

Audit Report

Surveillance audit for VicForests

Level 12, 461 Bourke Street, Melbourne, VIC, 3000, Australia

7-13 Symes Rd, Woori Yallock, VIC, 3139, Australia

171-173 Nicholson St, Orbost, VIC, 3888, Australia

Certificate No.: FMS20003

Audit Date: 3/7/2017 - 13/7/2017

Work Item I.D.: WI-790165

Issue Date: July 2017

BACKGROUND INFORMATION

SAI Global conducted an audit of VicForests on 3/7/2017 - 13/7/2017.

The purpose of this audit report is to summarise the degree of compliance with relevant criteria, as defined on this page, 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. Auditing is based on a sampling process of the available information. 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): 4708:2013 | Certification

Code(s): 02, F01-F08

Scope of Certification: 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 encompassing the geographic region located east of the Hume Highway and extending to the coast and the Victoria/NSW border. The DFA also includes the area of the Timber Utilisation Plan applicable to community forestry harvesting activities. Further information regarding the DFA, including all reports and maps, can be obtained from the Corporate Support Office address listed above or the VicForests website.

Number of Staff: 125 (FTE)

Shifts: 1

Total audit duration: 72 hrs

Audit Team Members(s): Sabrina Kerber - Auditor, Gary King - Industry Expert

Audit Team Leader Sabrina Kerber

Definitions and action required with respect to audit findings

Major 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 (i.e. the absence of or failure to implement a complete Management System clause of the standard); or a situation which would on the basis of available objective evidence, raise significant doubt as to the capability of the Management System to achieve the stated policy and objectives of the customer.

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 90 days or as specified in NCR form.

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.

Minor non-conformance:

Represents either a management system weakness or minor issue that could lead to a major non-conformance if not addressed. Each minor NC should be considered for potential improvement and to further investigate any system weaknesses for possible inclusion in the corrective action program.

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 at the next scheduled audit or within specified time frames.

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.

The focus of this audit was the East Gippsland region. The audit revealed that the management system is showing continual improvement with new work instructions, new resources, and improved processes and is being implemented as required. Despite the constant need to review and adapt due to the changing resource availability, personnel are maintaining the core processes that are ensuring the required outcomes.

The change in roles and responsibilities and addition of external resources will enhance the system with new ideas and different approaches in some areas. Appointment of a local ecologist for East Gippsland will enable the development of additional training modules targeted to key values.

There have been no major non-conformances identified as part of this audit. Four minor non-conformances have been raised in relation to the content of the forest management plan, consistency across the region in relation to landing and coupe rehabilitation technique, documentation for the community forestry section of the business and use of certification logos. Actions to address these have been received and will be examined at the next surveillance audit.

This audit was a stand-alone audit of the system(s) listed in the "Background Information" section of this report as part of a multi-site certification.

The audit has determined that your management system has the ability to ensure the organization meets its identified applicable statutory, regulatory and contractual requirements relevant to the scope of certification.

The audit has determined that your management system is effective in ensuring that the organization can reasonably expect to achieve its defined objectives.

The objectives of this audit have been fulfilled.

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 (Management Systems Auditor) and Gary King (Technical Expert)

The assistance of VicForests field staff from each location is acknowledged in providing the basis for this report.

Meeting Attendance Register

Name	Position	Entry	Exit
Dr Nora Defoe	Manager Planning and Environment	√	√
Krystina Kny	Manager Tactical Planning	√	
Nick Broomhall	Tactical Planner/FSC Certification Project Officer	√	√
Lachlan Spencer	Acting GM Planning	√	
Tim McBride	Manager Biodiversity, Conservation and Research	√	√
Sabrina Kerber	SAI Global Lead Auditor	√	√

Changes to the audit plan and the reasons for the change

The last day of the audit plan was changed to occur at CSO rather than Woori Yallock due to the need to further follow up with personnel based there on forest health, training and competency, aspects and impacts and the DFA.

Some additional time was required during the field day in the Bairnsdale area to accommodate filming of the TV series 'Going Bush'.

Significant issues impacting on the Audit Programme

The only issue of significance that may impact on the audit programme in future is the changing business landscape due to markets and the fluidity of available coupes due to the ongoing discovery of threatened fauna species.

