
Audit Report

Re-Certification audit for

VicForests

Level 7, 473 Bourke Street, Melbourne, VIC, 3001, Australia

Certificate No.: FMS20003

Audit Date: 19/11/2012 - 30/11/2012

Work Item I.D.: AU-271493

BACKGROUND INFORMATION

SAI Global conducted an audit of VicForests on 19/11/2012 - 30/11/2012.

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 organisation. This audit report considers your organisation's policies, objectives, and continual improvement processes. Comments may include how suitable the objectives selected by your organisation 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 organisation 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 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.

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(s):	4708:2007 Certification
Code(s):	02, 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.
Number of Staff:	132
Shifts:	1
Total audit duration:	70hrs
Audit Team:	Sabrina Kerber - Lead Auditor
Other Participants:	Gary King - Industry Expert

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 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 organisation's management system with the audit criteria; and its effectiveness in achieving continual improvement and system objectives.

This re-certification audit focused on Central Highlands with visits to Alexandra and Healesville. Field inspections were carried out at operations managed from both centres.

The Sustainable Forest Management System (SFMS) has continued to develop and mature across the business to the point that it is now well embedded into normal work practices. Improvements are continuing to be made to manage the data that is now being captured and to streamline processes.

As the system has matured, it has now reached a stage where operational documentation is being consolidated and databases are preferred to streamline and manage information with greater responsibility taken on by the regions for system management.

Strong forest management principles are now entrenched in the workforce and the training programs are well developed to enhance the knowledge of all staff in key focus areas as they are identified. This is also leading to strong system improvement.

This audit in particular noted an improvement in the knowledge of the contractor group in relation to forest management technique and terminology particularly with regard to biodiversity principles and protection requirements. This is a reflection of the strong training programme and excellent communication between the VicForests personnel and their contractor base.

Areas for improvement have been noted as areas of concern and relate to the identification of legal and other requirements and compliance processes and updating the documentation.

Recommendation

The recommendation from this audit is that your certification continues.

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

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

The assistance of all VicForests field staff from Alexandra and Healesville is acknowledged in providing the basis for this report.

Meeting Attendance Register

Name		Entry	Exit
Krystina Kny	VicForests	✓	✓
Bill Paul	VicForests	✓	✓
Nathan Trushell	VicForests	✓	
Gary King	SAIG Technical Specialist	✓	✓
Sabrina Kerber	SAIG Lead Auditor	✓	✓

Review of any changes

VicForests have continued to explore innovative techniques and trial alternative forest management systems and processes. A vehicle tracking system has been implemented along with drug and alcohol testing. The legal register is being transferred from a word document to a database and a new system will shortly be implemented to manage actions and define a workflow

process to consolidate the current multiple action tracking methods. The GIS and coupe information system is now being transferred into a new system known as CENGEA which integrates data with the mapping.

A log tracker system has been implemented with all sawlog now barcoded and fully tracked to the customer.

The Department of Primary Industry (DPI) has taken on the enforcement role from DSE to manage protests and illegal activities in the forest. The Department of Sustainability and the Environment (DSE) are conducting six monthly audits of VicForests using external consultancies and following a module based auditing program. At the time of the SAI Global audit, the DSE Harvesting audit was being undertaken.

Actions taken on previous audit issues

All previous audit actions have again been managed through the CAIR process. The non-conformance raised at the July 2012 audit was very well managed as reported in the follow up audit undertaken in October. Areas of concern from both of these audits are listed below with the original text shown in italics. Further comment and verification from this audit is noted below each item. Those areas of concern which are now closed are marked with an open dot 'o'.

DFA/Logo Usage

- o *At the time of audit, a concern had been raised by a customer in relation to inappropriate usage of the PEFC logo on VicForests 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.*

This issue was logged in the CAIR system and fully investigated by VicForests. The invoice template has been changed to state that all timber is 100%AFS certified. A sample was viewed at audit and noted that the use of the PEFC and AFS logo is appropriate.

Powelltown

- o *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.*

All mandatory and elective training requirements have now been updated into the system.

Crossover Log Storage

All of the areas of concern that were raised at the surveillance audit were fully addressed by the follow up audit.

- o *There was no record available to indicate VicForests communication with neighbours and stakeholders as per the instruction.*
- o *There is no site diary being updated by the supervisor on each visit as required by the instruction.*
- o *Aspects and impacts for the increase in dam and use of the site had not been identified and assessed.*
- o *No JSAs had been competed 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.*
- o *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.*
- *The log dump plan had been signed without the hazards section completed.*

Swift's Creek Office

- *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.*

Further one on one discussions were held with staff and the system has been adjusted to indicate that aspects ranking on the border i.e. an 8 or a 9 will still require regular review and are considered important.

