

Audit Report

Surveillance Audit for

VicForests

FMS20003

Audited Address:

Level 7 473 Bourke Street MELBOURNE VIC 3001 AUS
Healesville, Powelltown, Noojee, Erica and Swifts Creek district
offices

Date of audit: 10/07/2012

BACKGROUND INFORMATION

SAI Global conducted an audit of VicForests on 02/07/2012 to 13/07/2012.

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 organization. This audit report considers your organization's quality policy, objectives, and continual improvement processes. Comments may include how suitable the objectives selected by your organization appear to be in regard to maintaining customer satisfaction levels and providing other benefits with respect to policy and other external and internal needs. We may also comment regarding the measurable progress you have made in reaching these targets for improvement.

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 organization being audited. Details of such experience and competency are maintained in our records.

In addition to the information contained in this audit report, SAI Global maintains files for each client. These files contain details of organization 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 organization.

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.

This report has been prepared by SAI Global Limited (SAI Global) in respect of a Client's application for assessment by SAI Global. The purpose of the report is to comment upon evidence of the Client's compliance with the standards or other criteria specified. The content of this report applies only to matters, which were evident to SAI Global at the time of the audit within the audit scope. SAI Global does not warrant or otherwise comment upon the suitability of the contents of the report or the certificate for any particular purpose or use. SAI Global accepts no liability whatsoever for consequences to, or actions taken by, third parties as a result of or in reliance upon information contained in this report or certificate.

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.

Standard:	4708:2007
Applicable codes:	ANZ01, ANZ02, ANZ03, ANZ0301, ANZ0302, ANZ0303, ANZ04
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.
Permissible exclusions:	NA
Number of Staff:	120
Number of Shifts:	1
Total audit duration:	7 days
Team Leader:	Sabrina Kerber
Auditors:	NA
Observers/Technical Specialist:	Gary King,
Entry Meeting:	Krystina Kny, Bill Paul, Nathan Trushell
Exit Meeting:	Krystina Kny

Definitions and action required with respect to audit findings

Non-conformance:

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

NOTE: The "applicable Standard" is the Standard which SAI Global are issuing certification against, and may be a Product Standard, a management system Standard, a food safety Standard or another set of documented criteria.

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 activities. 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 60 days for surveillance 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

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resolved to the satisfaction of SAI Global, immediate suspension shall be recommended.

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: Area of the system for which the client is required to investigate potential nonconformity.

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, and could result in an NCR being raised at a later date.

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.

Executive Overview

The purpose of this audit was to determine continuing compliance of your organization's management system with the audit criteria; and its effectiveness in achieving continual improvement and system objectives.

This audit again indicated that VicForests are maintaining and continually improving their forest management system to a high degree with excellent commitment from all staff and management. Results of field inspections, records and document review and interviews indicate that the system is now fully embedded across the organisation and maturing well with a strong emphasis on locating areas for improvement through the internal system inspection and auditing regime. As such, many of the findings of this audit team had already been recognised and were being actioned by VicForests.

A non conformance has been raised in relation to the management of the log storage facilities. Two were visited in the Noojee region but the areas of concern raised there are also applicable to other and future facilities in the Central Highlands. A number of system deficiencies were found in this specific area of the business which is unfortunate as the majority of the system as applied in planning, operations, regeneration etc were found to be working extremely well.

Recommendation

The recommendation from this audit is that your certification continues when corrective action is taken and verified.

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

This report was prepared by: Sabrina Kerber, Lead Auditor and Gary King, Technical Specialist (M. Nat. Res.; B.Sc. (For))

The assistance of all VicForests field staff from Powelltown, Noojee, Erica and Swifts Creek is acknowledged in providing the basis for this report.

SURVEILLANCE - FMS

Non Conformance 2012-01

This audit has identified a non conformance against the requirements of Criteria 4.1.3 and 4.1.4 of the AFS in that the organisation has failed to implement components of the forest management plan as applied to the management of log storage facilities.

Details of this are explained in the NCR at the end of this report and also under the log storage facility heading.

Review of any changes

Changes that have occurred affecting the business and the system are as follows:

- VicForests now has a representative on the Board of the AFS.
- The DSE forest audit program has been completed for tactical planning, operational planning, regeneration and finalisation and harvesting with the next set of modules about to be undertaken.
- A new training framework and training schedule has been put into place.
- Instigation of Friday training sessions with good attendance occurring.
- Appointment of two biodiversity planners.
- Development of a handbook outlining the operating procedures for staff to consolidate policy and DSE management procedure requirements into one location.
- A pause on indigenous traineeships whilst discussions are continuing with the relevant

organisations.

