



REPORT

GUNNS FOREST PRODUCTS
PTY LTD

AFS SUMMARY AUDIT REPORT
JUNE 2008

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1. INTRODUCTION

This audit was conducted as a normal periodic audit of the Forest Management System operated by Gunns Forest Products according to the requirements of the Australian Forestry Standard. The audit encompassed assessment of North East Management Region, including the Longreach Regional office and associated field activities.

2. THE AUDIT

2.1 Audit Scope

Gunns Forest Products Division, forestry activities in North East Tasmania.

2.2 Audit Objectives

Conduct a periodic audit of the Forest Management System operated by Gunns Forest Products against the requirements of the Australian Forestry Standard (AS 4708 – 2007), including site assessment of operations in the North East Region.

2.3 Audit Protocols

The audit was conducted in accordance with JAS-ANZ Procedure 26 Revision 2, DNV Certification audit protocols and with the requirements of AS 4708 - 2007. The audit was conducted by an auditor assessed by DNV Certification as meeting the competency requirements for qualification as an AFS auditor. The audit comprised four audit days in total.

2.4 Audit Process

The audit was conducted from the 2nd – 5th June 2008 at the Longreach Regional office and various regional field locations in North East Tasmania. The audit included an opening meeting, review of operational documentation, interviews with senior and operational management, review of records associated with management and control of the forest management system, and field audits of forestry activities.

2.5 Background of Client

Gunns Forest Products is an integrated forestry organisation operating across northern and eastern Tasmania. Gunns achieved certification of its forestry operations to ISO 14001 in 1998. It achieved certification of its forestry operations to the Australian Forestry Standard in August 2003. It is presently maintaining certification to both AS/NZS ISO 14001:2004 and AS4708:2007.

Gunns forestry operations are divided into three business units – North East, North West and South East.

3. AUDIT RESULTS

3.1 Performance against assessed Criteria & Requirements



3.1.1 Criterion 1 – Forest management shall be undertaken in a systematic manner that addresses the range of forest values

The Forest Management System operated by Gunns continues to be diligently applied and to demonstrate forest management performance improvement. However the latter is constrained by the current *Forest Management Statement* released in October 2005. This Statement no longer provides a basis for which to effectively measure forest management performance and to demonstrate improvement. Gunns are currently undertaking a review of the *Forest Management Statement* and this will allow for both the capture of management system and operational improvements Gunns have made during the last three years, and future improvements through the setting of corporate objectives and targets. Currently performance measurement is based on the Tasmanian Forest Practices Authority rating assessment and definitions for compliance with the Forest Practices Code, however these performance ratings do not adequately cover implementation of all Australian Forestry Standard (AFS) requirements.

Forest Practice Plans (FPP) were found to be diligently and comprehensively compiled according to the Forest Practices Code (*Forest Practices Act 1985*).

Gunns' Forest Management Aspect & Impacts Register effectively shows a sound understanding of forest management aspects, rigorous analysis to determine significance and provision for future management directions and easy reference for legal and other requirements.

Gunns cannot demonstrate internal audit of the forest management system to determine whether or not it conforms with the requirements of The Australian Forestry Standard (AS 4708–2007). Gunns do however, very rigorously monitor and audit forest operations for conformance with planned arrangements and performance requirements (e.g. Safety Health & Environment Management System Audits according to ISO 14001, Forest Harvesting Reports and Contractor Monthly Safety Inspections). Also, Gunns' Sustainable Forest Management Report 2006-2007 shows effective and evaluation of impressive performance based on the results of rigorous checking and monitoring of forest management activities.

Gunns have very effectively established how legal and other requirements apply to its forest management aspects. Applied controls over operational activities that may impact on biodiversity, productive capacity, ecosystem health and vitality and protection of soil and water resources of forests within Gunns permanent and semi-permanent estate continue to be comprehensive, diligently applied and rigorously monitored.

3.1.2 Criterion 2 – Forest management shall provide for public participation and foster on-going relationships to be a good neighbour

Gunns continue to demonstrate sound fostering of good neighbourly relations and the "External Stakeholder Consultation Group" remains valid.

3.1.3 Criterion 3 – Forest management shall protect and maintain the biological diversity of forests, including their successional stages, across the regional landscape

Gunns have developed a policy and procedure addressing native forest conversion in response to changed criteria in the 2007 version of the AFS. This approach ensures that Gunns do not undertake conversion of cleared or semi-cleared land where clearing was undertaken after 31 December 2006, regardless of who cleared the land. This rigorous interpretation of the Native Vegetation Conversion policy appears to have resulted in business disadvantage and loss of business opportunities.

3.1.4 Criterion 4 – Forest management shall maintain the productive capacity of forests

Eighty percent of harvested native forest coupes with retained growing stock have had damage surveys in 2006/07. The target for these surveys was 20%. Eighty eight percent of coupes surveyed achieved pre-determined damage levels against a target of 100%. Measurement methodology of mechanical damage to growing stock during plantation thinning operations is currently being developed.

3.1.5 Criterion 5 – Forest management shall maintain forest ecosystem health and vitality

Selective native forest logging and regeneration operations in high elevation native forests at Glenmark in the Central Highlands showed good example of forest stand improvement.

3.1.6 Criterion 6 – Forest management shall protect soil and water resources.

All forest harvesting operations visited show diligent attention to the identification and protection of vegetation along streams and drainage lines.

3.1.7 Criterion 7 – Forest management shall maintain forests' contribution to carbon cycles

Gunns' estimation of carbon sequestered continues to increase (approx 60,000 tonnes for 2005/2006 to approx 84,000 tonnes in 2006/2007). Increases are attributed to recent plantation expansion activities.

3.1.8 Criterion 8 – Forest management shall protect and maintain, for Indigenous and non-Indigenous people, their natural, cultural, social, religious and spiritual heritage values

Gunns recognise indigenous peoples rights and responsibilities through policies and their commitment to compliance with legal requirements. Gunns maintain and retain access to detailed databases showing of social, heritage, religious, spiritual and cultural values and specific sites. Staff are trained to recognise indigenous, cultural and heritage values. However, considerable risks associated with the discovery of aboriginal artefacts subsequent to purchase, planning and commencement of forest management operations are apparent and while these risks are difficult to minimise



Gunns could consider independent assessment of likelihood and consequence at primary planning stages.

3.1.9 Criterion 9 – Forest management shall maintain and enhance long-term social and economic benefits

The 1,111 contractors and their employees engaged by Gunns reflects considerable support for local communities.

In order to comply with the *Tasmanian Workplace Health & Safety Act 1995* and its regulations, Gunns rigorously operate according to the Forest Safety Code (Tasmania) 2002. Forest harvesting reports for contractor performance include checks for operator safety (e.g. signage, PPE), however these reports do not well address applied controls over hazards associated with the use of plant and equipment (e.g. daily start-up checks and periodically safety testing). One Lost Time Injury (LTI) was recorded for the North East for 2006-2007.

Evidence was collected to indicate general employee satisfaction with their employer in terms of remuneration and working conditions.

4 AUDIT CONCLUSIONS

Two non-conformances were identified during this audit. These concerned the *Forest Management Statement* (i.e. Forest Management Plan) no longer providing a basis for which to effectively measure forest management performance, and failure of internal audit determine conformance with the requirements of AS 4708–2007. Both these non-conformances may be readily addressed.

It is recommended that the certification of Gunns Forest Products to AFS AS 4708 - 2007 be continued with no additional audit requirements.

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