- *Senior forestry personnel were not familiar with the implications of aspects ranking as significant in the system.*

As noted above, further one on one training was undertaken and roading plans and site risk assessments reviewed.

- *Hazards and risks are not routinely being documented in the system with controls as they are identified for roading and blasting operations.*

A new tree hazard evaluation form has been developed for roadline and drainages. Use of the overlay process for road maintenance is also being considered.

- *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.*

Following the incident that occurred, a breach notice was issued. No soil or tree removal is permitted without a plan and the social and environmental risk register instruction has been updated. There is also consideration being given to renewing the use of the pre harvest inspection form.

Follow Up Audit

- *Public safety potential risks have not been included in the risk assessment for Crossover and access to and from site should also have been identified and assessed.*

The potential public risks relating to the walking track have been included in the risk assessment and access to the site documented.

- *Any aspects or risks picked up from the Roding Risk Assessment Form will need to be carried across to the risk register for assessment as there is no ranking process on the latter document. An example of this is the very good identification of the walking track risks at Crossover but no inclusion in the risk register.*

As noted above, this has now been done and processes put in place to ensure all risks are captured in the system.

DFA Changes/Logo Usage and Statistical Monitoring

The Defined Forest Area is the area of the DSE approved Timber Release Plan (TRP) as published on the internet and represented in the VicForests GIS system. The DFA will also include any coupes from previous TRPs that have not yet met regeneration criteria and handed back to DSE. VicForests formally publishes the DFA within the Sustainable Forest Management System (SFMS) document Scope of Australian Forestry Standard (AFS) Certification. The last published calculation prior to recent handover was 107,545ha.

An AFS invoice was viewed confirming that VicForests are currently up to date with their logo usage fees which were paid on July 31st 2012 for twelve months. The AFS and PEFC logos are in use on the policy, corporate reports, the website and all formal external documentation.

The requirement for statistical monitoring has been reviewed extensively over the past three years of certification with good evidence provided that monitoring processes are implemented with statistics to back them. This area has been well managed and was not examined in detail at this audit other than to consider if any new monitoring had been implemented.

FMS System Elements

Criterion 1 – Forest Management Shall Be Undertaken in a Systematic Manner

A new Sustainable Forest Management Policy was signed by the CEO and released in August 2012. The main change was the removal of the FSC principles. The policy meets all requirements of the AFS and includes the AFS and PEFC logos. Discussions with management indicate a strong commitment to all of the principles stated in the policy. This was evidenced in the manner with which management addressed the non-conformance raised at the last audit and followed up at this audit.

The new draft AFS will require a documented forest management plan that is available to the public. Whilst this audit is certifying against the current AFS, the draft forest management plan was viewed. This was initially developed for FSC purposes and provides a good background on the policies and system in excellent detail.

Responsibilities are documented in position descriptions are reviewed annually at performance reviews. Strong KPIs are now being set with relevance to the forest management requirements and roles.

A training framework with internal modules is now fully in place and being well managed. Core competencies for all operational staff include SFMS and biodiversity. For personnel starting in new roles, an induction form has been developed and includes mandatory training checks. Environmental management training includes disease and pest management, soil assessment and tree species identification. Trainer assessors have been identified.

Friday training has been implemented in each region and the training schedule and attendance lists are being well managed. Excellent performance criteria have been listed and a field component included for coupe reconnaissance and tactical planning. Planned training will include roading, soil assessment, rainforest and habitat retention.

A feedback survey was sent out to the regions in relation to training and was very favourable.

Areas of Concern

- There are inconsistencies in the completion of burn plan documentation in relation to the result of the operation. Names and signatures are being noted with no comment on the burn. The system may need to be clearer on how the burn plans contained in the

files are to link with the information and sign offs in FireWeb.

- The LBP Guideline and Rainforest Identification documentation requires a date to indicate currency.
- Several of the Instructions were found to have passed their review dates including the legal register and the browsing assessment.

Opportunities for Improvement

- Contractor inductions were found to be generally improving with stronger focus on completion of documentation and advising of hazards. The induction is still very limited to safety due to the system provided and could be improved in relation to environmental and social issues that should be communicated.
- It may be useful to consider a list of subject matter experts.
- There may be a need to ensure the system will force a match between mandatory training and completed training at performance reviews.
- As the training modules are further developed, there may be an opportunity for some of these sessions to also be available to the contactors in relevant areas.
- The system is not clear on what the difference is between a guideline and an instruction.