- Two emergency test scenarios have been undertaken in the Central Highlands and East Gippsland. The scenario was a contractor accident which activated the SPOT rescue device and involved both the CSO and regional personnel.
- The Board has been finalised and a new CEO, Robert Green, appointed.
- Cann River district office has closed with personnel moving across to Orbost.
- Preparations are being made to move information from CIS to CENGEA.
- A SharePoint database system is being developed for the management of the legal register rather than the current Word document in use.

Actions taken on previous audit issues

All previous audit actions are taken seriously by the organisation and very well investigated and managed through the CAIR process. A copy of the full report is sent to all Senior Managers and issues are then discussed at the monthly meetings. Graphic representation of the issues is also undertaken to view any trends developing. Where required, areas highlighted have been included in the focus of the internal audits.

- *The current ranking process has overcutting of the allocation order, damaging cultural heritage or species and escaped burns as not having potentially significant aspects or impacts whilst another component of the register notes burn escapes and damaging values as significant. This suggests that the ranking process requires review to ensure expected potentially significant aspects and impacts which the system is required to control and manage are ranking as such and to remove any inconsistencies.*
- *Management of sensitive ridgelines has been a key priority in the East Gippsland region however, the risk register has no aspect noted for accidentally cutting a sensitive ridgeline or SMZ. Harvesting within a Long Footed Potoroo SMZ ranks 8 and on closer inspection of other aspects in the East Gippsland region register other impacts are also ranking low e.g. removing a Powerful Owl nest tree or not properly identifying biodiversity values.*
- *An environmental alert was provided to warn personnel about the potential to spread Myrtle Rust where operations are close to the border and machinery potentially moving from Rust areas. This has not ranked as significant in the risk register.*

All of the areas of concern listed above were managed through the one process although initially raised as three separate CAIRs. Actions undertaken included a full review of the Social and Environmental Risk Register, reassessment of significant risks and a check on the Instruction. Training and assessment in the use of the register was also completed in May and June across Gippsland.

- *Not all of the values requiring protection are being included in the coupe plan with instructions not reflected in the documentation. With both a coupe plan and a road works plan being prepared, there are some instances where the SMZ and Long Footed Potoroo are not on the map or in the other issues section. Further investigation noted that values specifically picked out are at the back of the coupe plan in the special values section 5 and may need to be brought forward to a section where they are obvious to the contractor.*

Significant improvements in the management of special values have been undertaken with excellent maps now being produced and additional investigation and information recorded in the system.

Periodic Evaluation and review of compliance with relevant legislation and regulations

Compliance continues to be monitored through the coupe monitoring process with evaluation documented in the coupe diaries, coupe monitoring records, internal audit reports and meeting minutes. A new compliance register will be developed to allow all relevant legislation and regulations to be updated rather than the current Word document format which remains static in the Instruction.

Progress on planned activities for performance improvement

The Sustainable Forest Management Policy is currently under review and will shortly be endorsed and signed by the new CEO. At present the current policy remains on display and contains all requirements of the Standard.

Objectives and targets continue to be well tracked through the system and actions reported on through the meetings undertaken. The audit has identified that there have been numerous activities undertaken over the past six months leading to progressive performance improvement. Implementation plans for the training framework and roll out of training modules will also assist in this process.

DFA Changes/Logo Usage and Statistical Monitoring Protocols

The SAI Global logos are not in use by the organisation. The AFS/PEFC logos are used on promotional material and in house documentation as appropriate. VicForests were waiting on the next AFS invoice for payment. Statistical analysis continues to be undertaken in relation to the surveys discussed at the last audit with good implementation in the current surveys for wildlife species.

Area of Concern

- At the time of audit, a concern had been raised by a customer in relation to inappropriate usage of the PEFC logo on VicForest invoices i.e. that the licence number had not appeared with the logo as required by AFS. This could not be verified at audit however, will require further action by VicForests to rectify any printing errors and had already been raised in the CAIR system. The logo has been appropriately used in all other instances as observed at this audit.

Stakeholder Consultation/Complaints

VicForests are currently being pursued through the Supreme Court by the My Environment group in relation to concerns raised regarding logging of the Gunbarrel coupe. VicForests won the initial case raised by My Environment as it was found that mediation had been attempted by the organisation and it could not be established at the initial case that anything illegal had occurred or that the precautionary principle applied. SAI Global has met with My Environment to discuss their concerns in general with regard to VicForests and no new evidence or issues were raised.

