



## **Forest Management Public Summary**

**for**

### **Hancock Victorian Plantations Pty. Limited**

**Certification Code: SW-FM/COC-1128**

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**This document was produced according to the guidelines of the  
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No part of the report should be published separately.**

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## ACRONYMS

AAC	Annual Allowable Cut
AAV	Aboriginal Affairs Victoria
APP	Australia Paper Plantation Company
ACTU	Australian Council of Trade Unions
ATV	All Terrain Vehicle
AWU	Australian Workers' Union
BMP	Best Management Practice
CFMEU	Construction, Forestry, Mining and Energy Union
CFTT	Centre for Forest and Tree Technology
CITES	Convention on International Trade in Endangered Species
COC	Chain of Custody
COFP	Code of Forest Practices for Timber Production
DBH	Diameter at Breast Height
EMS	Environmental Management System
ENGO	Environmental Non-Governmental Organization
ESA/NZ	Endangered Species Act of New Zealand
ESA/US	Endangered Species Act of United States of America
EVC	Ecological Vegetation Class
FMO	Forest Management Organization
FSC	Forest Stewardship Council
FSMS	Forest Stewardship Management System
GRP	Grand Ridge Plantations Pty. Limited
HCVF	High Conservation Value Forest
HVP	Hancock Victorian Plantations Pty. Limited
HTRG	Hancock Timber Resources Group.
ILO	International Labor Organization
ITTA	International Timber Trade Agreement
LUD	Land Use Determinations
NTFP	Non Timber Forest Product
NVR	Native Vegetation Retention
OHS	Occupation Health and Safety
P&C	Principles and Criteria for Forest Management of the FSC
POU	Plan of Utilization
SFM	Sustainable Forest Management
SMZ	Special Management Zones
THP	Timber Harvest Plan
USLE	Universal Soil Loss Equation
VPC	Victorian Plantations Company
WWF	World Wide Fund for Nature

## **INTRODUCTION**

To earn SmartWood certification, a forest management operation must undergo an on-site field assessment. This Public Summary Report summarizes information contained in the initial assessment report, which is produced based on information collected during the field assessment. Annual audits are conducted to monitor the forest management operation's activities, to review the operation's progress toward meeting their certification conditions, and to verify compliance with the SmartWood standards. Addenda providing the updated information obtained during these annual audits are included as attachments to the Public Summary Report.

This report presents the findings of an independent certification assessment conducted by a team of specialists representing the SmartWood Program of the Rainforest Alliance. The purpose of the assessment was to evaluate the ecological, economic and social sustainability of Hancock Victorian Plantations Pty. Ltd. (HVP) forest operations in southeastern Australia.

The purpose of the SmartWood program is to recognize conscientious land stewardship through independent evaluation and certification of forestry practices. Forestry operations that attain SmartWood certification may use the SmartWood label for public marketing and advertising. The Rainforest Alliance SmartWood Program is an accredited (i.e., audited annually and approved) certification program within the FSC system.

## **1. GENERAL SUMMARY**

### **Name and Contact Information**

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### **General Background**

#### **A. Type of operation**

HVP is an Australian forest management company, which manages forest areas that contain timber plantations and natural or native forest. The company differentiates its estate into production land (its plantations) and custodial land (its native forest areas). Although HVP does have the right to harvest any timber or other products from the considerable resources in its native forests it has voluntarily taken a precautionary approach not to harvest in these areas and all production is from its tree plantations.

To complement the management of its production lands for commercial timber production, the company also seeks to manage its estate to provide other environmental benefits for the community good, such as good quality water, passive recreation opportunities and the protection and enhancement of bio-diversity.

#### **B. Years in operation**

HVP was established as a company in 1998. The predecessor of HVP was the Victorian Plantations Corporation (VPC), a government-owned forestry company that was commercialised in 1993. In 2001, HVP purchased the forestland assets of Australian Paper Plantations Pty. Ltd. and established Grand Ridge Plantations Pty. Ltd. (GRP) to manage those assets.

#### **C. Date first certified**

February 1, 2004

#### **D. Latitude and longitude of certified operation**

HVP's headquarters are in Melbourne. Their operations are located throughout the state of Victoria. The following data can be used for a general approximation: 38 degrees south latitude and 145 degrees east longitude.

