non acceptance of a number of coupes by DSE. The process was being reviewed for East Gippsland with a specific appointment to resolve the issues. This item had not been closed however, of the more recent coupes put up for hand back, 100% had been returned.

Harvesting slash had been put into a rainforest buffer due to a marking issue. DSE had been

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contacted and a letter sent out to all harvesting foresters.

Management review was undertaken on May 18th 2010 with minutes available. The report prepared for consideration is extremely thorough and well prepared covering all aspects of the system and all elements of the Standard. Training has been detailed with the use of pie charts to note the competency assessments conducted for biodiversity, habitat tree identification and thinning supervision. Online training continues to be working well.

Areas of Concern

- The current entries in the CAIR database do not indicate that the system cause has been fully thought through with very limited preventative actions noted. Reference to all actions and information should be noted as this is one of the key methods to ensure continual improvement in the system.
- VicForests will need to ensure that the assessment of significance of aspects and impacts is determined pre controls to ensure that those controls that are managing potentially significant impacts are highlighted and managed by the system.
- It is not clear how stakeholder issues can be located in the communications register or collated from CAIRs to ensure discussion at management review.

System Elements

Training

There has been a very good identification of log grading being a deficiency in the skills required of personnel with a coordinator and trainer appointed to improve competencies. OHS training for contractors has been offered and will improve the skills of the workforce.

Training plans for individuals within the groups have been reviewed and returned to CSO however the manager that was running some of the programs has now left VicForests.

Opportunity for Improvement

- There are currently six monthly meetings with the contractors at which some training component is added. The system currently has no record of attendance at these meetings.

Biodiversity Management

The biodiversity training module developed in late 2008 has yet to be rolled out. VicForests has been having difficulties in obtaining a credible expert to deliver the training package but are hoping this issue will be resolved in the near future. Planned for rollout by 31 July 2010.

The documentation in coupe files of the interchange of biodiversity information between DSE and VicForests has improved.

VicForests is concerned about how to verify reported sightings of threatened species. VicForests is putting considerable resources into this work as indicated by the potoroo investigation at Brown Mountain.

The monitoring program for retained trees is making good progress with the second assessment now completed. There is concern that some retained trees are being killed during the regeneration

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burn. They generally retain useful but lower habitat value as stag. This issue is currently being reviewed by VicForests.

There was no instance of biodiversity values identified by Tactical Planning not being picked up in the preparation of the coupe plan. This was identified as an issue in a previous audit.

Silviculture

In consultation with VicForests, DSE have published Silvicultural Bulletin No. 17 – *Forest Recovery after Bushfire*. This guideline describes procedures for managing the silvicultural recovery of Victoria's State Forests following severe fire. It draws on the experience of forest recovery progress conducted after the extensive and damaging fires of 2003, 2006/07 and 2009.

The guideline sets out a process to:

- determine the extent and severity of fire damage;
- determine whether natural regeneration is present and adequate, inadequate or forecast to be inadequate; and
- where regeneration is inadequate or forecast to be inadequate – facilitates the management intervention required to ensure regeneration.

At Cann River the regeneration process and success was looked at in the field with six coupes inspected and some additional coupe files read. All coupes were seed tree retention coupes. The lower altitude coupes were subject to post logging burns to create a seedbed whereas most of the higher altitude coupe received additional mechanical site disturbance to create a seedbed. In all cases regeneration success was evident or could reasonably forecast to be adequate (more recently disturbed coupes) based on nearby coupes and seed trees present. Those coupes where regeneration surveys had been completed demonstrated that regeneration success was generally good. Only one coupe required additional rehabilitation and that was over a small area of 1.5ha.

One thinning coupe was inspected at Cann River. Outcomes were good. There was minimal damage to retained trees and basal area retention appeared to be slightly conservative.