VicForests have been prosecuted by DSE in relation to the Scatterbrain coupe in Orbost and harvesting of rainforest and rainforest buffer. This issue will be before the courts later in 2012.

A full hearing has been set to discuss rainforest sites of significance in East Gippsland. All sites of significance will now be reviewed as the issue will affect approximately fifteen coupes.

All of the issues noted above are being well tracked and actioned through the VicForest management system. A single point of contact continues to be maintained and documentation is now being well managed in the system allowing all related information to be easily located and reviewed when required. The CAIR system continues to log all complaints and actions to manage these and investigations are thorough and involve both internal and external experts and independent parties as required.

The management system is continually improving to reflect the need for VicForests to further develop in house expertise and less reliance on external parties. The appointment of specific biodiversity planners and targeted training for all staff in relation to special values is an excellent example of this change. Similarly, the establishment of red files to highlight coupes that abut national parks or significant values indicate further improvement.

Other stakeholder consultation continues to be documented in the communications register and indicates that the discussions regional staff are having with neighbours and various stakeholders regarding activities associated with significant aspects such as burning, harvesting or fox baiting or general planning.

The TRP review stakeholder consultation has been well documented with all relevant stakeholders advised of the new TRP and provided the opportunity to raise concerns and have them incorporated into the planning. Good evidence was available to indicate that this was occurring.

Stakeholders have also been invited along to community days held on coupe to allow observation and discussion of work practices.

Annual audits are conducted by Melbourne Water on coupes that are within the catchments. There have been no issues raised.

Opportunity for Improvement

- VicForests may need to approach Melbourne Water to obtain some form of notation that their audits have not found any issues as there is currently nothing recorded.

Internal Audits, CAIRs, Management Review Processes and Continual Improvement

The SFMS and OH&S internal audit report covered both districts and four modules that were audited. A low result was logged for Ovens and Healesville although it is noted that there is now only one staff member in Ovens. Many of the issues noted in the SFMS audit were very good and indicate system issues that need improvement.

A management review was held in May 2012. Minutes indicated that the review considered the draft policy, CAIRs, out of date VicForests instructions, completion of targets and a legal review. All audit actions resulting from the DSE audits are managed through the CAIR system.

There is a target to close all CAIRs ranked as high or extreme within 90 days. These are discussed by the Environmental Risk Committee which was meeting eight times annually.

The CAIR raised for the breach at Melwood was viewed and has been well documented in the system to date. A breach notice has been issued to the contractor.

An overview of all CAIRs in the system indicated that it is being used and issues are tracked. Topics are noted and indicated that there have been issues with tapes being breached. Actions from VicForests have been swift including the dismissal of the contractor.

System Elements

Aspects and impacts process

The Social and Environmental Risk Register has been reviewed. There are approximately fourteen significant aspects associated with the business. A procedure titled Social and Environmental Risk Register was last issued as version 2.2. in May 2011. It is noted that all aspects on the register are requiring control regardless of significance rating.

Opportunities for Improvement

- VicForests may need to consider if any of the impacts that are currently ranking as 9 on the risk register are ones that have a potentially significant impact associated with significant aspects and should also be considered as significant i.e. lowering the level down from 10.
- Colour may need to be considered on the risk register to allow the significant aspects and their associated activities to be more obvious to the readers and it would be useful for the procedure to indicate that the current cut off rate for significant aspects is 10 i.e. high and extreme.

Training

A new VicForests Training Framework has been developed and is currently being rolled out across the business. The modules are directly relevant to the activities linked to significant aspects with excellent identification of the target training group, delivery method, subject matter experts and assessment methods identified.

Essential core competencies include the SFMS awareness, biodiversity awareness, system functions of CENGEA, community engagement and environmental management. These have been areas that were previously flagged as requiring more targeted training and it is therefore a very good performance improvement step.

Gippsland Region Field Visit

Powelltown Office

There are currently three staff in the office, all involved with the harvesting group. The induction undertaken is very good and included the JSAs. There have been no stakeholder or neighbour issues, no bush fires and no significant incidents. Harvesting for the region was completed just prior to the audit as part of the winter shutdown and due to the wet conditions. Good plans are in place to meet with the contractors to discuss the roading, harvesting and haulage requirements for the next season.

There has been a marked improvement in the context maps being produced for the region with maps now being prepared in Healesville office. Mapping symbols are excellent, bubble text is used to highlight any special values or hazards and in general, the information is consistent and well presented. Operations maps being produced by the foresters are also excellent.