### **Forest and Management System**

HVP has a comprehensive Forest Stewardship Management System (FSMS) that guides all forest management planning, implementation and monitoring throughout its forest estate.

HVP has a system of five supply regions and seven forest districts. The supply regions and forest districts overlap, with the supply regions established for the purpose of supplying sets of buyers. Forest districts are the basis for forest management planning and implementation. Each forest district has a district manager, and the district managers may have one or more district foresters and other staff reporting to them.

According to the HVP Management Plan, as of June 2002, HVP has a total of 246,117 hectares of forestland under its management, in five different supply regions:

1. Ballarat,
2. Central,
3. Grand Ridge Plantations (GRP),
4. Northeast, and,
5. Southwest.

According to the HVP/GRP Plantation Management Plan, the seven forest districts include:

- Ballarat, (including the Otways and Central)
- Ovens/Benalla,
- South West,
- Shelley,
- Sale (part of Grand Ridge Plantations),
- Traralgon (part of Grand Ridge Plantations), and,
- Yarram (part of Grand Ridge Plantations).

HVP is in the process of developing Operational Management Plans for each of the forest districts. All districts have a Stewardship Plan and there are stewardship staff covering the complete HVP estate (some stewardship staff cover more than one district). Stewardship staff works in close partnership with district managers and other district staff in forest, environmental and stakeholder management.

#### **A. Forest type and land use history**

HVP operates throughout the state of Victoria. Since its settlement, Victoria has undergone a high degree of forest clearing predominantly for agriculture, in all parts of the state except the mountainous eastern highlands. The remaining natural forests often contain high numbers of various Eucalyptus species, as well as others such as Acacia spp. In much of the HVP forest estate areas, lands were cleared previously and HVP's predecessors planted cleared agricultural land with timber species (native and exotic). In the Strzelecki and Otway ranges, despite past clearing for agriculture and forest conversions, there are still significant areas of native forest.

An accelerated expansion of the softwood estate in Victoria occurred in the 1960's and 1970's, aided by a national initiative for Australia focused on self-sufficiency in wood products. In Victoria, most of this expansion was accomplished by conversion of native forest. Mixed species forest, dominated by species such as Eucalyptus obliqua, Eucalyptus radiata and Eucalyptus viminalis, was cleared for this purpose. In the Otway and Strzelecki Ranges, initial plantation establishment (particularly for hardwood plantations) was focused on purchased and/or abandoned farmland. In the Otway Ranges, these highly fertile and wet sites were particularly challenging, as new Pinus radiata plantations were subject to windthrow and toppling.

**B. Size of forest management unit certified and forest use and area in production forest, conservation, and/or restoration**

**HVP/GRP AREA BY LAND USE (as of June 30 2003)**

<b>Actual Land Use HVP</b>	<b>Area (ha)</b>	<b>% Total Area</b>
Natural and semi natural forest	17,362	15.0%
Forest plantations	87,360	75.6%
Water (open water bodies > 1 ha)	0	0.0%
Infrastructure	10,869	9.4%
<b>Total Area</b>	<b>115,591</b>	<b>100%</b>

<b>Actual Land Use GRP</b>	<b>Area (ha)</b>	<b>% Total Area</b>
Natural and semi natural forest	32,550	25.1%
Forest plantations	86,104	66.5%
Water (open water bodies > 1 ha)	0	0.0%
Infrastructure	10,770	8.4%
<b>Total Area</b>	<b>129,424</b>	<b>100%</b>

<b>Actual Land Use GRAND TOTALS for HVP/GRP</b>	<b>Area (ha)</b>	<b>% Total Area</b>
Natural and semi natural forest	49,912	20.4%
Forest plantations	173,464	70.8%
Water (open water bodies > 1 ha)	0	0.0%
Infrastructure	21,639	8.8%
<b>Total Area</b>	<b>245,015</b>	<b>100%</b>

**Note: SmartWood and HVP land use Definitions:**

Natural and semi-natural forest: Forest areas where many of the principal characteristics and key elements of native ecosystems such as complexity, structure and diversity are present, as defined by the FSC P&C.