Seed collection contracts and plans were reviewed in Orbost. Contracts were signed, up to date, and insurance was evident. There was no evidence of contractor induction on the files. Seed plans targeted particular species at particular elevations and quantities were indicated. Plans were signed off by both VicForests and the contractors. There was evidence of seed collection monitoring being completed. This monitoring was directed at maintaining the future health of trees from which seed is collected.

VicForests and DSE have agreed on the hand back to DSE of 201 regeneration coupes (4256ha), 15 thinning coupes (468ha) and 8 roadline coupes (13ha). A further 65 coupes in the Central FMA require further investigation by both parties. DSE had some concern about the thinning standards achieved. It is considered that this is an issue of interpretation and approach that should be readily resolved between both parties.

Opportunity for Improvement

- Evidence of seed collection contractor inductions were not readily available.

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Cultural Heritage

The overall approach to addressing Aboriginal heritage with a centralized approach to AAV is efficient. Advice from AAV while not on coupe files was available electronically. It was noted that the outcome of the advice from AAV is now being included in coupe plans – this clarifies what is required and is good progress compared with coupe plans of the past.

DSE are providing maps of areas of potential cultural sensitivity. These areas have no known artefact or sacred sites. They are generally along water ways and on the high plains. These areas are being managed as public safety zones and if an artefact is encountered it will be referred to AAV.

Community and Social Requirements

Community Liaison Officers (CLO) have been recruited for each Region. The role of CLOs is still evolving. While the CLOs were only recently appointed they need to gain a good understanding of corporate direction and priorities.

The Stakeholder Engagement Manager is looking at prioritizing stakeholder engagement, looking at how to engage with environmental NGOs more effectively and also maintaining consultation and information flow with potential supporters of VicForests.

Consultation with local Aboriginal communities is seen as important and the recently appointed CLOs have already commenced this process.

Coupe Planning

Tactical planning and coupe planning are now generally good through to the end of the harvesting operations with only occasional minor issues being encountered.

It is the documentation of the post harvest regeneration process that is often not always easy to track on file (irrespective of good outcomes in the field). Seed crop assessments, burn plans and seed bed assessments were often not on the coupe file. On the positive side the coupe planning checklist pertaining to silviculture was generally completed and the silvicultural DSS was generally on file (although not always completed). Mechanical site preparation plans, aerial seeding plans and the results of regeneration surveys were also generally on file. It would assist the silvicultural/regeneration foresters if all relevant documentation was present on the coupe file to assist with their planning and decision making processes.

The use of the coupe monitoring records was variable. While all harvesting foresters completed the records not all officers documented follow up on issues identified as needing an action by the contractor.

It was noted that all recent coupe files now had a coupe file index in the front of the file which indicated the documents that should or could be found in the coupe file with a comments column on the right hand side of the index. None of the index pages seen had any comments entered. The origin of this page is Appendix 3 of the document *Coupe File Management, Version 1.2 (7/12/09)*. It is not clear how this index is intended to be used. Is it a checklist/reminder of documents to be included in the coupe file? Should the date and name of officers placing documents in the file be noted in the comments column? If a document is not required for a coupe file such as a Burn Plan should it be noted? Should there be a sign off that all relevant documents are present prior to hand over to the next functional group? It is recognized that the index is not intended to duplicate the function of the Planning Checklist.

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Opportunities for Improvement

- Improved documentation of the coupe file records relating to the silvicultural process.
- Guidance on how the File Index form should be used.
- Further reminders on the documentation of follow up in monitoring processes.

Field Activities

East Gippsland Region

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. No instances of rutting were observed.

The monitoring program for soil compaction is making good progress. Further assessments have been completed and some early analyses completed.

Cann River Office

The office current has personnel from tactical planning, harvesting, roading and contracts management based there. No significant issues have occurred since the last SAI Global visit with minor breaches of boundaries all of which have been raised and managed through the CAIR process. A contractor has been suspended due to rubbish issues and breaches. There have been some neighbour issues which have been resolved and documented and are reflected in the communications register.

The new focus group system has now had time to settle with Operations Planning preparing coupes for logging with any special values identified and located on the coupe plan.