Appropriateness of the certification scope

The certification scope has been adjusted to reflect the incorporation of the community forestry activities now managed under a Timber Utilisation Plan (TUP). The area of management has been included in the total DFA listed under the appropriate section below and the new scope is noted at the front of this report.

Action taken on previous audit findings

All previous audit findings are now tabled in a non-conformance report with actions to address them and root cause signed off shortly after the previous audit in September 2016. Close out sheets are prepared in the VicForests system including the responsible person, actions, system issues and attachments of evidence prepared for the next audit. This is a very thorough process to a degree not seen in any other certified clients of any system type.

There were three previous minor non-conformances relating to documentation, aspects and impacts assessment and transfer of actions from the old CAIR system to the new Risk Wizard. Details of the verification evidence is located in the table and all have been sufficiently progressed to allow for closure.

Review of any changes

Changes that have occurred since the previous audit completed in September 2016 include the following:

- Appointment of a new managers for Environment and Planning, Tactical Planning and Biodiversity and Conservation Planning
- Personnel moved into temporary positions to cover the departure of the CEO and secondment of a staff member to DELWP
- CSO has moved into another building two doors away from the previous Bourke St address
- Structural changes to the East Gippsland office and region with foresters returning to a general role rather than specialized i.e. all foresters are expected to take on planning, roading, harvesting and regeneration
- Release of the Resource Outlook with a significant reduction in available sawlog resource due to a combination of fires and fauna sightings.
- Increased pre harvest Leadbeater's Possum (LBP) surveys
- Court case with Environment East Gippsland settled in December 2016
- The Timber Utilisation Plan (TUP) has been established for the timber harvesting of community forests for firewood and other products. This has taken over from the previous WUPs issued by DELWP
- Log exports are continuing through Eden with some E grade log also sent through Melbourne port
- A thinnings trial is underway in the Central Gippsland Ash and Mixed Species

Management Responsibility

There are a number of personnel temporarily in positions as the business covers the departure of the CEO and these are well documented in the Organisation Chart dated 30 June 2017.

The new Manager Biodiversity, Conservation and Research filled the position in October 2016 after the previous incumbent took maternity leave with the new Manager Planning and Environment only recently appointed. Both have extensive experience and the fact that these roles have been filled indicates resourcing in this area of the business has a key focus particularly as VicForests takes on more of the broader scale landscape management from DELWP.

Despite the changes, all senior management are strongly committed to the ongoing implementation and improvement of the management system as most staff in these roles have been part of its development over the years.

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

The Risk Management Instruction was updated in March 2017 as version V2.2. To address a previous minor NCR, the determination of significant aspects are those that are extreme or high residual risk rating. Risks are reviewed quarterly with the only new one added more recently is the greater glider. It is recognized that the consequence rating generally does not change between the inherent and residual risk calculation. Reviews and updates are also undertaken following incidents to determine if there are other causes that need to be included. A table provided in the quarterly report to the board notes the incident and cause. The aspects and impacts register is not utilized at the regional level although there is an understanding with most personnel.

Internal audit, management review processes and continual improvement

One internal audit is being completed annually with the most recent undertaken in June 2017. The audit is very thorough and detailed providing good discussion in the report and relevant identification of issues. Actions from the audit have been added to Risk Wizard under the one incident, the audit. A management review was last held in August 2016 prior to the previous external audit. The next will be due in August 2017.

Periodic Evaluation and Review of Compliance with Relevant Legislation and Regulations

All compliance requirements continue to be managed through the Obligations Register with legal information updated by the General Counsel. The VicForest Instruction for Legal and Other explains the process.

Results from the last DELWP forest audit are currently overdue and a more recent one has been completed also with no results available. This delay is making it difficult to identify and rectify any system issues that may have been observed, in a timely manner. It is noted that the compliance group within the regulator's office has significant new staff in place. The regulator is now also completing spot rainforest checks of coupes from the monthly business schedule that is provided to them by VicForests.

An investigation is ongoing near Powelltown in relation to a stakeholder concern raised five months ago regarding potential LBP habitat disturbance. Harvesting has been stopped pending the investigation.

In East Gippsland, stakeholders have raised concerns with DELWP regarding various threatened species including the Greater Glider, Orbost spiny crayfish, the brown tree frog and boar fish. Four coupes are currently tied up in alleged rainforest breach investigations.