HVP refers to these areas as **Custodial lands**, which are managed for conservation purposes. Custodial lands include some areas of High Conservation Value Forests (HCVF) which over time are being defined via an EVC mapping process. As a precautionary approach to minimize impact on HCVF areas before their identification, all custodial lands will be treated as HCVF. HCVF under FSC vernacular can be harvested; HVP management will not diminish the conservation values of these lands, and will consider those values prior to any activities. **(HVP has a voluntary policy at this time not to harvest custodial lands).**

Forest Plantations: Forest areas lacking most of the principal characteristics and key elements of native ecosystems, as defined by the FSC P&C, which result from human activities of either planting, sowing or intensive silvicultural treatments.

HVP refers to **Plantation Forests** as all of their plantation lands. Plantation lands do not meet the requirements of HCVF (proof including historical information and aerial photographs will define plantations).

Infrastructure: Areas within certified forest areas including roads, buildings, nurseries, log yards or forest based processing facilities. HVP has defined areas as infrastructure

Water: Areas of open water bodies larger than 1 ha. Does not include forested wetlands, which should be classified as forest. There may well be some dams larger than 1 ha on the Company estate however these have not been identified.

There are two other SmartWood land use categories, which have not been defined for the HVP estate at this stage. Arguably, custodial land could be classified as **protected forest** although the commitment to manage custodial land for conservation purposes is only voluntary and has not been “formalized” at this point in time. The company has land which meets the definition of **Special Management Zones (SMZs)** however an area statement has not been determined at this time. The area statement can be amended in future to allow for buffers and filters and identify custodial land where more formal protection mechanisms are implemented.

### **C. Annual allowable cut and/or annual harvest covered by management plan**

HVP has not established an annual allowable cut, per se, on its forestlands. Its cut levels are dictated by stand-specific silviculture, i.e., the needs of each stand, rather than an allowable cut. A detailed analysis of the methodology used to determine harvest was conducted during this certification assessment.

At the time of this assessment, HVP was harvesting approximately 3 million cubic metres per year of softwood (radiata pine) and 270,000 cubic metres of hardwood (various eucalyptus species) annually. Most of the eucalyptus harvesting is being done by GRP in the Strzelecki Ranges. Radiata pine is distributed throughout the forest estate.

### **D. General description of details and objectives of the management plan/system**

Overall, the HVP forest management approach is guided by:

- A general approach to forest stewardship that has been developed by HVPs leaders, with assistance from staff and advisors from the Hancock Timber Resources Group (HTRG);
- Policies and procedures developed and approved by a five person Management Team;
- A Forest Stewardship Management System, or FSMS, that is organized along the lines of an ISO 14001 Environmental Management System or EMS;
- An Occupational Health and Safety System;
- Policy statements and documents in the FSMS that clarify the HVP approaches to multiple issues such as stakeholder interactions, certification, etc.;
- The June 2002 HVP / GRP Plantation Management Plan;
- District-specific Operational Management Plans that represent a new way of organizing and planning forest management activities;
- A series of Best Management Practice documents that guide operational practices related to various key topics such as native vegetation management, timber harvesting, site preparation, operational planning and management, and audit procedures for code and BMP compliance;
- A resource management information and business systems effort that is coordinated at the central level; and,
- Audits implemented on multiple levels including independent internal, shire independent audits, internal staff audits, and external audits such as those necessary for the FSC certification process.
- Regular 6 monthly independent appraisals of the forest including an assessment of the sustainability of the long term harvest plan

HVP has developed the “HVP/GRP Plantation Management Plan” in 2002 that describes their overall objectives and methods of attaining the objectives. In this document, it states that HVP’s overall broad management objective is:

“To deliver optimal value to our investors in a way that embraces and demonstrates Forest Stewardship by continuous development of skills and practices so that we are widely respected as responsible business and environmental managers”;

HVP goes on further to define Forest Stewardship as:

“Establishing, growing, harvesting, and protecting our clients’ forest investments while maintaining or enhancing the environmental and community values associated with the land”.

The plantation management plan indicates that the company will:

“Seek to differentially manage plantations and custodial lands to promote the benefits and manage the issues, with the aim of achieving a balance across the full estate”.