Identification of environmental, social and economic aspects and determination of their significance

VicForests Instruction Risk Management version 1.4 last reviewed in February 2011 outlines risk management and Social and Environmental Risks – Aspects and Impacts version 2.2. dated May 2011 discusses aspects and impacts identification and assessment and the Social and Environment Risk Register. Significance is noted as high or extreme ranking aspects. Both inherent and residual risks are assessed and recorded. High or extreme ranked aspects and related activities are to be included in the annual audit and have control measures reviewed annually. Medium ranked aspects are to have the control measures reviewed every five years.

Significant impacts on the register include escaped burns, SPZ breaches, myrtle rust, harvesting Leadbeaters possum habitat, fuel and oil spilling to a stream, overharvesting of strata on the Allocation Order etc.

Opportunity for Improvement

- Section 9.1 of the procedure refers to frequency and likelihood for ranking significance but should be referencing consequence.

Compliance with legal and other requirements

At the time of audit, the local environment group had appealed a court decision finding that VicForests had not breached Leadbeaters possum habitat requirements at Toolangi and that harvesting was not illegal. No date has been set for the appeal. In East Gippsland, environment groups had sought and obtained an injunction.

DSE auditing against the requirements of the Code was being undertaken at the time of this audit. VicForests maintains the services of a legal adviser and a legal register is kept up to date. This document will be moved into a database format.

The VicForests Instruction relating to the legal register was last updated in January 2010 and is due for review. Legal register meetings are held quarterly with updates received from a legal firm. Minutes from the September meeting were viewed and included past actions, discussion and new

actions.

To assist with identifying some of the other requirements that are relevant, an email was sent out to the regions to assist with populating the new compliance register.

Areas of Concern

- Personnel involved in the process of identifying and keep up to date the legal and other requirements have not been made aware of the relevant VicForests Instruction.
- The VicForests form, Legal Query and advice on changes is not on SharePoint.
- It could not be determined what the process is for keeping up to date with changes to 'Other' requirements as the focus is on legal requirements.
- The records in the legal register require review as some were found to be incomplete and the EPBC Act which would be assumed to be relevant has not been listed. In addition, there are no dates listed for many items and therefore difficult to determine currency.
- The consequence in the legal and other instruction refers to major and catastrophic however, it is not clear how this is intended to link to the significant aspects and impacts.
- The agreements are not currently located in the legal register and there was some uncertainty on how compliance is currently being checked against these.

Objectives and targets derived from significant impacts addressing the full range of forest performance requirements

New objectives and targets were established at the May 2012 management review and will be valid for the 2012/2013 financial year. Currently progress on the objectives and targets is measured quarterly with updates emailed out. The process of setting objectives and targets is described in the VicForests Instruction which was last reviewed in December 2010.

The Sustainability Charter provides consistent objectives and targets with the DSE Sustainability Charter.

Opportunities for Improvement

- As the objectives and targets are reviewed and set for the next year, they should be linked to the significant aspects that have been determined through the aspects register process.
- The actions to achieve the objectives and targets will require further definition with actions and responsibilities.

Stakeholder consultation and report availability

VicForests are engaging an external consultant to assist with the stakeholder consultation processes.

SAI Global conducted interviews with stakeholders met in the field and over the telephone. There is a strong working relationship with many stakeholders and particularly with affected neighbours and other users of the forest. Contractors were found to be far more knowledgeable on expectations and the science behind many of the instructions and decisions. This additional communication of information is ensuring that consideration is given to all forest management principles when plans require changing.

As a final follow up to direct stakeholder communication regarding Leo's Foot, the coupe was included in the site visit in addition to the adjacent Southend coupe. The coupe file documentation

had been appropriately completed and the coupe map indicated considerations for water supply catchment, Leadbeaters possum habitat, habitat tree selection, Dunstan's Valley walking track, logging debris accumulation and an SMZ to protect visual impact. Further field comments are made in Table 1.

The audit report is available on request and will also be available through the internet.

Operational control

VicForests has developed and utilised documented instructions that address the full range of activities. These are being reviewed and have been consolidated into an operations manual providing an easy reference tool for all staff. This has been required due to the number of documents that are currently available from both internal and external sources. For contractors, the Utilisation Procedures continue to provide the key source of instruction regarding expected forest management performance across the full range of potential impacts.

Coupe Planning and Implementation

- a) Recent coupe plans applicable to harvesting or thinning forest in the areas covered by this audit were generally of a high standard (see Appendix 1) and clearly demonstrate improved processes compared with a few of the older coupe plans examined.
- b) The silviculture section of coupe plans is variable in terms of records included. Following discussions with the Senior Forester Silviculture the auditors were advised that the following three types of record should be lodged in the coupe file as a minimum:
 - Site preparation plan – burning or mechanical;
 - Site establishment (sowing) plan; and
 - Regeneration assessment results.