Progress of Planned Activities to Improve Performance – Objectives and Targets

The objectives and targets are currently listed in the Forest Management Plan (FMP) with around 80 noted to cover a full range of forest performance requirements. Actions from the management review relating to these are listed in Risk Wizard. A spreadsheet has been compiled for the 2016/2017 objectives and targets and was last review in January 2017.

DFA Changes/Advice to AFSL/Maps/Logo Use

The PEFC and AFS logos have been used on business cards and are noted as appropriate. Marketing material including the 'About VicForests' refers to PEFC certification.

Stakeholders/Summary Report

The external audit report is available in full on the company website. Discussions were held with the External Relations Manager who has only recently been appointed. A very good Stakeholder Analysis Tool is being developed and a draft version was viewed at the audit. The intention is to provide greater categorization of the various groups to allow improved communication and engagement. As a result, the Stakeholder Engagement Plan is also in draft format to reflect the greater collaboration and involvement that will develop. The intention is to release the plan shortly.

Consultation with a selection of stakeholders relevant to this audit did not identify any specific system issues.

Forest Management Plan

The forest management plan is due for review with the current Ecologically Sustainable Forest Management Plan produced in December 2015 as V1.0 referring to former system processes and not referring to the aspects and impacts process.

Communication and Reporting

Monthly meetings of the Stakeholders and Planning Division provide information to the Senior Management Team (SMT) with a report prepared for the Thursday meetings. An action register is maintained and minutes from May were viewed. All are stored in the system. The changes to the Aboriginal Heritage legislation were discussed and the potential for a permit to be required. A performance tracking graph shows the progress on the business goal to have all instructions updated, DELWP compliance, LBP detections, communications register, community forestry, risk wizard overdue actions and high priority issues and specific reports from the various management teams.

Complaints and Non-Conformities

Currently there are no legal disputes with stakeholders however, there are ongoing issues that have been raised and are being managed through the system.

The Forest Policy and Compliance officer is responsible for following up on third party reports, internal reports including self-reported incidents and detections. All are managed as per the VF Instructions for Alleged Breaches, Risk Wizard and Incident Management. All issues are first entered into Risk Wizard and then relevant staff are notified. Detections are entered into Cengea and on the Threatened Species Register with an alert to appear in any planned or active coupe. Further instructions are then provided by the department.

Any responses back to the relevant stakeholders is managed through the community liaison personnel with records stored in RecFind. Investigations are tracked through the Risk Wizard system. Minutes from the Stakeholder and Planning meeting also indicate discussion, investigation and status.

Any issues arising through the coupe monitoring records are carried across to Cengea and reported on through the Operations meetings.

A compliance folder stored on the M Drive is being used to track emails and reports that are relevant to all issues raised including a very good record of photographs.

OHS/Skills Development

OHS performance has not been as well as expected with back injuries, a log rolling off a tiered landing prompting a regulator investigation and a major truck roll over. All are being investigated through the system.

There is an OHS system in place with safety requirements built into procedures and processes. The OHS component of the Standard will be reviewed in more detail at the next audit.

Discussions were held with the HR personnel in CSO where training and personnel development is coordinated and records maintained. The intention to undertake more pre harvest surveys in house and provide a broader species knowledge to all staff is complemented by the appointment in Orbest of an ecologist and development of a more sophisticated process of data collection.

Training has two components i.e. operations focus and mandatory business training. The operational training now provides a greater suite of targeted modules for remote access, biodiversity, rainforest, LBP, soil, tree identification, roading, regulatory framework etc. More Certificate IV personnel are being trained up among the Subject Matter Experts (SMEs) to deliver the modules. All managers now have access to the staff training matrix allowing them to quickly view the status of their teams.

The new ELMO training database is now fully populated with data and running with excellent Training Action Plans, up to date matrices and capacity to hold scanned records that can be easily accessed. Links for self-assessment and tests can be set up and the capacity is there to include on the job training.

A People, Safety and Systems module is provided to personnel within weeks 2 to 4 of employment and covers the AFS and policy etc. For contractors, the contractor register records licenses and other requirements including inductions.

All position descriptions have been updated in 2016 with the general forester role taking effect shortly before this audit. In addition, the EBA was finalized in November 2016.