A traffic light system is being used for production risks that are picked up at the tactical planning stage. This is only recently being implemented and will lead to the red file system. The internal audit identified that the definitions for the ratings are not yet documented and communicated. Coupes that fall into these categories are to be marked up by a team of two rather than individuals to ensure boundaries etc are accurate. A review of several coupes that fell into this category, Blowhole, Crystal Creek, Thomson Allsort and Gregory Peck indicated that CIS has all additional

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approval conditions noted, stakeholder agreements and local landowner concerns.

Minutes of meetings have been well documented and filed and issues raised appropriate. CAIRs were discussed and the results of training. Actions from meetings are noted in red and followed through for consecutive meetings.

Training records for the new forester harvesting and the Senior Forester were viewed and the Friday training being conducted which is now placing greater emphasis on some of the biodiversity requirements unique to the region.

Several coupe files were examined with good documentation supporting all requirements of the system.

Area of Concern

- The Training Report Tool viewed in the system matches the individual with the role. The tool requires updating to reflect the new training required such as SFMS awareness, habitat tree identification and the biodiversity induction.

Opportunities for Improvement

- The DSE contractor induction checklist is being used for visitor inductions. This has little to no environmental or social information as the focus is on OHS.
- The visitor induction was not used for students collection bark as the coupe visited was active. Whilst the contractor manages the site and undertook their induction, there may be additional issues that VicForests would want conveyed to visitors in line with their FMS as the contractor induction has an OHS focus.

Noojee Office

Coupe files examined in the office indicated good planning and traffic management for various seasonal activities including ski season traffic. Several unique techniques are being developed which may provide value at some stage. This includes the printing out of the THOL listings which enables the forester to check on the coupe if personnel are using equipment they have been trained for. There is also excellent use of photography to capture any breach or other issues. Landing ripping assessments are also being well documented.

Good records have been filed for the Ferguson log dump plan and monitoring. Log docketts are being collected and log quality checks undertaken by Noojee foresters at both Ferguson and Crossover log storages.

Opportunities for Improvement

- The coupe file index template viewed in the Fat Albert file did not have a date, only the version number and print date.
- It may be useful to consider printing the silvicultural components of the coupe plan separately to the harvesting, planning etc as some documents are repeated as they are filled in by other sections.
- The excellent work being done on locating and naming the species of each tree retained on the coupe may provide useful data for silviculture.
- The photographs being used to document issues on the coupe could benefit from some annotation in relation to the issue being photographed, date, location etc.
- The monitoring record for the log storages does not appear to ask any questions in relation to the potential for any illegal or non VicForest logs stored on the site.

Crossover Log Storage Facility

The facility has been open since November 2011 and was quickly located to store logs whilst the Heywood mill stopped receiving sawlog. Due to the winter closure, the contractor had recently commenced extracting logs and transporting them to customers. The site is an old sawmill with many items of derelict equipment and poorly maintained buildings. A runoff dam had been expanded to cater for the increased runoff from log watering and storage had become very tight as every available location had been used.

The contract for lease of the site is between the logging contractor and the sawmill owner.

Hazards at the site include the overhead powerline, tight storage and access for machinery and personnel, steep drop adjacent to the rear stacks, open trenches etc.

The contractor inducted all visitors using the system set up by Olsens.

Areas of Concern

- There was no record available to indicate VicForests communication with neighbours and stakeholders as per the instruction.
- There is no site diary being updated by the supervisor on each visit as required by the instruction.
- Aspects and impacts for the increase in dam and use of the site had not been identified and assessed.
- No JSAs had been completed for activities at the site including the expansion of the log dump to an area that could impact on the public road below. Hazards need to be identified, assessed and controlled with monitoring processes adjusted to pick up on the controls that have been put in place.
- Mud had been noted on the road by VicForests personnel with additional rock brought to site to assist in alleviating the problem. This had not been recorded as an issue.
- Personnel were unaware of the requirements noted in the Instructions for management and supervision of log storage facilities and other system requirements for impact assessment, CAIRs etc.
- No monitoring records were available for the facility.

Ferguson's Log Storage Facility

This site is on DSE land and is being supervised by a forester from the Noojee office. Similar issues to those noted above were also found in relation to the VicForests instruction and records that should be generated.

Contractor induction and warning of hazards to visitors was undertaken appropriately.

Area of Concern

- The log dump plan had been signed without the hazards section completed.

Erica Office

One of the three staff members for this office has been appointed as a biodiversity officer. Any potential Leadbeater possum habitat in the Ash coupes is to be assessed by this role. The communications register was examined and indicated conduct of field days with secondary students. Inductions were undertaken using the visitor induction record. Training for new staff has been planned and completed. Work instructions were known and the training schedule indicated

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the Friday training. A good training package on weed identification had been put together by the biodiversity officer and assessments completed. A field guide has also been prepared to assist personnel.

