



REPORT

GUNNS FOREST PRODUCTS PTY LTD

AFS REPORT

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DET NORSKE VERITAS



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REPORT

<i>Table of Contents</i>	<i>Page</i>
1 INTRODUCTION.....	1
2 THE AUDIT.....	1
2.1 Audit Scope	1
2.2 Audit Objectives.....	1
2.3 Audit Protocols.....	1
2.4 Audit Process.....	1
2.5 Background of Client	1
3 AUDIT RESULTS	2
3.1 Performance against Criteria & Requirements.....	2
3.1.1 Criterion 1 – Forest management shall be undertaken in a systematic manner that addresses the range of forest values	2
3.1.2 Criterion 2 – Forest management shall provide for public participation and foster on-going relationships to be a good neighbour	2
3.1.3 Criterion 3 – Forest management shall protect and maintain the biological diversity of forests, including their successional stages, across the regional landscape	2
3.1.4 Criterion 4 – Forest management shall maintain the productive capacity of forests	3
3.1.5 Criterion 5 – Forest management shall maintain forest ecosystem health and vitality....	3
3.1.6 Criterion 6 – Forest management shall protect soil and water resources.....	3
3.1.7 Criterion 7 – Forest management shall maintain forests’ contribution to carbon cycles.	3
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	3
3.1.9 Criterion 9 – Forest management shall maintain and enhance long-term social and economic benefits.....	3
3.2 SFM Indicators.....	4
3.3 Themes	4
3.3.1 Theme 1 Notable or Good Practice	4
3.3.2 Theme 2 Areas of Non-Conformance	4
4 AUDIT CONCLUSIONS	5



REPORT

1 INTRODUCTION

Gunns Forest Products has been certified against the Australian Forestry Standard for three years and, in accordance with the certification rules, a complete re-assessment is required prior to issue of a new certificate for a further three years. This audit report describes the findings and conclusions of the audit team after completion of the re-assessment audit. The audit included both field and office activities.

2 THE AUDIT

2.1 Audit Scope

Gunns Forest Products Australian Forestry Standard management system and forestry activities.

2.2 Audit Objectives

Conduct a re-assessment audit of the Gunns Forest Products forestry management system activities and field practices. Samples of all activities across each of the three operational forestry divisions are to be included.

2.3 Audit Protocols

The audit was conducted in accordance with JAS-ANZ Procedure 26 Revision 2, DNV Certification audit protocols and against the requirements of AS4708(int): 2003.

The audit was conducted by auditors assessed by DNV Certification as meeting the competency requirements for qualification as an AFS auditor. The audit comprised 15 auditor days in total, and was completed during the periods 28 August 2006 – 1 September 2006 and 23 October 2006 – 26 October 2006.

2.4 Audit Process

The audit process includes opening meetings, reviews of system documentation, interviews with Gunns personnel, contractors, stakeholders and Gunns senior management, reviews of records associated with management and control of the forestry 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 ISO14001 in 1998. It achieved certification of its forestry operations to the Australian Forestry Standard in August 2003. It is presently maintaining certification to both ISO14001 and AS4708.

Gunns forestry operations are divided into three business units – North East, North West and South East. This audit was conducted at each of the business units.



REPORT

3 AUDIT RESULTS**3.1 Performance against Criteria & Requirements**

The performance of Gunns was reviewed against each of the AFS Criteria:

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

Gunns have a certified ISO14001 environmental management system in conjunction with their certified AS4708 system, and this provides a strong foundation for the systematic management of forest values. Systematic management encompasses the identification and assessment of values, implementation of a documented operational control system, continuous improvement and management review. The process for assessment of the significance of impacts is effective and is undergoing continuous improvement to better assess economic and social impacts. Previously, the Somerset Nursery was treated as an external supplier and was not included in the AFS audit process. However, as the Somerset Nursery provides all seedlings for the plantation program it will now be explicitly included in the forestry management system. Review of harvest contractor activities found the range of activities undertaken were performed effectively and in accordance with Gunns requirements and the approved Forest Practices Plan.

Gunns ensure that contractors are competent by completing regular, documented audits of the activities of harvest contractors and correct identified failures and weaknesses.

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

Gunns maintain an External Stakeholder Consultation Group, and provide opportunities to view key reporting documents and to make comment through the Gunns (www.gunns.com.au) website. It was noted during the audit that necessary neighbour communication had been undertaken. Two neighbour stakeholders in the NE (a small holding and an organic farmer) and two in the SE were interviewed during the audit, and it was found that Gunns and the stakeholders were in amicable agreement as to how the adjacent plantation operation should be conducted.