Forest Health

There have been minimal unplanned fires over the summer season and no forest health issues noted. Previous focus on Myrtle Rust has reduced as the issue has gone quiet. Minor blackberry and scotch thistle outbreaks have been noted and treated. Trampling from deer and hunters and limited wallaby browsing has been noted in the central Toolangi district.

Research and Development

As a thinnings trial is currently underway in East Gippsland, a discussion was held with the Resources Forester responsible for the operations. The trial is federally funded under the bushfire mitigation strategy and Commonwealth Department of Agriculture and Water. VicForests is required to provide the site, conduct the treatments and use the normal VicForest planning processes. Sites were chosen from the approved TRP with suitable Silvertop regrowth. All operations are managed through Cengea. All monitoring processes of the system are in use including damage assessments as per the Utilisation Procedure requirements.

Chain of Custody

Discussions were held with the distribution staff based in the Orbest office. Communication and documentation related to the supply of wood to ANWE (Allied Natural Wood Exports) in Eden was examined. A register of all VicForest coupes is provided to Australian Marshalling Services who receive the loads at the site. This enables all wood to be tracked to active coupes that are within the DFA. All trucks delivering to the site are also registered with ANWE. The job request form that is emailed to site contains a small section stating that all wood is part of certificate number FMS 20003. There is no use of logos on this documentation.

Files are sent weekly from ANWE indicating the weighbridge information which is then uploaded into the VicForests system and cross checked. Any discrepancies or failed dockets are logged in a notebook to enable the causes to be identified and rectified.

Where the contractor uses a hand held device, the print out indicates 100% AFS certified, the certificate number and the coupe name and number. Firewood is currently purchased on the landing as an on truck sale as per the timber supply agreement. Log dockets indicate coupe number and coupe name.

As the mills only receive from AFS certified forests in NSW and Victoria, there is no potential for illegal wood to enter the chain. ANWE accepts other wood however, the VicForests timber is accepted at the weighbridge. The Timber Sale Agreement includes a comment on maintaining certification.

Customer visits are currently ad hoc and informal with the logbook being used to record any complaints or issues. Communication with regard to any off spec wood is through email with folders for the customers set up in Lotus Notes. The system has a Code of Procedures for Log Buyers issued as V2.5 in February 2017. There is also a draft document Managing Chain of Custody being developed as part of the FSC preparation.

Operations and Site Visits

East Gippsland Region

Orbost Office

The Regional Manager East Gippsland is based in this office and now reports directly to the CEO and attends all Senior Management Team meetings. In addition to the fourteen Orbost personnel, the three based in Bendoc office and the four at Swifts Creek also report through to this office. At the time of audit, the community forestry activities were also changing to the East Gippsland Region management.

The local appointment of a field ecologist in October 2016 is seen as a significant regional focus on managing biodiversity and the move back to general foresters should provide smoother planning processes and decision making. Moving forward, there will be further competency based training developed on species recognition and thinning. Lists of priority flora and fauna are in the Management Standards and Procedures 2014 and these will be further reviewed and highlighted for the local area.

A new spatial hub is being developed that will collate all recorded data for all species and upload it into a spatial layer that can then be filtered for threatened species.

Three contractors are currently working in Orbost and two in Tambo with harvesting in the Bendoc region reduced due to greater glider sightings increasing over the past 18 months.

Communication with indigenous stakeholders and following up on sites of significance has been passed on to the General Forester Planning Division based in Orbost. The Cultural Heritage Assessment checklist is in use for any identified sites particularly those located outside the RAP. An artefact scatter located in the Monsoon coupe was identified and information provided to the local community with a copy of the map prior to roading activities. Confirmation was provided by the relevant Elder to allow work to continue but with prescriptions. These were documented and communication through the coupe plan and maps. The communications register has been well utilized to note all discussions with relevant groups and also Heritage Victoria. In addition, the GIS layer has been updated to reflect the buffers applied.

Relevant issues are also discussed at the monthly operations team meetings. At present there is no appropriate structure for communication with local indigenous groups however, there is proactive work being undertaken.

As a component of the field visits and review of the coupe plans, it is noted that the quality of the map data presentation, including text boxes to aid contractors, is now of an excellent standard. Topsoil has been put aside and then used for rehabilitation, bunding of fuel storage consistent and coupe diary notes very thorough.