Roading activities are managed for Gippsland by four personnel. Meetings are held every two months with minutes kept on SharePoint. The Utilisation Procedures include a section on roading and an agreement is in place with DSE delineating the requirements. Road works plans were viewed in the Orbost office and the road works maintenance spreadsheet. Road inspection reports are completed with twelve roads handed back to DSE in 2009. Road works plans are developed with information on special values provided. A new road toll map was provided by DSE in May detailing the coupe driveways, crossings and in coupe roads. The final coupe schedule was also provided in May detailing the next twelve months of harvesting.

There has been considerable progress in the usability of the system since the previous audit in Cann River. Templates are now easier to locate, the record keeping and electronic filing of road works plans and other information is very well done and awareness of system requirements is good.

Road works records for Boggy Creek were examined including the emergency evacuation plan, pre start checks, specifications of gravel requirements, hazard control and actions and the diary. In coupe roading for Lucky Dip involved a road works plan for the 600m of construction. The monitoring report had been completed and there was very good consideration of a side cutting required. A schedule for 2010 is in place and provides an excellent hardcopy plan of where harvesting is planned and what roading is required in advance.

Areas of Concern

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- Prior to hand back to DSE, a final road inspection report is completed and forwarded to the roading manager and then DSE. These will then come off the DSE list however, it is currently difficult to identify in the system the current status of roads subject to hand back or still on the books under VicForests responsibility. This becomes more confusing where some roads are unnamed.
- It could not be determined that there is a system in place for consolidation of the roading condition reports and the roads to be handed back to DSE.

Opportunities for Improvement

- VicForests may need to consider whether there is currently sufficient advance notice of the coupe schedule provided to ensure new roading has enough time to settle prior to use.
- The pre construction checklist has a tick or a NA making it unclear if a Yes answer means there are no issues.
- The road monitoring report current does not ask about the controls in place to manage any hazards or potential impacts or whether boundaries are still intact.
- There are a number of records being generated through the roading management process which may not be fully recognised by the system without some thought given to the process flow of activities.
- Soil erodibility may need to be considered in the road works plan.

There are two personnel in tactical planning in the office undertaking coupe identification, field reconnaissance, entering of information in CIS, undertaking QA and post harvest reviews. The tactical planning instruction details requirements for rainforest identification training and competency requirements in soils and log grading. Reminders for personnel to undertake competency training are provided by HR and at the time of audit, a new forester was working through the required competency training and being mentored.

The regional tactical planning group meet bi monthly and have weekly phone meetings. Minutes are located on the M Drive and note the reconnaissance targets that have been introduced in addition to OHS and District work plan discussions. The current flow of activities move from desktop assessments, field checking, peer review and placement on the TRP.

New spatial data updates to assist the planners are sent out from CSO with one person at VicForests acting as the key link with DSE to ensure data integrity and currency. There are peer review checks to ensure all required layers are being used by the planners with emails advising of corporate library additions indicating good improvement in the system. A quality control checklist is in place. Special values detailed included rainforest, ridgelines, heath lands, sedge, soil issues etc. Landscape management guideline prescriptions are now in the layer provided by DSE also used in the planning process. AAV and other sensitive sites area also well marked.

Where there are values noted during the reconnaissance that have not been previously identified, these are put through on an exceptions report. Consistency has now improved between the regions and the reconnaissance targets are ensuring that work is being completed at a steady rate.

The silvicultural team are responsible for regeneration surveys and hand back to DSE including the harvest completion pre burn surveys and the establishment seedling surveys undertaken after 18 months. Site preparation and site establishment decisions follow the pre burn survey results and field reconnaissance. If the decision is to burn, the coupes are added to the burn list.

Seed crop assessments and regeneration burn records were viewed for 2010. A new seedbank is being established which will ensure correct seed lots will be matched to the provenance and indicate hectares and seeds.