More specifically, HVP lists the following long-term forest management objectives:

- Provide a flow of timber, pulpwood and other forest products within specification and in a timely manner to meet commitments and the requirements of the business plan;
- Maintain site productivity;
- Conserve water quality, wetlands and riparian zones;
- Maintain a balance of plantation age classes;
- Limit adverse aesthetic impacts of plantation operations;
- Maintain or enhance environmental values in the custodial lands;
- Continually improve timber resource and its management through directed research;
- Protect the assets from damaging agents such as fire, insect attack and disease; and,
- Develop and manage good relationships with stakeholders.

Over the medium term, according to the Plantation Management Plan, HVP/GRP will develop district specific “Operational Management Plans” for:

- Strzelecki Ranges,
- Gippsland Plains and Ranges,
- Ballarat,
- Otway Ranges,
- South West,
- Shelley, and
- Ovens/Benalla.

The first Operational Management Plan, being done for the Strzelecki Ranges (covering parts of Traralgon and Yarram Districts) is in a draft form and was put up for review as part of this certification assessment. It is envisioned as a template for future Operational Management Plans for other districts.

An important element in the HVP approach is what is referred to as “custodial lands” – lands to be managed for conservation purposes and with no harvesting, or formally what HVP refers to as:

“Lands external to the plantation forests...which include: areas of native forest and vegetation, roads which exclusively provide access to Custodial land, water bodies and other non-plantation land uses” (from the HVP/GRP Forest Management Plan, 2002).

The custodial land is conserved as a “voluntary effort” by HVP and covers both freehold and land subject to the Plantation Licence granted under the Victorian Plantation Corporation Act. Conservation includes protection, maintenance and restoration of environment values associated with native vegetation. HVP is exploring innovative arrangements that foster increased financial and other support for both conservation and/or sustainable forest management throughout its estate.

### **Environmental and Socio-economic Context**

HVP’s operations occur throughout the State of Victoria. HVP’s headquarters are in Melbourne and there are 12 other regional offices in the state (as listed on HVP website). There are unique operating conditions in each forest district. For example, the South West District is relatively flat or undulating plain with a maritime climate, typically with sandy soils, and pine plantations. Strzelecki Ranges is quite different, with much more challenging operational realities, e.g. with relatively high annual rainfall, many areas with steep slopes, a high percentage of hardwood (i.e. eucalyptus), presence of koala, and greater presence of unstable soils. Though soils and wildlife habitat conditions are different, the challenges of operating in the Strzelecki Ranges are similar in the Otway Ranges. Gippsland Plains and Ranges, Ovens/Benalla, and Shelley are similar to each other in that they all feature a mix of different slope categories (though tending to being more gentle than the Otways or Strzeleckis), generally more stable soils, and higher percentages of pine (versus eucalyptus) plantations.

From an environmental perspective, the Strzelecki and Otway Ranges tend to present higher risk situations, but there are environmental challenges throughout the HVP estate. Virtually all forest management areas have wallabies and kangaroos, and although koalas are widespread across the State the koala management issues for HVP are concentrated in the Strzeleckis. The presence of high proportions of native eucalyptus vegetation, koala and other important wildlife species in HVP estate in the Strzeleckis has created special management challenges for HVP. For this reason, HVP has collaborated with ENGOs and other organizations on a biodiversity study in Strzelecki Ranges that has identified critical core areas (high conservation value forests) for conservation of Cool Temperate Rainforest (an FFG Act listed community), threatened fauna species such as Strzelecki Burrowing Crayfish, large forest owls and possibly the Spot-tailed Quoll, and other important species such as koala. HVP has a voluntary moratorium in place on timber harvesting in the identified core areas of high biodiversity value in the Strzeleckis. In other forest areas, most current plantations are located in areas where there has been more historic land use change, less native vegetation, and fewer (but nonetheless important) wildlife resources. However, it appears to be a trend throughout Victoria that local people are becoming increasingly interested in the maintenance and/or restoration of “biolinks” – vegetated corridors between blocks of native vegetation. Throughout Victoria there is an omni-present concern

about water in terms of water quantity, water quality, protection of water catchments, the impact of forest management on water budgets, etc. There are Catchment Management Authorities throughout the state.