The following coupe plans (13) were reviewed. Twelve coupes were inspected in the field. Notes relating to each coupe below appear in Appendix 1.

Patrol Gravel Pit	Corata*
Thunk*	Trubuchet*
Waeco*	Abra Cadabra*
Italian*	Nils Master*
New Brew*	Phar Lap*
Old Man Hill Road*	Stoney Bull*
Lost Bull*	

Additional coupe files reviewed for roading plans included the following:

The Hopie 829-511-0002

Snowtime 892-502-0012
Hellbent 874-506-0012
Cantbeallbad 874-501-0011
Trebuchet 834-506-0013
Dynamite 827-503-0005

Biodiversity Management

- Long-footed Potoroo habitat is being well-managed in accord with requirements.
- New Leadbeaters Possum and Greater Glider records have resulted in large areas of forest being set aside in accord with current requirements.
- VicForests is now looking at developing a landscape management approach to Leadbeaters Possum (LBP) and Greater Glider conservation.
- A Greater Glider Project has commenced (in consultation with DELWP) to explore how best to manage this species given its small home range.
- A dead koala was reported by Vic Forests as being found in the head of a felled tree in White Hills coupe. An autopsy is being carried out. Vic Forests is currently reviewing koala prescriptions, with the likely focus to be on the recognition and maintenance of koala habitat.
- VicForests has established the Species Observation Database to record all species records from pre-harvest fauna surveys.
- Vic Forests is developing a system of triggers for identifying potential biodiversity issues for use in coupes that may require a pre-harvest survey. Training will be given to field staff on the identification of these triggers.
- VicForests has appointed a professional Biodiversity Officer to East Gippsland (PhD qualified). This officer, as well as being the responsible person for the Greater Glider Project, has identified all the plants of significance in forest management in East Gippsland.
- There are currently ongoing issues with rainforest definition which need resolution with DELWP. Rainforest has in past been defined by a combination of structure, species present and area. There has been a move to focus primarily on species present. This is confusing because it starts to include wet sclerophyll forest which by definition has a mesic understory.
- Work is continuing on the development of the Flora Survey Instruction.

Sustainability of Timber Production

- In November 2016 the Minister for Energy, Environment and Climate asked the Victorian Environmental Assessment Council (VEAC) to assess the viability, and capacity for, current volumes and potential fibre and wood supply areas in State Forest RFA (Regional Forest Agreement) areas.
- VEAC commissioned an independent report from University of Melbourne experts led by Assoc. Professor Patrick Baker to inform their assessment.
- The VEAC report found that:
 - There is an unbalanced age class distribution in Ash due to past wildfire events dating back to 1939. There are supply problems at current levels beyond 2030.
 - VicForests resource outlook modeling approach met industry standards and made appropriate assumptions.
 - Findings were consistent with previous reviews.
 - The currency of data used in modeling could be improved.
 - Sustainable harvest levels have been reduced by more than 50% over the past decade. This has largely been due to landscape level wildfires since 2000 and the identification of new LBP sites.
 - Future estimates are conservative taking into account the likelihood of future LBP sites and future wildfires.
 - Thinnings will be required to meet supplies up until 2030.
- Data has also been provided to the Forest Industry Productivity Group. It is looking at balancing wood and reserve requirements. No outcomes to date. This makes it difficult for VicForests to enter into future wood supply contracts.

- Planning to get a thinning program in 25-35 year old Ash to replace the loss of sawlog supply is underway. Good growth responses are expected from thinning however, the possible harvesting damage needs to be minimized.
- New Greater Glider and LBP records are continuing to impact on available timber supply. As stated above (c) the likelihood of potential future records is being taken into account in yield modeling.

Soil and Water Management

- Bicentennial Road at Cann River has been upgraded to provide access to Hellbent coupe (874/506/0013). This involved major bridge re-construction based on the recommendations of the DELWP engineer. The result was inspected and is an excellent job. Temporary culverts were installed on Horseshoe Road (off Bicentennial Road) to improve access and minimize impacts on soil and water values.
- Landing rehabilitation and snig track drainage works are mostly being completed as required on field inspected coupes.
- On Phar Lap coupe (see Appendix 1), even though follow up drainage works had been done, it was clear that the main snig track had been operated on in very wet conditions by the earlier sawlog operation with adverse impacts. The less used snig tracks had no problems.
- On the coupes inspected streamside buffers were well marked and their integrity maintained.
- Water supply catchment operating requirements are being taken into account.