Opportunity for Improvement

- Improved documentation of silviculture in the coupe plan.

Complaints and non-conformities and evaluation and corrective/preventive action

Protests have continued at Toolangi in relation to three coupes being harvested. Legal action had been taken by a local environment group and an appeal lodged against the Supreme Court finding in favour of VicForests. Harvesting has now been completed at Leo's Foot, one of the three coupes involved in the dispute. All concerns and complaints raised have been very well managed through the corrective action system and filing of all related documentation is now also well managed. Any issues raised are taken seriously and fully investigated internally in addition to external investigation by DSE.

All staff have access to the CAIR database and can close off CAIRs as there is no longer a CAIR coordinator role in the system. New risk software is being assessed that will allow improve collation of actions and tracking. The current target is to close high and extreme linked CAIRS within 90 days. Root cause analysis training is to be provided.

CAIRs viewed including complaints, instructions out of date, resource planning, thinning performance etc. All are well documented and the process is working as it should with good evaluation and actions undertaken to improve the system and address the issues raised.

Internal audits, management review

There have been no further internal audits or management reviews since the last audit.

Management review was undertaken in May 2012 and is an annual process. VicForests instructions have been separated into Business Units and the internal audits will take this into account. The audit schedule indicates a three week block of auditing to be conducted in January to fit in with a quieter time in the business.

Areas of Concern

- The internal audit procedure discusses medium, high and extreme ratings but provides no indication of what criteria is being used to determine these.
- Whilst there have been considerable improvements and work in the internal auditing process and schedule, there is a concern that components of the system developed in relation to the AFS are not being internally audited e.g. the biodiversity identification and assessment process conducted by CSO and in the regions.

Opportunity for Improvement

- Consideration might be given to spreading out the internal auditing process to test activities when they are being undertaken and to cater for seasonal events.

Criterion 2 - Public Participation and Good Neighbour

Part of the role of the community liaison officer is to assist the operations personnel with communication planning in advance of operations. Letters are formatted and sent out for notification of harvesting activities or other work that has the potential to impact on neighbours. A very good example of the follow up to these are the visits being made to Toolangi businesses and residents in advance of further harvesting work planned in the region. All contacts and communication is very well recorded in the Communications Register including recent communication with residents at Toolangi. Other communication viewed included meetings with residents of Blue Range and discussion of concerns regarding haulage. Good evidence was provided of changes to the haulage plans to address these concerns.

Assistance has been provided to the Indigenous Groups to improve the Environmental and Health and Safety systems. Indigenous cultural awareness training is also being planned and will provide further opportunity to acknowledge any issues raised by the local indigenous groups.

Staff and CLOs are also involved with small community groups providing additional processes for communication.

Criterion 3 – Protection and Maintenance of Biodiversity of Forests

Pre harvest survey reports are sent through to CSO for review with action forms providing a record of plans developed and prescriptions required where necessary. VicForests SMZs are created for any species not already protected. Emails are sent to the operations planners and records are well kept. Biodiversity planners are still being retained in the regions. An expression of interest has been sent out for a new contractor to assist with pre harvest surveys.

Extensive surveys were completed in Gippsland in August/September for owls and amphibians and the spot tailed quoll. None were found although long footed potoroos have been recorded. Protection measures for Bar galaxid habitat were being implemented in the areas visited as part of this audit. A register is being well maintained for all surveys being undertaken in Gippsland. The Central region does not require surveys due to the protection of habitat rather than individual species in this area.

A PowerPoint training package provided for threatened species habitat training has been well

developed and includes very good photographs of glossy black cockatoos and sheoaks which are the most recent biodiversity value being focussed on.

Care was being taken to identify and protect Leadbeaters possum (LBP) habitat where it occurred. The expertise of the biodiversity planner is being used to clarify and determine boundaries of habitat to be protected as required.

The monitoring of the retained habitat tree project now has results after year 3. In mixed species stands 69% of retained trees have survived while the survival percentage drops to 55% in Ash forest. While it is accepted that standing stags have some habitat value they are not as valuable for habitat as living trees. It could be argued that the intent of the retained habitat tree prescription is not being achieved.

Area of Concern

- In the light of some habitat tree mortality due to regeneration burns and now that this mortality has been quantified there is a need to review the current habitat tree prescription in terms of number of retained trees, their location and arrangement in the coupe and/or surrounds.

Opportunities for Improvement

- The contractor review file used at CSO for biodiversity management is currently not in RecFind.
- There is no date on the Expression of Interest for Pre Harvest Fauna Survey Evaluation Report.