Tourism and recreation increasingly affect both the pressure on forest ecosystems, and perceptions about forest management. In numerous locations (Strzeleckis, Otways, Bright Plantation in the Ovens-Benalla District), there are concerns about aesthetic impacts of forest harvesting and wide ranging opinions about the size of clearcuts, the use of chemicals, and additionally in the Strzeleckis, which tree species should be planted or managed, etc. There is a high degree of recreational pressure on the HVP forest in many regions, ranging from motorbikes and camping to bicycling and trekking. Given that the HVP forest was formerly State-owned, and perceived to be a public resource, the subsequent privatisation of forest management and timber rights (to HVP) has created tension and management challenges for HVP staff. This is particularly true for forest areas in regions with strong tourism importance (e.g., Bright Plantation) or those close to the greater Melbourne urban area (e.g., Mt Robertson).

From an economic perspective, forestry and the HVP plantations in particular is an important activity in all of the rural areas where HVP is present in the state of Victoria. While a small component of HVP production is exported over 90% undergoes value-added processing in rural and regional communities and this is an important generator of economic activity in those communities. Recently there has been a reduction in the level of sawlog harvesting in the native forest on public land by one third, which has placed some upward pressure on expectations of volumes from plantation forestry in the region. Interviews indicate that tourism and recreation are increasing economic forces in the region. Some stakeholders indicated that there is little conflict between forest management and tourism or recreation; others indicated exactly the opposite. HVP staff indicates that recreational pressures are intensifying, with HVP putting in its first gated entries over the past year to restrict motorcycle and all terrain vehicle (ATV) access. HVP staff indicates a growing concern with the management of recreation on their forest estate. Interviews with tourism groups and some shires indicated concerns about the visual impacts of timber harvesting and the potential negative impacts of aerial chemical applications.

From a workers perspective, there are two major union organizations operating within and around HVP: Australian Workers Union (AWU) and the Construction, Forestry, Mining and Energy Union (CFMEU). AWU and CFMEU both actively work with HVP employees (approximately 43 HVP staff are full-time members of one of these two unions).

### **Products Produced and Chain of Custody**

HVP production from its plantations is primarily logs for domestic production of sawn lumber, panel boards, paper products and treated lumber and posts. Other minor production opportunities include grazing, minor forest products and, periodically, in-field chipping. Carbon sequestration rights are also being actively pursued by HVP as a product from the plantation.

HVP's responsibility for chain of custody will be up to the log landing at the harvest site in some cases and to the mill that purchases the logs in other cases. Contractors hired by HVP directly transport approximately 80% of the logs to mills. Contractors hired directly by the mills (that

purchase logs) transport about 20% of the wood from log yards in the forest to the mills. HVP maintains a log docket book for all timber sales. The original of each log docket is maintained at the HVP Regional Office, with copies retained by the mill that purchases the wood, the transport contractor and the harvesting contractor. New “blank” dockets are printed out and distributed each year. The operations that wish to use HVP logs for FSC certified production will have to be chain of custody certified (possible through either individual company certificates or group certifications, for more information contact SmartWood).

**A. Chain of custody certificate**

HVP is being granted a joint FM/COC certificate. Other operations in Australia or elsewhere that wish to use FSC certified products from HVP must have in place FSC COC certification.

**B. Species and volumes covered by the certificate**

**Table 1: Certified Production**

Species	Scientific name	Volume (m <sup>3</sup> /yr)	Product
Blue Gum	Eucalyptus globulus	15,000	Logs
Shining Gum	Eucalyptus nitens	0*	Logs
Mountain Ash	Eucalyptus regnans	255,000	Logs
Radiata Pine	Pinus radiata	3,000,000	Logs
	Total	3,270,000	Logs

\*young plantation only

**C. Description of current and planned processing capacity covered by the certificate**

HVP is a joint venture partner in an export-oriented softwood chipping facility. It has no other processing capacity at this time and it is not foreseen to have any in the near future. Thus no current or planned processing is to be covered under this certificate. HVP delivers log inputs to various mills in Australia and overseas. Approximately 80% of HVP log sales are to mills within the state of Victoria.

**2. CERTIFICATION ASSESSMENT PROCESS**

The HVP assessment is the first forest management certification assessment to be conducted in Australia in the FSC system.

