



REPORT

GUNNS FOREST PRODUCTS
PTY LTD

AFS SUMMARY AUDIT REPORT
OCTOBER 2008

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1. INTRODUCTION

This audit was conducted as a normal periodic audit (PA4) of the Forest Management System operated by Gunns Forest Products according to the requirements of the Australian Forestry Standard. The audit encompassed assessment of South East Management Region, including the Triabianna and Austin's Ferry regional offices and associated field activities.

2. THE AUDIT

2.1 Audit Scope

Gunns Forest Products Division, native forest and plantation management activities in South 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 South East Region.

2.3 Audit Protocols

The audit was conducted in accordance with JAS-ANZ Procedure 26 Revision 3, DNV Certification audit protocols and with the requirements of AS 4708 - 2007. The audit was conducted by an auditor assessed by DNV 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 7th – 10th October 2008 at the Triabunna and Austin's Ferry regional offices and various regional field locations in South 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

Findings of this audit demonstrated a high level of achievement of the requirements of the Australian Forestry Standard (AFS), including continual improvement of resulting forest management performance. It is noted that third party certification of a Forest Management System according to the AFS requires maps of the defined forest area at a scale of no smaller than 1:250,000 to be publicly available.

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 against most criterion of the AFS. However, it is increasingly apparent that the *Forest Management Statement* released in October 2005 has become less relevant to current objectives and practices developed since its publication. Certainly, the Forest Management Statement does provide an adequate basis to measure performance relevant to most AFS criteria, (most notably compliance with the *Forest Practices Act 1985* and its *Forest Practices Code*), but not with regard to Gunns increased understanding of its significant forest aspects and associated legal requirements, management objectives and targets, and new and improved procedures and operational controls developed over the past few years. It is recognised that a review and revision of the Statement is underway and that it has been given high priority.

The Forest Management Aspect & Impacts Register effectively shows that Gunns have a sound understanding of forest management aspects, however audit findings showed that only minimal use is made of this Register as a planning tool.

Forest Practice Plans continue to be diligently prepared, followed and verified. The value of these as a planning and operational control tool could be enhanced by adding management requirements over and above those required by the Forest Practices Code (*Forest Practices Act 1985*).

Monitoring and measurement of forest management activities is heavily weighed towards the Tasmanian Forest Practices Authority performance rating assessment and definitions for compliance with the Forest Practices Code, but these performance ratings do not cover implementation of all Australian Forestry Standard (AFS) requirements.

Gunns internal and external reporting of Sustainable Forest Management Indicator Results 2007-2008 continues to be comprehensive and rigorous.

Gunns cannot demonstrate internal audit of the forest management system to determine whether or not it conforms to the planned arrangements and has been properly implemented and maintained (i.e. audit to determine conformance with the requirements of AS 4708 – 2007). It is noted that an audit program, including an audit checklist, has been prepared to address this deficiency.

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



A focus of the audit was assessment of Gunns performance in relation to providing for public participation and fostering of neighbourly relationships. Evidence was collected to show excellent performance in these endeavours, including sensitive attention to neighbour health issues associated with potential impacts of smoke generated by Gunns' operations and successful resolution of plantation establishment and management operations potentially impacting on an adjacent organic farm. In addition, it is particularly noteworthy that an outcome of fostering a good neighbour relationship with a fish farm in the Huon Valley has resulted in the potential establishment of a formal mutually beneficial stakeholder relationship. Gunn have established a Memorandum of Understanding (MOU) with the Tasmanian Fire Service resulting in an improved fire protection and response capability for the DFA, and for neighbouring public and private property. Gunns are members of the Glamorgan Spring Bay Natural Resource Management Committee (NRMC) and are also establishing a MOU with this local municipality. Again, this is another example of a relevant and promising mutually beneficial stakeholder partnership. Benefits can be envisaged for local/regional issues affecting the environmental, community and economic aspects (e.g. water management, weed management etc.).

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

All the FPPs reviewed during this audit show diligence attention to the understanding and protection of biodiversity. Gunns continue to rigorously comply with their Permanent Native Forest Estates Policy which includes a strong commitment not to undertake conversion of native forest to plantation. The area of Permanent Forest Estate contained within reserves continues to increase and thus does the area of forest dedicated for conservation purposes. For example, the area of permanent estate in conservation reserves has increased by 0.4% (2,352ha) during the last year and since 2004 by almost 9000ha. All logging sites are assessed for forest cover requirements for biodiversity and generally these are addressed by reservation of forest areas/clumps/corridors within the coupe.

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

The *State of the Forests Report* (Estate Reporting as at 30 June 2008) includes detailed figures of productive uses. Existing productive uses of the forest are assessed in Property Evaluation Plans. Gunns collect data to measure harvest volume against long-term growth demonstrating sustainability of productive capacity. Regeneration surveys are routinely undertaken to ensure stocking to the company standard. Harvesting and regeneration operations inspected near Garden Island Creek showed diligent attention to the establishment of browsing plots and actions based on results (e.g. vertebrate pest control). It is noted that such actions are not a requirement of the Forest Practices Code, but the completion of the "Harvesting Completion Notification" has been delayed to allow time for pest control and assessment of seedling survival. This is a good example of the FMS addressing customer satisfaction in addition to legal compliance.



Gunns maintain an advanced fire suppression capability and have established a MOU with the Tasmanian Fire Service to improve response logistics.

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

Browsing plots are routinely established during both native forest and plantation establishment activities to determine required levels of control. Harvesting and regeneration operations at inspected near Garden Island Creek showed diligent planning to ensure continuation of floristic and structural diversity critical for forest ecosystem health and vitality. Fire is actively used in native forests to prepare seed beds for forest establishment. This process is applied to mimic natural conditions. Sighted vertebrate pest live trapping trials to reduce reliance of the use of 1080. Note, it is now uncommon for 1080 to be used in forests managed by Gunns.

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

All FPPs inspected showed continuing diligent attention to the identification and assessment of soil and water values. Assessment include soil erodibility and erosion hazard, landslide hazard, slopes, town & domestic water supply catchments and streamside reserves. Attention to planning and implementation of forest road and track access controls with regard to drainage and soil and water protection at Middleton were found to be excellent.

The impacts of young native forest regeneration and plantations on hydrologic flows through time could be better understood in the permanent native forest estate and surrounding areas.

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

The estimation of plantation biomass continues to increase resulting in an incremental increase of 150,912 tonnes of carbon sequestered in 2007-2008.

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 maintain and retain access to detailed databases showing of social, heritage, religious, spiritual and cultural values and specific sites. In the South East 100% of cultural surveys formally requested by Gunns as required by the FPP were completed in 2007/2008.

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

The 1,224 contractors (113 more than the previous year) and their employees engaged by Gunns reflects considerable support for local communities. Also, Gunns are members of the Glamorgan Spring Bay Natural Resource Management Committee (NRMC) and are establishing a MOU with this local municipality promising 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.

The Forest Operations Safety Plan for native harvesting operations near Geeveston was found to be prepared according to regulatory requirements, however since initial development (before contractors commence work), this Plan has been considerably modified by the Coupe Supervisor to reflect specific site hazards and applied risk reduction controls. This practice is to be encouraged.

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

4 AUDIT CONCLUSIONS

No non-conformance were raised as a result of this audit, however two non-conformances from the previous audit have not been effectively closed-out. Evidence of attention to these was collected and it is expected that these will be satisfactorily addressed before the next planned audit

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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