Criterion 4 – Productive Capacity

The sustainability of timber products is at the core of VicForests business. With the transfer of data and some processes from DSE VicForests can now implement more control and improved management of future timber resources. Processes are in place directed at providing long term sustainability of supply.

- a) The data that, in the past, DSE used for modelling and yield calculation has been transferred to Resources at VicForests. It has been put into a more manageable form (forest description) that can be readily maintained and is now known as TREV (Timber Resources of Eastern Victoria).
- b) VicForests is also taking over the management and measurement of those permanent growth plots needed for future modelling and yield calculation.
- c) DSE still do the Allocation Order based on VicForests forest descriptions. For VicForests use, these forest descriptions have been separated into about 20 species groups to refine future estimates.
- d) New modelling will incorporate the updated forest descriptions and new yield tables for the 2013 timber resource outlook. It is intended to cover the range of forest products (not just sawlogs) using inputs from historical yields.
- e) Resources produce a medium (25yr) and long term (100yr) resource outlook with error bands around the projected yields.
- f) The medium term projected yield is used by Sales in determining timber sales contracts.

- g) Due to a projected dip in available ash sawlog availability in about 2028 the 'Future Ash' project has been initiated. This project is directed at quantifying and characterising the modelled potential ash sawlog shortfall.
- h) At the coupe planning level Tactical Planning do the estimated timber supply availability. There are four inputs to this estimate:
- During coupe reconnaissance the Tactical Planners carry out basal area sweeps and/or establish volume plots as per VicForests Instruction – *Coupe Reconnaissance* (June 2012);
 - Modelled coupe volumes from Resources;
 - Volumes achieved from nearby similar coupes (from 'logtracker'); and
 - Local knowledge (e.g. fire history etc.).
- i) In determining the rolling operational plan (ROP), Operational Planning use coupes from the Timber Release Plan and the volume estimates from Tactical Planning. Tactical Planning tries to be 2-2.5yrs ahead so there is no hold up with coupe planning or operations.
- j) The actual yields from harvesting each coupe are currently fed into 'logtracker' which can then be fed back into future modelling by Resources and also future inputs to Tactical planning.
- k) Two log storage facilities were inspected – Anderson Hill and Wattle Road. Log storage plans for both sites were well done and both sites appear to be well managed following recent works. 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.

Opportunity for Improvement

- Further completion of documenting the process for yield calculation and modelling and inclusion on the SharePoint Database will ensure the system reflects current practices and processes and therefore will allow inclusion in the internal auditing schedule.

Criterion 5 – Forest Ecosystem Health and Vitality

As discussed in Alexandra, forest health is focussed on the potential for Myrtle Rust. Training sessions have been held, photographs and other literature provided and sightings are reported through to the plant pathologist.

Silvicultural personnel are responsible for seed collection, extraction and storage with flowering monitored through aerial and ground surveys. Any off coupe seed collection requires DSE approval and evidence was viewed in the files that this had been received. Two seed collection contractors are currently in use in Central with seed collection plans prepared for their work in addition to traffic management plans, emergency evacuation plans and risk assessments. They are also required to adhere to the Utilisation Procedures.

Seed collection monitoring records and a copy of the current Forest Produce Licence were viewed in addition to coupe diary records and the VicForests Instruction for Seed Collection and monitoring.

All requirements for regeneration stocking levels, surveys etc. are detailed in the DSE Silvicultural Guidelines and reflected in the VicForests Instructions for Regeneration. It was noted that all relevant silvicultural system documentation has been recently reviewed and kept up to date.

VicForests contracted Forest Solutions to produce the following report – Flowering and Seed Forecasts for Central Highlands Ash (October 2012). This report found:

- No effective flowering of any species in Central Highlands in 2012 and only patchy

flowering in NE Victoria.

- Due to inflorescence production moderate flowering is expected in 2013 leading to moderate crops of Mt. Ash seed and heavy crops of Alpine Ash seed in 2014. This future flowering is largely north of the Great Divide. There is expected to be a shortfall of Ash seed in the south by 2016.

A recent Melbourne University study was also referred to in the above report. It found that:

- There are clear genetic differences between frost resistance of Ash populations above and below 1200 metres.
- Alpine Ash is particularly sensitive to surface geology and site quality.
- There is a need for environmental matching if it is required to move seed between genetic regions taking into account – elevation, surface geology, aspect and mean annual rainfall.

Records of seed collection licences for the different FMAs are managed through the Healesville office with requirements for all seed extracted from the TRP to be used on the State Forest. Royalties are calculated and paid for all seed collected from non-salvage coupes with the 2011/2012 year figures recently provided.