**Assessment Dates**

The vast majority of fieldwork for this assessment was implemented September 3-13, 2002. Other auditing occurred in 2003. Based on inputs received during the scoping (or pre-assessment), stakeholder consultation started before the field part of assessment on August 8, 2002 (first emails with individual stakeholders). Stakeholder consultation continued until the final certification decision. In-detail chronology of the assessment is provided below, in section 2.3, assessment process.

## Assessment Team and Peer Reviewers

The assessment team was made up of the following five individuals:

- **Richard Z. Donovan** – Team leader, MS natural resources management and administration, Chief of Forestry at Rainforest Alliance, 27 years of international field experience in natural resources management and forestry, 12 years of experience in forestry certification; USA national;
- **Gerard Fitzgerald** – Social scientist, MA in social anthropology with approximately 28 years of experience; previous participation on four SmartWood FSC certification assessments and audits in New Zealand and Indonesia; has also worked on FSC assessments of plantation forestry operations with other FSC accredited certifiers in New Zealand; prior experience in Australia on social impact analysis; New Zealand national;
- **David Flinn** – Forester, PhD in forestry and former Adjunct Professor, with approximately 30 years of experience as a forester and a particular emphasis on research on plantation forests in Australia (covering soils, watershed impacts of plantation forestry, silviculture, etc.); strong site specific experience throughout Victoria; participated in development of the draft Australian Forestry Standard; first experience as forest auditor in the FSC system; Australian national;
- **Bill Incoll** – Forester, MS in forestry with approximately 30 years of experience as a forester; site specific, applied forest management experience throughout Victoria and also experience elsewhere in Australia and internationally; experienced forest auditor in Australia using framework developed by private companies and local government (Shires); first experience as a forest auditor in the FSC system; Australian national; and,
- **Stephen Mueck** – Ecologist, MS in environmental science with approximately 20 years of experience as a botanist and ecologist; strong site specific experience throughout Victoria; participated in the SmartWood scoping of HVP; first experience as a forest auditor for a full FSC assessment; separate auditing experience with local government (shires) in Australia; Australian national.

The team was also provided invaluable logistical and technical support by Blair Freeman, a forester working with URS Forestry in Australia.

### Peer Reviewers

Three independent peer reviewers were chosen for this assessment, based on their expertise and understanding of forest plantation management, ecology, and certification processes. Their backgrounds are as follows:

1. Peer Reviewer #1 is an Australian PhD forester.
2. Peer Reviewer #2 is an Australian PhD forest economist and policy specialist.
3. Peer Review #3 is an Australian PhD ecologist.

### Assessment Process

The HVP assessment process began with a scoping (or pre-assessment) activity in 2000. SmartWood undertook this scoping. This involved about a week of preliminary fieldwork and

private (not public) stakeholder consultations by a four-person SmartWood team. A scoping report was delivered to HVP that outlined the strengths and weaknesses of its operations based on the FSC Principles and Criteria, with a special emphasis on identifying preliminary gaps that would need to be addressed if HVP desired to attain FSC certification.

Following the scoping, in early 2002, HVP distributed a request for proposals (RFP) to FSC-accredited certifiers for conducting the full assessment. SmartWood was selected.

In early May 2002, an FSC national meeting occurred during which the SmartWood Regional Manager, Jeff Hayward, and the HVP coordinator for the certification process, Malcolm Tonkin, were able to discuss the planning for the actual assessment.

On July 19, 2002 the public stakeholder briefing notice was sent out to the entire FSC Australia stakeholder list thanks to collaboration with FSC national contact person Tim Cadman. In addition, stakeholder notifications were sent out to other parties indicating interest throughout the subsequent certification process up until completion of the draft report on October 14, 2002.

The first draft version of SmartWood Interim FSC Standard for Australia was sent out to stakeholders on July 29, 2002. It was also posted on the SmartWood website. The second version of the SmartWood Interim FSC Standard was completed on September 5, just prior to fieldwork, and provided to stakeholders on September 6 and the following weeks. The Second Draft was the version of the standard used for the HVP assessment. A subsequent version, Second Draft 2a includes minor editing improvements in the introductory parts of the standard and no changes (other than spelling corrections). The elements of the standard (principles, criteria and indicators) are not different in Drafts 2 and 2a.