Silviculture

- VicForests is continuing to actively monitor the development of regeneration. Where sufficient regeneration naturally occurred quickly after harvest, post-harvest burns were not carried out. Completed post-harvest burns were well controlled with good seed bed preparation. At Waeco coupe (Appendix 1) which was recently burnt early and sown with *E. fastigata* (due to poor seed crop of this species) early germinants were starting to appear. Where regeneration had failed (one coupe – Nils Master (Appendix 1)) mechanical disturbance had been carried out prior to re-seeding.

Heritage

- Potential heritage issues (identified from the Management Issues overlay) were addressed during the planning process, including field inspection, prior to harvesting by excluding from the harvestable coupe or appropriate buffering if present.

Social and Economic Benefits

- The pulp market has improved enabling improved utilization in harvesting and the ability to thin regrowth stands.

Coupe Planning and Implementation

- The current review of the Coupe Plan format is still underway. Some of the issues targeted for review appear to have been addressed by Procedural Alerts to improve the current planning process. The links between Tactical Planning and Coupe Planning have been improved.
- Section 5 of the Coupe Plan is now being used more effectively to highlight requirements and alerts, especially in relation to the maintenance of special values. Special requirements highlighted need to be signed off by the Senior Forester to ensure they have been addressed or resolved. Without the Senior Forester sign off the Coupe Plan cannot be printed.

Roading

- Management of documentation for roading i.e. road plans and coupe plans has improved with plans also scanned and stored in the system.
- Access to overlays and special values information in the Bendoc office is vastly improved allowing more informed decisions
- Other documentation relevant to roading such as coupe diary notes, communication with contractors, monitoring records and notations on additional gravel have all improved.
- Road and track preparation has been mindful of wet conditions with additional rock placed to prevent rutting but also ensure tracks last.
- Engineering assistance was obtained from DELWP with regard to the upgrade of the Bicentennial Bridge to cope with additional traffic. This had been well documented in the system.

Community Forestry

Approval for the Timber Utilisation Plan (TUP) was received from the Board in May and released for public consultation. All data from the community forestry coupes has now been added to the VicForests Cengea system with completion in late May/early June. As these operations are only recently entering the VF system, the coupe plans previously prepared by DSE, including the maps, have continued. There has been a review of values however, these do need to be fully incorporated into the VF system and improved maps provided.

Five coupes were visited in the Bairnsdale region that fall under the Timber Utilisation Plan for firewood harvesting. In these instances, the harvesting personnel work under the supervision of a forester with wood taken directly into their custody on site. These are generally small operations using smaller machinery with less environmental impact.

Whilst the contractors involved vary in their ability to handle the documentation, they are experienced bush workers and have been made aware of the system requirements including the values located on the sites and protection requirements. They are also required to hold a Forest Operators Licence (FOL). Photographs had been provided of the values that were not known e.g. Prickly Heath and tape had been used to buffer heritage items such as the rail trail and aboriginal sites. Coupe diary notes indicated a discussion regarding soil erosion with the supervisor and the marking of habitat trees.

Cartage dockets viewed were old DEPI dockets as the books are being used up. The supervisor had put together a very good folder for field supervision however, the cover sheet used was from the previous forest managers and displayed previous certification logos from NCSI.

Monitoring records have been very well adapted to cover community forestry activities and avoid information not relevant to the activities undertaken.

Non-Conformances

The following minor non-conformances have been identified.

Minor NCR 1

- The field visit has indicated an inconsistency in the construction and rehabilitation of landings and overall coupes between contractors and forest supervisors and the procedures.

Minor NCR 2

- The Forest Management Plan is now outdated with references to obsolete processes e.g. CAIRs and does not explain the aspects and impacts identification and assessment process.

Minor NCR 3

- Documentation compiled for the field folder for Community Forestry displays an obsolete certification body logo.

Minor NCR 4

- The coupe documentation utilised by Community Forestry is not consistent with the VicForests management system i.e. plans and maps from the previous forest manager are still in use.

Opportunities for improvement

The following opportunities for improvement have been identified.