A full review of all regeneration operations is conducted annually from a State wide perspective with all coupe failures examined. Of the recent final handback for the region approximately 100ha failed and required rough heaping from a total of 2800ha.

Sowing rates are continuing at the standard sow rate. Burn effectiveness is reported by the Burn OIC with the guidelines allowing an informal burn assessment to be undertaken. Further training is being provided to staff on assessing seed crops in seed trees and rehabilitation of landings.

VicForests fire prevention procedures are sent out annually, duty officers are appointed in line with DSE requirements and the DSE website FireWeb is used to note all burns.

The VicForests instruction Noxious Weeds, Disease and Pest Management details the identified threats. The high risk weeds include blackberry and English broom with Myrtle Rust recently added. Any observations are recorded in CAIRs and the instruction provides excellent pictures and detail.

A chemical usage register is in place with few chemicals in use other than some minor DAP fertiliser and seed coating substances. There is a instruction that documents the position on chemical usage including the list of FSC banned pesticides.

Opportunities for Improvement

- VicForests will need to review the above report and take appropriate action to ensure sound seed selection for coupes requiring sowing to ensure regeneration.
- Consideration should be given as to how the emailed approval for off coupe seed collection from DSE will be stored to ensure it can be retrieved as it is not always added to the file.
- The blackberry and other weed sprays in use could also be included in the chemical register.

Criterion – 6 – Protection of Soil and Water Resources

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 and the overall management of soil and water values is very good.

There was also good evidence of topsoil placement and appropriate management by the contractors with inspections by the forest officers making comment on this aspect of the forest

operations.

Criterion 7 – Maintenance of Forest's Contribution to Carbon Cycles

VicForests has modelled the total carbon storage estimated to be within the working forest area and provided graphic representation in the recently released Sustainability Report 2012. DSE are preparing a full carbon balance across all forest types. Studies are underway to verify the total carbon on a site including the slash. This information is intended to be used in updating the current carbon model.

The science behind the VicForests management of carbon balances has been well summarised in a paper entitled Carbon implications of VicForests operations – a summary of the science.

At present there is no market for the large amount of residual material and as a result it is being burnt however, there are tenders out to try to find a potential market.

Criterion 8 – Protection and Maintenance of Indigenous and Non Indigenous Values

Heritage values at the coupes visited such as old tramways and the aqueduct were all located external to operational boundaries. The process of coupe reconnaissance is very effective in identifying and ground truthing European heritage. There are few indigenous sites or artefacts in the Central region however, VicForests personnel have been trained in identification and will shortly be attending further training. The previous audit discussed protection and maintenance of indigenous values in the Gippsland region where there is a greater potential for sites to be found.

Access at some coupes is blocked by locked gates to try to prevent illegal access and to minimise soil damage, destruction of water management structures and other potential issues.

Opportunity for Improvement

- As contractors are generally not exposed to indigenous artefacts in the Central region, there is limited knowledge. Consideration could be given to providing further flyers or documentation to improve awareness.

Criterion 9 – Maintenance and Enhancement of Long Term Social and Economic Benefits

Discussions were held in Healesville with the community liaison officer who is currently managing both regions due to the departure of the Gippsland CLO. A community support program is in place and includes meeting with various stakeholder groups in relation to grants that are provided for events such as the Omeo show etc. Meetings are attended regularly and the local Chamber of Commerce has been joined. The CLO also keeps up to date internally by attending contractor meetings and all pre-season briefings.

In terms of optimal wood products, the intent is to be sawlog driven however the current economic climate is a strong factor. The Sales group is currently evaluating a proposal for low quality log use.

VicForests has a strong safety management system and culture in place and recently underwent a gap analysis of the system against the AS4801 OHS management standard. Internal audits include OHS as a component of the auditing process and there are additional checks on the safety management systems of the contractors.

District Office and Field Visit

Central District – Alexandra Office

The DSE and VicForests have moved into new offices with a new cool store into which seed was being moved. The group of 14 staff includes harvesting, silviculture, tactical planning, operations

planning and safety and risk personnel. All product delivery personnel are based in the Healesville office and commute to the region as required.

There has been significant protest action managed by the region with procedures changed to ensure contractors are able to return to work. New processes include walking the area prior to commencement to ensure the area is safe.

Other incidents include a fire at the Suffolk coupe which was first spotted by DSE. This was caused by snigging. There have been two truck rollovers and a contractor cut a tendon all incidents have been logged and investigated with appropriate actions undertaken. There have been no major fires in the region over the past two seasons.

A recent email from a neighbour reported positively on the good behaviour of the haulage drivers which reflects the efforts that VicForests have made to ensure cartage contractors behave in a responsible manner.