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Area of Concern

- The system does not appear to be fully recording where regeneration burns have been unsuccessful as no CAIR is raised and there were no consistent records to indicate all had been assessed.

Orbost Office

Induction records for all haulage contractors were viewed on the M Drive and are managed by the contract administrators. Contractor meetings are held quarterly with a pre season briefing to cover OHS and responsibilities. Annual performance reviews are undertaken considering issues which are detailed either in the communications register or as CAIRs.

Haulage rate advice is provided for each coupe. Conditions are outlined in the haulage plan which is recently being implemented. This is designed to outline specifications for each coupe including school bus routes and times, restricted roads, road closures, traffic management requirements etc. All bus routes and times for 2010/11 have been consolidated. The plan was trialed with the salvage contractors and as it has worked well will be rolled out. Any off specification logs are well documented including incorrect log grading issues. Annual performance reviews will be undertaken shortly.

A new harvest monitoring record has been introduced across both regions to ensure load, height, logbooks etc are in accordance with requirements. One truck will be assessed monthly for each of the 28 contractors.

Road inspection reports are being completed for the toll roads and documented in the filing system. A spreadsheet has been compiled to note the completion of traffic management plans, coupe plans, road works plans, yields and distances. The Utilisation Procedures note management procedures for forest roads. Current contracts for all haulage contractors were viewed and have been well filed.

The new community engagement officer for the region was interviewed having commenced with VicForests in April 2010. Training has included time at CSO and visits to all offices. Entries in the communications register indicate that it is being well used with information also being spread internally to relevant personnel. The position description notes the requirement to engage with local stakeholders and to assist with education. Assistance in reviewing projects for funding will also be a part of the role and working with local businesses, school groups etc. Weekly reports are sent in to CSO.

Areas of Concern

- VicForests are yet to undertake an internal audit of roading.
- The community engagement officers will need to be made aware of the requirements of the AFS including the use of CAIRs.

Opportunities for Improvement

- Specifications are not routinely being completed in the road works plans.
- CIS has no monitoring record for roading, only harvesting and thinning.
- Consideration may need to be given to registering attendees at meetings and putting notes in the system from meetings.

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Orbost Seed Store

The Orbost seed kiln and store are located within the DSE compound and continue to operate. At the time of audit, new operators were being inducted. A VicForests work instruction details the requirements for seed storage, cleaning and transfer. The seed extraction cleaning and storage checklist had been recently completed and was intended to be used monthly to ensure cleaning and maintenance are appropriately conducted as required. Good daily temperature records are now taken in recognition of the storage requirements. The logbook has been used for noting deliveries and extraction with a flowchart created for delivery and dispatch of seed. Seed in store was checked in the M Drive database and JSAs have been posted on the wall of the kiln.

Area of Concern

- The operator's induction information has no document control and is therefore not recognised as a system document.

Opportunities for Improvement

- VicForests may need to consider if an MSDS is required for the rat bait in use and should note that the other MSDS had gone out of date in 2009.

The following coupe plans (17) were reviewed and those with an asterisk against them (8) were also field inspected. On 8 of the coupes at Cann River the focus of the audit was on how the system achieves silvicultural objectives. Notes relating to each coupe below appear in Appendix 1.

Cann River

Clive's Area 874/510/0018
Wild Bull Remains 868/508/0009
Tequila 864/504/0010
Steep Misery 885/515/0006
Bungywar Too* 885/510/0015
Skinny* 868/507/0011
Stringer Track* 864/508/0009
Goldmine 867/501/0001
Pipeline 868/504/0008
Cobon Road* 885/510/0021
Jackson* 868/506/0007
Misery Spur Track* 885/511/0011

Orbost

Geronimo 825/511/1110
Noodle Hair 842/515/0018
Hairy Feet 842/515/0020
Briefman 842/518/0036
Lassie 829/508/0020

The following issues were noted in relation to the field visit:

AUDIT REPORT

Areas of Concern

- The Stringer Track file has no evidence of checking of the silvicultural contractors conducting the regeneration surveys and there is no comment under the site preparation and establishment section in the coupe planning checklist for mechanical disturbance and burn plan and map peer reviewed and completed.
- There were no burn plans available for Stringer Track, Skinny or Cobon Road.