Coupe plans had been amended following information gathered from biodiversity surveys and field inspection checks for leadbeater's possum and owl roosting sites.

Documentation indicating the roll out of the red coupe files was viewed to include alerts if the coupe is within 100m of a National Park. Files for Pump and One Shot were examined.

Opportunity for Improvement

- The core tasks list or position description for the Biodiversity Planner does not have any document control and the biodiversity planner field inspection form has a version number but no date.

Swifts Creek Office

A recent breach on an SPZ had been recorded as a CAIR and will be fully investigated.

Roading personnel had travelled up from Orbost for the audit and were also interviewed as part of the visit. Road inspection reports, road works plans, road maintenance records and the haulage network plan were all viewed.

The TRP approval process was discussed with the new regional manager. There has been a good plan to leave all consultation with neighbours to personnel in the Ovens office as a good rapport has been made with the community. Taking into consideration water quality issues, coupes have not been burnt and buffers increased. The communications register has been used to note any issues raised. Any policy issues have been referred back to DSE if out of scope of the TRP process.

Discussions have been held with the apiarists association and all sites listed on the Gippsland Forest Apiary Plan listed on the overlays. Notifications are sent out by the operations planners if harvesting is within a 1km proximity to any of the 705 sites. Documentation to support this was found in relevant coupes.

The field visit included coastal mixed species coupes. The landing prepared for Big Nose had been very well rehabilitated and there had been a good decision to pay for floating gear at Mrs Jones to avoid cutting up the road. Good protection of box trees had occurred at Archer.

Areas of Concern

- The aspect associated with road construction of soil erosion is ranking as an eight i.e. it is not ranking as significant. Prevention of erosion is a key element of criteria 6 in the AFS and also in the Timber Code. Similarly, correct culvert installation is also ranking low.
- Senior forestry personnel were not familiar with the implications of aspects ranking as significant in the system.
- Hazards and risks are not routinely being documented in the system with controls as they are identified for roading and blasting operations.
- As noted at Melwood and Big Nose coupes, sign in to the coupe and the explanation of the coupe plan may not occur until after the contractor starts bringing in equipment. This may not ensure that the coupe has been clearly marked and that the contractor is fully aware of all values requiring protection.

Opportunities for Improvement

- The requirement to track training for personnel in the roading team has not yet been clearly communicated to senior staff.
- The roading plan viewed for Dingy Track indicated that there was an SPZ adjacent however, there is no indication what the value is being protected.
- The road maintenance record has a version number but no date.
- It is a concern that no CAIRs or hazards have been raised in relation to the roading operations. This may be an indication of lack of use of the system or awareness of requirements.
- It was noted during the visit to Mrs Jones that slash had been piled within 3m of a seed tree. Whilst this may be permitted, it may not be consistent practice to ensure mistakes are not made for habitat trees.
- VicForests will need to consider providing a link between the road works plan and the coupe plans.

Biodiversity Management

Since fauna surveys for Long-footed potoroos commenced in 2011 more than 100 coupes have been surveyed in accord with VicForest's instruction for *Pre-Harvest Fauna Surveys*. Fifty detections were recorded for the species. This has led to more than 800ha habitat being removed from the harvesting program. All records are reported to DSE and managed through the RecFind system. Responses from DSE are also recorded.

Pre-harvest Fauna Surveys record all species identified and are now targeting arboreal mammals including Yellow-bellied and Greater Gliders. Where high densities are recorded above a specified threshold habitat protection zones are established. A procedure is in place for contractors and an instruction developed for staff. Checklists and guidelines have also been developed and examples of use were verified.

Outside of East Gippsland landscape scale studies have commenced for other species such as the Spot-tailed Quoll.

Joint programs to look at the impact of forestry operations on invertebrates, reptiles and arboreal mammals are being developed with post-graduate students from the University of Melbourne. The development of working relationships and data exchange is being undertaken with scientists from the Arthur Rylah Institute.

A new training module directed at improved and consistent habitat tree selection is under development. The training program for introductory biodiversity includes an indoor and outdoor component and a test and has been run in both regions with good attendance. Online learning is now also being considered.

The results of the study on habitat tree survival following regeneration burning have yet to be considered to the extent of whether revised prescription are necessary to maintain an adequate number of habitat trees in the longer term.