In preparation for further harvesting in the Toolangi region, there has been a good process of communicating with potentially affected neighbours through mail drops and personal visits and discussions.

Coupe marking has located an old motor, part of the European heritage of the region. This has been logged and protected.

All activities are well managed by the Senior Forester with excellent planning to ensure marking and roading is conducted well in advance of harvesting to allow time to identify and check values. This is usually undertaken six months in advance particularly where there is potential for Leadbeaters possum habitat. Pre planning has also ensured gully crossings etc. are communicated to DSE for approval.

Monthly reports are sent in to the Operations Manager in Healesville. Employee Performance Plans (EPPs) are now used to set KPIs for personnel and define responsibilities and identify training opportunities in addition to mandatory training to assist new staff meet their competency requirements.

A request from a local indigenous school had been made for bark. This request had been taken on by VicForests with contractors placing bark aside for use.

Area of Concern

- Documentation in the coupe file for The Corner has not been fully completed i.e. the FMO has not signed where required, there are no ticks for the hazards and the road works plan was found to be incomplete.

Opportunity for Improvement

- Further post recce information relating to Cushie Moi had been placed into the Cortez file. Consideration should be given to including some note on the cover sheet of files for adjacent coupes to indicate where records are located.

The following coupe plans (10) were reviewed and those with an asterisk against them (9) were also field inspected. Notes relating to each coupe below appear in Table 1.

Cushie Moy*	The Corner*,
Pinky*,	Wilbur*,
Cortez*,	Sabretooth*,
Sambar*,	Crotty Creek*,
Leo's Foot*,	Status Quo.

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

Office	Coupe name	Coupe number	Species type	Area (ha)	Notes
Alexandra	Cushie Moy *	287/509/0004	Alp. Ash	19	Clearfall salvage coupe. Tactical planning completed several years ago. Coupe Planning Checklist (CPC) completed but not peer reviewed by Tactical Planning although peer review was noted in the Tactical Planning Quality Control form. Coupe plan done but not signed off by the officer preparing the plan. Operation carried out over two time periods with management issues updated prior to commencing second operation. Coupe diary and coupe monitoring records (CMR) completed for both operations. Regeneration burn plan and site establishment (sowing) plans completed. Aerial sowing record on file. Good Alpine Ash regeneration present. Regeneration assessment completed but results yet to be collated. Habitat clumps retained. Cording and matting fluffed up. Blackberry infestation needs addressing by DSE.
	The Corner*	287/513/0003	Alp Ash	15	Clearfall coupe. Tactical planning well done. LBP habitat excluded during coupe marking Rainforest and heritage values external to coupe boundary. CPC well done and peer reviewed. Coupe plan well done with appropriate sign offs. Coupe plan map indicates two instances of tree heads over coupe boundary. No record of these incursions on CMRs however may be addressed in coupe diary records which are not on the coupe file. Regeneration burn plan and site establishment (sowing) plans completed. Three germination plots established on the coupe – early results look good.
	Pinky*	287/513/0001	Alp. Ash	9	Clearfall coupe. Tactical planning completed. CPC not on file. Coupe plan well done with appropriate sign offs. CMRs well done. Coupe diary records on file. Regeneration burn plan on file with notes indicating that a good burn was achieved. Regeneration assessment (2010) indicated a productive stocking of only 21%

					although visually it now looks better than that. A mechanical disturbance site preparation plan has been prepared for 5ha with follow up re-seeding.
	Wilbur*	586/509/0006	Mt.Ash/Alp.Ash	16	Clearfall coupe. Tactical planning well done with issues identified. CPC completed and peer reviewed. Coupe plan good with appropriate sign offs. Coupe monitoring completed. Silviculture Decision Support System (SDSS) done. In the field boundaries clearly marked, tracks being progressively rehabilitated, stump height good, habitat trees present, one tree over boundary with appropriate documentation and management, and log grading well managed. A log crossing had been put in across a filter strip meeting all requirements. Plans had been changed with good notation made on the maps in the field.
	Sabretooth*	287/504/0001	Alp. Ash	24	Clearfall coupe. Tactical planning field inspection showed LBP habitat not present and tramway external to coupe. CPC completed and peer reviewed. Coupe plan well done with appropriate sign offs. SDSS completed. Coupe only commenced 2 days prior to visit – no CMRs yet.
	Cortez*	286/512/0007	Alp. Ash	22	Clearfall coupe. Tactical planning well done with management issues addressed. CPC completed and peer reviewed. Coupe plan completed with appropriate sign offs however no clear explanation of the buffer increase to protect aqueduct reserve. Three trees over boundary one of which went into the aqueduct reserve. One tree pulled back into the coupe. Diesel spill cleaned up – documented in the coupe diary. CMRs well done. SDSS completed. Contractors were very well versed on the permanent growth plots and aqueduct SPZ, forest management requirements and prescriptions.
Healesville	Sambar*	307/503/0023	Mt. Ash	31	Thinnings coupe. Tactical planning well done with management issues addressed. CPC completed and peer reviewed. Coupe plan well done with sign offs and special values clearly addressed. LBP habitat external to coupe boundary. Bar galaxids protected by extended buffers. Target BA of