Opportunities for Improvement

- Tracks at Misery Spur Track were noted to be compacted and could be better rehabilitated as were landings at Skinny.
- The coupe planning checklist for Cobon Rd had not been signed for the 'during harvesting' component.
- The back page of the site establishment plan had not been signed.

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APPENDIX 1 – Coupe Plans checked (* and field inspected)					
Office	Coupe name	Coupe number	Species type	Area (ha)	Notes
Cann River	Clive's Area*	874/510/0018	Foothill mixed species	80	Thinning coupe. Tactical planning well done including checking of special values. Grazing license holder notified pre harvesting. Coupe plan well done with sign offs completed. Pre-thinning stand assessment and thinning monitoring records completed. B/A retention and damage checks completed. Field inspection demonstrated a good outcome with thinning probably slightly on the conservative side.
	Wild Bull Remains*	868/508/0009	Foothill mixed species	26	Seed tree retention coupe. Tactical planning well done. Planning checklist completed and peer reviewed. Coupe plan well done with sign offs. Pre-harvest field inspection completed. Coupe diary and coupe monitoring records on file but lack of evidence of follow up on issues. Field inspection demonstrated a good process and outcome. Good selection of seed/habitat trees, top soil set aside for landing rehabilitation and fuel trailer banded.
	Tequila	864/504/0010	Foothill mixed species	40	Seed tree retention coupe. Coupe plan well documented up to harvesting as for Wild Bull Remains. Letter to immediate neighbor advising him of proposed harvesting.
	Steep Misery	885/515/0006	Foothill mixed species	34	Seed tree retention coupe. Generally as for Wild Bull Remains. Protection of <i>Tetratheca subaphylla</i> resolved in discussion with DSE. Wet weather haulage well managed through the coupe diary. Two minor boundary breaches with minimal damage noted. No post-harvesting burn carried out due to neighbor opposition. Silviculture DSS not completed with change included.

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Coupes with Silviculture Focus					
Bungywar Too*	885/510/0015	Mt. mixed species	28	Seed tree retention coupe. Planning checklist completed. Site preparation changed from post harvest burn to mechanical disturbance. Site preparation plan completed providing job specifications and environmental protection requirements. Site preparation monitoring records completed. Silviculture DSS completed. Initial regeneration observations promising. Regeneration survey to be carried out in 2011.	
Skinny*	868/507/0011	Foothill mixed species	40	Seed tree retention coupe. Coupe planning checklist part completed. Silvicultural DSS completed. Seed crop assessment identified seed trees present with adequate seed present. No burn plan or seed bed assessment present on file. Regeneration survey reported coupe 88% stocked with good seedling distribution.	
Stringer Track*	864/508/0009	Foothill mixed species	40	Seed tree retention coupe. Silviculture DSS completed. No seed crop assessment, burn plan or seed bed assessment on file. Regeneration results generally good – 82.9% stocked but 1.5ha requires rehabilitation.	
Goldmine	867/501/0001	Foothill mixed species	40	Seed tree retention coupe. Planning checklist completed. Silviculture DSS completed. No burn or mechanical disturbance required. Area 78% stocked with good distribution of regeneration.	
Pipeline	868/504/0008	Foothill mixed species	35	Seed tree retention coupe. Planning checklist fully completed. Silviculture DSS fully completed. No seed crop assessment or seed bed assessment on file. Burn plan present and burn completed. Regeneration survey reported coupe 75.7% stocked with good distribution of regeneration.	
Cobon Road*	885/510/0021	Mt. mixed species	20	Seed tree retention coupe. Planning checklist fully completed. Silviculture DSS completed. No seed crop assessment on file. Site preparation by mechanical disturbance with plan on file. Coupe aerially seeded. Good early regeneration with regeneration survey scheduled for 2011.	
Jackson*	868/510/0007	Foothill mixed species	38	Seed tree retention coupe. Silviculture section of Planning checklist not done. Silviculture DSS only partly completed. No seed crop assessment, Burn plan or seed bed assessment on file. Coupe burnt in April 2010 creating a good seedbed.	
Misery Spur Track*	885/511/0011	Mt. mixed species	20	Seed tree retention coupe. Silviculture section of Planning checklist not done. Decision made to use mechanical disturbance to increase the area of the seed bed and protect existing early natural regeneration. Regeneration survey planned for 2012. Harvesting was completed in December 2009.	