With the exception of rainforest areas, riparian thickets, maintaining over storey mix in the regeneration process and a few understorey plant species less emphasis has been placed on

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ensuring the conservation of listed plant species in the Operating Procedures (April, 2012). While it is recognized that many of these species are not threatened by forestry operations (in riparian zones, rocky outcrops, heath etc.) there are others that may be of concern and these need to be prioritized and training given to staff to recognize those species likely to be present in specified areas. This will ensure that appropriate management actions can be applied.

Two field based biodiversity positions have been created and filled. These officers will :

- Liaise with the Conservation Biologist;
- Investigate where there is a potential biodiversity issue, document their findings and follow up with appropriate experts if required;
- Train field staff in the identification of biodiversity issues and parameters;
- Contribute to the review of biodiversity prescriptions; and
- Prepare small field guides.

Opportunities for Improvement

- Completion of the habitat tree survival review with appropriate recommendations to ensure that this requirement is met and the required number of habitat trees per unit area on a coupe is maintained.
- Prioritizing those plant species potentially at risk from forestry operations and ensuring that relevant staff can recognize them so that appropriate management actions can be applied.

Sustainability of Timber Production

- a) Two log storage facilities were inspected – Crossover and Fergusons. These log storage provide continuity of supply to industry during the winter months when highland areas are closed to operations due to wet winter weather field conditions.

Soil and Water Management

Overall the management of soil and water values on the coupes inspected was good. Earth banks were constructed on snig tracks inspected where required. Landings were rehabilitated well. Streamside buffers and filters were implemented.

Silviculture

SKM has been contracted by DSE to do the DSE audit of VicForests regeneration surveys. SKM use a different method of survey to VicForests which is acceptable to DSE. On average the SKM method results in slightly higher stocking rates than the Vic Forests method.

The SKM draft report covering the 2010/11 surveys indicates that all 315 coupes (8221ha) across VicForests are acceptable for hand back.

VicForests have completed their 2011/12 surveys and results are currently being analysed. Preliminary results indicate good stocking levels.

There are no perceived seed supply problems. Seed collectors collect the full range of over storey species present. VicForests currently has 4 years plus one year seed supply available (rolling system).

Silviculture is exploring greater use of API for flowering and seed crop; seedbed area and regeneration assessment. This could include the use of drones. They are also working on improved drip torch procedures for aerial burning.

Cultural Heritage

The protections of two areas of historical heritage were inspected in the field (see Marneys Creek and Big Nose coupes). Consultation with DSE takes place as to whether buffers were required and the width of the buffer to be applied. DSE were advised when evidence of a tramway could not be found on a coupe and gained approval to proceed with harvest.

Opportunity for Improvement

- There is an opportunity to enhance the knowledge of contractors in relation to indigenous and European heritage and their interim protection, particularly those undertaking wildlife surveys etc where they may have the opportunity to discover sites.

Coupe Planning and Implementation

- a) Coupe plans applicable to forest in the areas covered by this audit were generally of a high standard (see Appendix 1).
- b) There were a number of instances where Tactical Planning had not completed appropriate sign offs of the Coupe Planning Checklist prior to the handover to Operational Planning. However, peer review was occurring with sign offs on the Tactical Planning work cover page.
- c) Communication with external parties was documented on the coupe files where it was required.
- d) In the implementation phase there were several instances of trees being felled over coupe boundaries (see Appendix 1). There was evidence in some cases of some of these instances being followed up by the harvesting forester. It is also positive that contractors are reporting these incidents. There was also evidence in some coupes of decisions being made not to fall trees that might go over the coupe boundary. This is an area that should be monitored as trees falling across boundaries, particularly adjacent to streamside buffers of filters can produce serious environmental impacts.

Opportunities for Improvement

- Monitoring the extent of boundary incursions and determining whether the issue is a matter of concern requiring further action.
- Ensure all required sign offs are completed in the Coupe Planning Checklist, there continue to be instances where signatures were not present.

The following coupe plans (22) were reviewed and those with an asterisk against them (8) were also field inspected. Notes relating to each coupe below appear in Appendix 1.

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Blacksands Creek*
Mt Beenak,
Gobbler,
Friesans Back,
Marney Creek*,
Respite*,
Fringe,
Melwood*,
Macs Track,
Baenba Flat,
Big Nose*,

Blowhole,
Limberlost Road,
Sleeping Spur,
Petschacks 21,
Beside Chris*,
Wabby,
Grassy Skyline,
Rimfire
Flynn's Bridge,
Mrs Jones*,
Archer*.