					26 square metres per hectare. Fifteen monitoring transects showed that average BA retained was as per target with average damage to retained trees at 12.2%. Minor zoning amendment (SMZ) approved by DSE.
	Crotty Creek*	307/503/0024	Mt Ash	40	Thinnings coupe. Tactical planning done in 2008 – not as well documented as current planning. CPC completed without Tactical Planning sign off or peer review. Coupe plan updated for current operation. Special values clearly addressed. BA retention target of 23 square metres per hectare. Actual BA retained slightly conservative on average. Damage to retained stems of 12% less than targeted percentage of no more than 15%, except for small steep rocky section. Earlier operation had an issue with fuel bunding – now well bundled.
	Leo's Foot*	297/547/0001	Mt. Ash	33	Clearfall coupe. Tactical planning well done with issues identified. CPC well done and peer reviewed. Coupe plan well done with appropriate sign offs. A LBP monitoring plot located 232metres from coupe but no LBP habitat within the coupe. A group of 4 stags and two pre-1900 trees retained at the bottom of the coupe. An additional 50 metre buffer establishing along unofficial walking trail near the bottom of the coupe. Landscape analysis completed for the coupe as it is visible from Toolangi. Western end of adjoining coupe (South End) retained to minimise visual impact on Leo's Foot. Coupe diary and CMRs well done. SDSS completed. Neighbours' advised of increased log traffic for a few months.
	Status Quo	300/537/0003	Mt. Ash	21	Clearfall coupe. Tactical planning well done. PC completed and peer reviewed. Coupe plan well done with appropriate sign offs. Special values (Rainforest and LBP habitat) excluded from the coupe. Buffer placed on unmapped stream. CMRs completed. SDSS completed

Product Delivery – Healesville Office

Eight log storage facilities are being managed by the group across both regions. The two main active log storages in Central are at Wattle Road and Andersons with risk assessments completed for both. The Andersons site has three contractors operating which has required a single plan to be prepared and signed off by all three parties. Checks are done monthly.

Documentation relating to the storage facilities is now very well managed with hazard IDs, log storage plans, haulage plans and maps, THOLs, monitoring records and coupe diary notes all available at the time of audit. There has been a good process of creating files for each mirroring the coupe files including any relevant correspondence.

Requirements for firebreaks and fire preparedness have been well communicated and documented.

Field visits were paid to the following log storage facilities:

Wattle Road

The site is currently leased from HVP and was opened after the 2009 fires. At the time of audit, a contractor was viewed unloading and two site supervisors were present. The log storage plan was up to date and silt traps had been constructed around the site with good drainage structures in place. Log monitoring records had been completed as required. Blackberries had been recently sprayed.

Area of Concern

- The induction provided by the site supervisor at Wattle Road was not appropriately or fully conducted.

Opportunities for Improvement

- Obsolete documentation may require identification and marking in the files.
- A fuel drum at Wattle Road had not been stored in a bunded area as required by system procedures.

Anderson's Road

This facility was fully destroyed during the 2009 fires. As the site is shared with DSE, a fence and road closed signs have been installed to segregate DSE wood from VicForests to remove any potential for non-certified wood to enter the VicForests area. The site is unmanned and shared by three contractors. Areas are well segregated and overall the site is very well maintained. Culverts had been cleaned.

Opportunity for Improvement

- The culvert above the site draining from the DSE section appeared to require opening up.

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:

This plan is a draft and can be modified to suit the availability of relevant people.

Audit type :		Surveillance		
Date	Auditor	Audit meetings plus functions/ processes/ areas/ shifts audited	# Shift	Approx. time
June 2013	KERS + TS	Entry Meeting – changes, complaints, stakeholder communication, incidents		
		CSO – DFA, logo usage, regulator communication, compliance, internal audits, management review, corrective/preventive action		
		Aspects and impacts identification and assessment		
		Wood supply		
		Regional Offices – Bendoc, Orbost		
		Field visits		
		SAIG - Stakeholder communication		
		Report Preparation/ Exit Meeting		