- As the process of training field staff in identification of biodiversity values expands with the work of the ecologist, there may be a need to improve the mechanism of generating records of on the job field training.
- It was noted that the FOLs for the assistant at Strong Bull undertaking firewood splitting had expired in December 2016.
- During the visit to Lost Bull, it was found that a copy of the coupe plan was not on site or a coupe diary held by the contractor. Consideration might be given to improving the requirement for these to be on site.
- The contractor at Lost Bull explained a good process of choosing poorer quality trees for harvest. The system might be improved to document the rationale and consideration given to whether some form of competency sign off might be required for contractors undertaking the selection.
- The log book being used to note documentation discrepancies for ANWE might also be recognised in the system as a record as it demonstrates a component of the monitoring process.
- Consideration might also be given to noting the mill visits that are occurring to check on off spec notifications etc. as they also form part of the monitoring process.
- The traffic management plan in the Thunk coupe file was found to be missing dates next to the approval signature. This may have been an oversight but could be improved on.
- Currently any spot overs from planned burns are logged in the DELWP burn log documentation. Consideration might be given as to how they are reviewed and documented in the VicForest system where any cause analysis and improvement actions could be recorded and followed up.
- At the time of audit, the VF Instruction for Road Works could not be located by the relevant forester suggesting further system awareness of documentation may be required.
- The current process of adding actions from the internal audit under the one incident in Risk Wizard may not be allowing a cause to be considered to allocate system improvement actions. Consideration might be given to how the cause of each issue raised is identified and followed through.
- It may be useful to write up the process of choosing the coupe for the thinnings trial for future reference.
- Many of the objectives and targets listed in the FMP are noted as ongoing. If this is the case, then they are usually managed by the system operating as normal. It is also noted that there are a large number of objectives and targets. Consideration might be given to refining these to more genuine and manageable improvement objectives and targets that can be easily reviewed for progress.
- Attendance records sheets might benefit from some document control and inclusion in the system.

It is suggested that the opportunities for improvement be considered by management to further enhance the company's Management System and performance of the business.

APPENDIX 1 – Coupe Plans checked

Office	Coupe name	Coupe number	Species type	Area (ha)	Notes
Orbost	Patrol Gravel Pit	834/503/007	Foothill Mixed Species	22	Seed tree retention harvesting coupe. Tactical planning completed. Coupe Planning Checklist (CPC) peer reviewed and Coupe Plan completed with sign off. Rainforest and long-footed Potoroo values maintained external to the coupe. Pre-harvest fauna survey report documented on file. Low Elevation Mixed Species – Even-aged Mature Decision Support System completed to current stage of operation. Beekeeper notified of harvesting in proximity to his sit.
	Corata*	833/512/0024	Foothill Mixed Species	23	Seed tree retention harvesting coupe. Tactical planning completed. Coupe Planning Checklist (CPC) peer reviewed and Coupe Plan completed with sign off. Modeled old growth checked and found external to the coupe. Rainforest identified external to the coupe. Pre-harvest fauna survey identified Long-footed Potoroo (3) and Yellow-bellied Glider (1) triggering the implementation of DELWP management standards and procedures. Reserve established on western side of the coupe (checked in field). Coupe Monitoring Records (CMR) completed. Minor boundary incursion noted in CMR, discussed with contractor and noted in coupe diary. Low Elevation Mixed Species – Even-aged Mature Decision Support System completed to current stage of operation.
	Thunk*	825/511/0010A	Coastal Mixed Species	16	Seed tree retention harvesting coupe. Tactical planning and CPC well done with peer reviews. Coupe plan well done with appropriate sign off. Threatened riparian vegetation complex identified in the field and excluded from the operational coupe on the northern side (checked in the field). Coupe boundary well marked. CMRs completed. Low Elevation Mixed Species – Even-aged Mature Decision Support System completed to current stage of operation. Consultation took place with Melbourne University as operation is close to Cabbage Tree Silvicultural Systems Project site.
	Trubuchet*	834/506/0013A	Coastal Mixed Species	19	Seed tree retention harvesting coupe. Tactical Planning and CPC well done with peer reviews. Coupe plan well