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 appointed a dedicated Conservation Planner to provide additional internal expert support for the preparation of Forest Practices Plans. While some conversion of native forest to hardwood plantation is undertaken, careful consideration of the status and value of the native forest is undertaken prior to preparation of the plan for conversion. Conversion is not a significant component of the hardwood plantation program. Native forest is not cleared by Gunns for pasture or other non-infrastructure uses. Management of the Surrey Hills Estate is particularly notable, as it includes a number of significant and very well managed conservation reserve areas. Visual management of harvest activities is considered as an integral component of the planning process.



REPORT

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

Gunns plan harvest activities on a specific coupe by coupe basis, depending on the nature of the forest type and local site considerations to ensure the most appropriate harvest and regeneration prescription is established. Requirements of the *Forest Practices Act 1985* are met. Regeneration surveys of native forests are completed after harvest and regeneration works and hardwood plantations are completed after planting to ensure that the productive capacity of the forest is maintained. Damage surveys are also undertaken. The ratio of cut to standing volume is monitored.

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

Gunns manage native forest harvest activities to mimic the natural cycle of the forest, including the size and shape of coupes, retention of streamside and other reserves, and the use of low or high intensity burns of residue, as is most appropriate. An annual assessment of the use of chemicals is undertaken, with the stated intent of reducing the reliance on chemicals, balanced by the need to maintain forest ecosystem health and vitality.

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

A comprehensive program of water testing is undertaken, and there were no samples tested during 2004-2005 (761 tests completed) and 2005-2006 (511 tests completed) which failed the NHMRC guidelines for drinking water quality. Of particular note, Gunns have managed the use of chemicals on a property adjoining an organic beef farm to ensure that there are no chemical impacts on the certified organic status of the farm.

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

Gunns track progressive carbon sequestration in planted forests.

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 comply with legal requirements related to indigenous people, proactively work to ensure that the appropriate cultural surveys are completed and ensure that forest activities are undertaken in accordance with cultural survey findings.

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

Indigenous people are represented on the Stakeholder Consultation Group, and are engaged to undertake cultural artefact surveys as part of the forest practices plan process. Gunns has 1662 employees and engages 1361 contractors and employees. The direct contribution of Gunns to the Tasmanian economy is approximately \$584 million, which does not account for the flow on effect from services provided to other Gunns contractors.



REPORT

3.2 Sustainable Forest Management Indicators

All SFM Indicators (the AFS Performance Indicators published by Gunns) were reviewed during this audit. The Indicator results were fairly stated. Gunns report against 43 Indicators, of which 24 have specific targets. Of the 24 indicators with targets, 17 targets were met, 2 showed substantial improvement and 1 had only missed the target by 1%. Four other indicators (damage levels to the Company Standard, stocking to the Company Standard, planted area survival rate and the LTI rate for company personnel) are receiving continued attention by Gunns.

Areas where particularly good outcomes were observed are:

- Notification to neighbours of planned plantation establishment activities
- Neighbour contacts compatible with Good Neighbour Charter
- Completion of a substantive annual review of chemical use

Areas where progress is continuing are:

- Meet the Company Standard for submission of Coupe Completion Notices for harvesting
- Development of Special Values Specific Management Plans

3.3 Themes

3.3.1 Theme 1 Notable or Good Practice

Notable or good practices are issues identified during the audit where it is the opinion of the auditor the approach is exemplary.

It has become particularly evident that the approach of Gunns to direct neighbours, those having the most immediate connection to Gunns' activities, tends to result in positive outcomes. It is likely that this is due to the positive approach of Gunns foresters and the desire of both parties to establish an agreed and amicable outcome. In particular, the meetings held between members of the audit team and four neighbour stakeholders demonstrated strong positive outcomes. In one case plantation boundaries were adjusted to prevent overshadowing during the later stages of growth of the plantation, and in a second case the interests of an adjoining organic farm were considered in the coordination of chemical use within the plantation. In one case, the view was expressed that Gunns were easier to deal with than the previous landowner.

The nature of the interaction between foresters and neighbours can also be considered a marker of cultural change within the organisation, where good practice is simply how business is done, rather than something which needs to be both planned and enforced.

3.3.2 Theme 2 Areas of Non-Conformance

An identified non-conformance can be classified as either a major non-conformance or a minor non-conformance. A major non-conformance is assessed when a critical failure is identified or a complete part of the AFS is not implemented, which calls into question the validity of the certification. A minor non-conformance is assessed when a failure is identified which increases the potential of a critical failure.



Report No: ZAPAU980DAWES061026-1, rev. Initial

REPORT

There were no minor non-conformity's related to AS4708 identified during this audit. There were five minor non-conformity's identified during the audit which related to the ISO14001 environmental management system.

4 AUDIT CONCLUSIONS

It is recommended that:

1. Gunns Forest Products is recertified to AFS AS4708:2003(int) with no additional audit requirements.

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