APPENDIX 1 – Coupe Plans checked (* and field inspected)

Office	Coupe name	Coupe number	Species type	Area (ha)	Notes
Powelltown Audit Report	Blacksands Creek *	347/501/00056	Mt. Ash	16	Clearfell coupe. Tactical planning good identifying potential special values. ANU and DSE notified of proximity to Leadbeater's Possum (LBP) research site. LBP habitat identified in the south of the gross coupe area during targeted survey and excluded from the operational coupe. Tree Geebung not found on the coupe. Coupe Planning Checklist (CPC) up to date and peer reviewed. Coupe Plan well done with required sign offs. Coupe diary and coupe monitoring records (CMR) well done. Boundaries marked in the field. Landing and tracks corded and matted. Tracks drained prior to temporary closure. Habitat trees retained as required.
	Blowhole	463/505/0011	Mt Ash	19	Clearfell coupe. . Tactical planning identified modeled LBP habitat and potential Aboriginal site – neither present. CPC well done and peer reviewed except for lack of sign off of Tactical Planning handover. Coupe plan well done with required sign offs. Coupe diary comprehensive and coupe monitoring Record (CMR) being used effectively. Traffic management taken into account. Silvicultural Decision Support System (SDSS) completed.
	Mt. Beenak	347/521/0006	Mountain Mixed Species	21	Seed tree retention coupe. Tactical planning well done with potential issues identified including Bunyip catchment restrictions, LBP research site proximity and high scenic quality area. CPC completed as for Blowhole. The tower on Mt. Beenak is used for both communications and as a fire tower and Therefore DSE agreed that the visual amenity should be sacrificed to improve visibility. Only the access road and a small section of the coupe are in Bunyip catchment and this was acceptable to DSE. Coupe plan well done with all sign offs as required. Coupe diary comprehensive and CMRs completed. Traffic management taken into account. SDSS completed.
	Limberlost Road	349/516/0006	Foothill Mixed Species	15	Seed tree retention coupe. Tactical planning well done with potential issues identified including LBP habitat, rainforest, Tree Geebung and Aboriginal sensitivity – none present in coupe. CPC completed and peer reviewed. Coupe plan and maps well done with sign offs as required. Coupe diary comprehensive and CMRs good with documented follow up. Wind throw and soil pushed over a coupe boundary were identified – both probably unavoidable. Traffic management taken into account. SDSS entered as a clearfelling system when actually seed tree retention.
	Gobbler	348/520/0002	Mt. Ash	21	Clearfell coupe. Tactical planning identified modelled LBP habitat.

NEXT AUDIT PLAN

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 set out in the plan below:

The plan is draft and can be modified to suit all availability of relevant people.

Audit type :		FMS Follow Up Audit		
Date	Auditor	Audit meetings plus functions/ processes/ areas/ shifts audited	# Shift	Approx. time
17/9/12	KERS			
		Review of documentation to close out NCR2012-01		

Audit type :		FMS Triennial Audit		
Date	Auditor	Audit meetings plus functions/ processes/ areas/ shifts audited	# Shift	Approx. time
19/11/12	KERS (KING TS)			
		Opening meeting, discussion of changes to business and system		
		Areas of concern from previous audit		
		Full recertification audit of VicForests including all criteria		
		CSO processes – GIS, Projects, Biodiversity, HR, Training, communication, breaches and complaints, contracts,		
		Legal and other requirements and compliance		
		Internal audits, CAIRs, management review		
		Ovens, Alexandra, Healesville offices and field visit including log storage, silviculture, haulage, harvesting, fire preparation, tactical planning, operations,		
		Exit Meeting		
		Stakeholder communication		
		Report and submission preparation		

Audit Report

Failure to provide action plans as arranged with SAI Global and/or to implement correction and corrective action within the nominated time frames may lead to a recommendation that your certification be denied or suspended.

Note to Auditors: Use one page per 'deficiency'. For extra pages use to select all (ctrl+A) put cursor at the bottom of the last page and select copy (ctrl+C) Would like to see the warnings up front if possible.