					done with appropriate sign off. Rainforest identified in gully to the south of the coupe – 40 metre buffer applied. Threatened riparian vegetation complex identified on the northern side of the coupe – excluded from the operational coupe with appropriate buffer (field checked). CMRs well done. Very good distribution of retained seed trees on the coupe. Low Elevation Mixed Species – Even-aged Mature Decision Support System completed to current stage of operation.
Bendoc	Waeco*	895/509/0004	Mountain Mixed Species	19	Seed tree retention harvesting coupe. Tactical Planning completed. CPC completed and peer reviewed. Coupe Plan well done with sign off. Old growth and fauna pre-harvest surveys did not trigger any further protection measures. Pre-harvest fauna survey report on file. CMCs completed. Landing ripping assessment completed – satisfactory (field checked). Burn map and burn plan completed and signed off. Fire trail construction plan completed and implemented. Burn well done (field checked). Aerial seeding with E. fastigata completed. Early germinants observed in the field. High Elevation Mixed Species DSS completed up until the regeneration burn.
	Abra Cadabra*	895/505/0011	Mountain Mixed Species	39	Seed tree retention harvesting coupe. Tactical Planning well done. CPC completed and peer reviewed. Coupe Plan well done with sign off. Greater Glider (GG) record noted - did not meet the requirement for further action. VicForests fauna survey did not record GG presence. Operations now suspended due to third party GG sightings (10?). Follow up survey by DELWP did not record GG presence. DELWP to re-survey for GG in Spring. Operation suspension meant that limited coupe rehabilitation and drainage works could be completed. No silvicultural work allowed in the logged section of the coupe.
	Italian*	895/505/0008	Mountain Mixed Species	13	Seed tree retention coupe. In the early stages of planning this coupe was called Jack's Knob and Later changed to Italian as the original name was considered unsuitable. Tactical Planning completed. CPC completed and peer reviewed. Coupe Plan well done with sign off. Records for GG presence did not meet threshold requirements for further protective

					action. CMRs completed. Log grading, measurement and presentation issues identified and taken up with the contractor and customer. High Elevation Mixed Species DSS completed.
	Nils Master*	895/511/0007	Mountain Mixed Species	28	Seed tree retention coupe. Regeneration of this coupe failed for reasons that are not clear. It has recently been subjected to rough heaping of old logging debris to create a new seed bed for reseedling.
Tambo	New Brew	743/501/0101	Foothill Mixed Species	40	Firewood harvesting - thinning from below. Coupe Plan prepared by DELWP. Species except Blue Box and Red Ironbark can be harvested If not marked for retention with a blue ring. There is a Powerful Owl nest site on the west side of the coupe with a 50 metre buffer. Endangered Prickly Heath (<i>Leucopogon juniperinus</i>) on the northern side of the coupe will be protected. The old rail line on the southern side of the coupe is buffered. Habitat trees marked and retained CMR completed.
	Phar Lap	742/513/0012	Coastal Mixed Species	18	Follow up firewood salvage. All timber obtained has been previously felled as part of sawlog harvesting in 2016. Radio tower external to the coupe will be protected. Coupe being naturally regenerated without further seed bed preparation. Seedling and coppice White Stringybark and Mountain Grey Gum observed. The main snig track, although drained, had been badly disturbed by wet weather usage, during the earlier sawlog operation, and had no regeneration. The rehabilitated landing also had no regeneration.
	Old Man Hill Road	740/506/001	Foothill Mixed Species	45	Firewood harvesting – thinning from below. Species except Grey Box and Red Ironbark can be harvested If not marked for retention with a blue ring. Apiary site just external to the coupe buffered on the coupe boundary. Habitat trees retained at 5 per hectare. SMZ on NW boundary for <i>Pterostylis grandiflora</i> . SPZs on eastern and western boundaries for a range of values.
	Stoney Bull - Firewood	735/510/0022D	Foothill Mixed Species	47	Follow up firewood salvage. All timber sourced off the ground from earlier sawlog harvesting. Filter strip marked and maintained. Good natural regeneration on the coupe.

	Lost Bull	735/510/0020	Coastal Mixed Species	17	Thinning from below. Main species are Yertchuk, White Stringybark and Silvertop Ash. Contractor selects trees to be removed, which is monitored to a basal area retention limit by VicForests. Boundary was clearly marked with blue tape and drainage lines marked with pink tape.
--	-----------	--------------	-----------------------	----	---