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Orbost	Geronimo	825/511/0010	Foothill mixed species	28	Seed tree retention coupe. Coupe planning checklist done and peer reviewed. Tactical planning completed and well done. Coupe plan well done and clearly drew on the tactical planning process. Coupe plan had all the required sign offs. Pre-harvest field inspection in accord with the coupe plan. Coupe monitoring records well done. Silvicultural DSS up to date.
	Noodle Hair	842/515/0018	Foothill mixed species	9	Seed tree retention coupe. Coupe planning process up to and including harvesting well done as per Geronimo above. Good follow up on issues raised in coupe monitoring.
	Hairy Feet	842/515/0020	Foothill mixed species	36	Seed tree retention. Coupe planning process good as per Geronimo. Coupe plan require implementation of a numbered management plan for Spotted-tailed quolls that does not exist. There is not a specific management intervention for this species on this coupe. As nothing was implemented there was no on-ground impact.
	Briefman	842/518/0036	Mt. mixed species	15	Seed tree retention coupe. Coupe planning process well done as per Geronimo. It was later discovered that harvesting had taken place outside the TRP boundary but inside the marked boundary tapes. It is considered that a GPS error probably led to incorrect boundary marking. Incident referred to DSE but no response to date. A stag that fell over the coupe boundary durin harvesting caused minimal damage. No evidence of seed crop or seed bed assessment on file. Burn plan present. The coupe was aerially seeded following the burn. Silvicultural DSS completed.
	Lassie	829/508/0020	Foothill mixed species	21	Seed tree retention coupe. Coupe planning process well done as per Geronimo. Approval gained from DSE to harvest small unallocated area of forest outside the coupe for logistical reasons. Coupe monitoring records well done with follow up. Seed crop assessment not on file but Burn Plan present. Silvicultural DSS up to date.

AUDIT REPORT

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:

- Central Highlands
- Minor works contracts
- Legislation updates and compliance
- Stakeholder Engagement
- Aspects and Impacts

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 and technical expert Gary King.

The assistance of all VicForests staff from Melbourne and the East Gippsland is acknowledged in providing the basis for this report.

AUDIT RECORD

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

Total number employees relevant to this audit and site:	135
Applicable Statutory/Regulatory/Standards requirements (to be identified by the client):	Vic Timber Code, OHS and Environmental legislation
Exclusions From Scope of Certification:	Nil

Day	Auditor	Audit meetings plus functions/ processes/ areas/ *shifts audited	Audit area employee no	# Shifts*	Result
28/6/10	KERS/KING	Discussion on changes to business/system, complaints			
		Silvicultural guideline changes and impacts on VF Statistical Analysis/Monitoring	2		!
		Areas of concern progress			!
		Drive Melbourne to Orbost			
		o/n Orbost			
29/6/10	KERS/KING	Cann River office	7		!
		o/n Orbost			
30/6/10	KERS/KING	Cann River field visit			!
		o/n Orbost			
1/7/10	KERS/KING	Orbost office – sales/contract management	21		!
		o/n Lakes Entrance			
2/7/10	KERS/KING	Drive LE to Melbourne			
		Internal audits, management review, CARs			!
		Closing discussion			
	Offsite	Stakeholder Communication, Report Preparation			

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 2 - 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.