Activity #:	271492	Client:	VicForests		App/Cert:	FMS20003
Function/Area/Process:	Product Delivery			Site:	Crossover, Ferguson	
Std. and Clause No(s):	AS4708:4.1.3, 4.1.4	NCR#:	2012-01	Category:	Major	
Section 1- Details of non-conforming situation:						
Non-conforming situation: The organisation has failed to implement components of the forest management plan as applied to the management of log storage facilities.						
Requirement: The VicForests system requires aspects and impacts assessment, communication, record keeping, monitoring, training, roles and responsibilities definition as per the various work instructions.						
Objective evidence: There were no records available for the Crossover facility to indicate the aspects and impacts register was checked and new aspects identified for the dam expansion and facility operation, communication had taken place with stakeholders, log dump plan hazards had been reviewed and updated since November, diary notes of visits, recording of an incident of mud on the road. Personnel were not aware of the procedural requirements and their specific roles and responsibilities as noted in the VicForests instruction. Several similar records were found to be missing for the Ferguson's facility and could not be located for other facilities when requested.						
Audit Team Leader	Name	Sabrina Kerber		Organisation's acknowledgement of receipt of NCR	Name	
	Date:	16/7/12			Date:	
SAI Global Verification Method: (record if site visit is required or what information is to be provided):						
Documentation can be provided to SAI Global to verify actions that have been completed and may include monitoring records, induction or training information, updated registers, instruction changes etc. These can either be sent or time allocated to view them at the CSO if preferred. Information must be received prior to 17/9/12. At this stage, a follow up audit to view the information at either CSO or in SAI Global's Melbourne office has been booked.						
Section 2- Organisation's Response: (Attach separate sheet if required)						
Root Cause Analysis (<i>record or attach 5 why, 8D, fishbone diagram, etc to support this analysis</i>):						
Correction with completion dates (<i>what was the immediate fix? Submit objective evidence of correction</i>):						
Corrective Action Taken/Planned (with completion date(s) (<i>record what action is planned or will be taken to prevent recurrence. Submit objective evidence of completed corrective actions</i>):						
Organisation Representative :		Name:		Date:		
Section 3- SAI Global Response Review:						
Response is not acceptable for these reasons: Please submit a revised response by: Reviewer: Date:						
Response is acceptable please see section 4 for details. Reviewer: Date:						
Section 4- SAI Global Verification of Corrective Action for effectiveness						

Audit Report

Section 5- SAI Global NCR Closure:	
Name:	Date:

SAI GLOBAL REGISTRATION PROGRAM

INSTRUCTIONS FOR THE COMPLETION OF NON-CONFORMANCE REPORTS (NCR)

Failure to provide action plans as arranged with SAI Global and/or to implement correction and corrective action within the nominated time frames may lead to a recommendation that your certification be denied or suspended. Certain sectors require both Major and minor NCR's to be cleared within a specified time. Refer to sector specific requirements for details.

Section 1

To be completed by the SAI Global Team Leader at the time of the audit. A copy of the NCR shall be left with the Client at the completion of the audit.

Section 2 - Organization Response

Complete Section 2 as described below and return it to -SAI Global. In lieu of completing SAI Global NCR form, the Client may submit an equivalent corrective action document.	
Root Cause:	Consider using appropriate root-cause analysis tools such as, 5 Why's, FMEAs, Fault tree analysis and fish bone diagrams, etc., to ensure identification of root cause.
Correction:	Describe the action taken to correct the incident and contain the problem. Objective evidence in the form of revised procedures, records, etc. shall be submitted unless otherwise identified by the Audit Team Leader
Corrective Action:	Client shall describe the systemic (long term) corrective action(s) planned or taken to eliminate the root cause to prevent recurrence. Objective evidence in the form of revised procedures, records, etc. shall be submitted unless otherwise identified by the Audit Team Leader. <i>NOTE: For audits to the ISO 13485 – CMDCAS standard the client shall submit a corrective action plan that identifies the steps to correct the root cause and verify the effectiveness of actions taken within 30 days of the NCR issuance date. Objective evidence for closure can be submitted at a later date.</i>
Organization Acknowledgement:	Name of the organizations representative who was presented the non-conformance. Signature is not required.
SAI Global Verification Method	Record if site visit is required or what information is to be provided to effect NCR closure.

Section 3

The SAI Global Team Leader /Client/Project Manager will review the completed NCR or Client's equivalent corrective action document for adequate root cause analysis, systemic corrective action taken on root cause and objective evidence submitted. Upon completion of the review the SAI Global Team Leader will either accept the corrective action taken and clear the NCR or request that the Client provide an additional or revised response or objective evidence in order to clear the NCR. Comments shall be added to the hardcopy of the NCR or electronically as appropriate to identify any request for additional information, including the date for submittal.

Section 4 – Verification of Effectiveness

Identify the method (plan) to be utilized to verify that the corrective action taken is effective. This could be a follow-up audit or submission of objective evidence of implementation. Where appropriate, records of the client's method of verifying effectiveness can be utilized. Record in the results the actual method and documents reviewed to verify effectiveness.

Section 5 - NCR Closure

Name and date of individual performing the verification and NCR closure.