The assessment team visited all HVP districts except the Shelley District. The decision not to visit the Shelley District was based on:

- The assessment team was able to get input from Shelley District stakeholders through both telephone and face to face interviews;
- Stakeholder feedback on Shelley District operations was generally positive;
- Technical issues similar to those being confronted in the Shelley District were able to be reviewed by the team in other districts and plantations; and,
- Shelley District is geographically distant and given the time and resources, the assessment team made the decision that, given the relative return on auditor time investment for travel and more visible issues in other districts, it would be more effective to use that time for auditing elsewhere on the HVP estate.

Shelley District would be visited during the first field audit, if HVP becomes certified.

In developing priorities for the site visits by the audit team, the following priorities were considered:

- Based on the scoping visit, it was clear that the most challenging management circumstances would be in the Strzelecki Ranges (all GRP lands and the HVP Latrobe District); thus the team clearly planned to spend a good proportion of time in this region;

- Sites identified by HVP’s own staff as challenging or useful for understanding internal management dynamics; this occurred in all districts visited;
- Sites identified by SmartWood team members S. Mueck and B. Incoll, who had conducted prior independent audits of HVP coupes through either independent HVP coupe auditing or independent auditing supported by local shires; and,
- Visits to as many sites as possible that had been identified by stakeholders as problem areas, e.g. sites noted in verbal or email communication with stakeholders, by reviewing the Hancock Watch website, or through the ENGO stakeholder meeting on September 4<sup>th</sup> in Melbourne.

In practice, the following technical elements have proven to be critical indicators in determining the relative risk of forest operations in the HVP estate:

- Soils characteristics (certain sites have much higher erosion risk than others due to differences in soil features, topography and frequency of high intensity rainfall events);
- Slope (high slope areas present a challenge in virtually all districts);
- Coupe size (though not used to precisely determine our sampling, there were a number of locations where coupe size created special challenges, from stakeholder and biological perspectives);
- Koala habitat (this is a critical issue in the Strzelecki range); and,
- Water catchments (water supply is a critical issue throughout Australia and the implications of timber harvesting, road infrastructure, etc. tend to have high visibility and importance with local communities, water catchments authorities and other public officials).

**Table 2. Summary of Forest Areas Visited by SmartWood Assessors & Key Issues**

<b>District/Plantation Name</b>	<b>Key Issues Reviewed<sup>2</sup></b>
<b>Ballarat District</b>	
Aire Valley Plantation	Watershed management, riparian buffers, seasonal controls on harvesting
Bells Reef Plantation	General management issues
Creswick Plantation	Harvest coupe size, timing of harvests, native vegetation management., visual quality or aesthetics, management of pine wildings
Spargo Plantation	Watershed protection, harvest coupe size, legal implications for catchment protection
Webster’s Hill Plantation	Same as above
Mt. Robertson Plantation	Recreation and public access pressures, impacts on water quality and freshwater fishery
<b>Grand Ridge Plantations (including Latrobe)</b>	Stakeholder concerns regarding conservation of Cool Temperate Rainforest and significant fauna, particularly koala, logging traffic on roads, size and configuration of harvest coupes, watershed protection, road design.

<sup>2</sup> Every site that was visited was reviewed in the context of all FSC Principles and Criteria (and relevant indicators), but most sites were focused on in terms of key issues that had been identified during the scoping activity of 2000 and subsequent stakeholder input.

Compartment 9	Same as above
Contorta	Same as above
Jeeralang Plantation	Same as above and landslips
<b>Ovens/Benalla District</b>	
Bright Plantation	Stakeholder concerns about aesthetics, impact of forest operations on tourism, general forest operations
Croppers Creek Plantation	Implications about the size of riparian protection zones within plantation areas from a soils perspective, restoration of riparian vegetation, chemical use, clearcut size and steep slope logging
Warrenbayne Plantation	Road use and water quality, native vegetation management and wildlife corridors (i.e. biolinks), problems with four wheel drive users and deer hunters
<b>South West District</b>	
Rennick Plantation	Worker and union relations, aboriginal issues and contractor relationships

In early October 2002, the team had compiled the first draft of the report, which was circulated amongst the assessment team for re-drafting and editing (two times) prior to distribution to HVP. The submission of the third draft of the report happened in November 2002. As per every FSC forest management certification assessment, the draft report was open to comment from the candidate operation, for accuracy and findings comments/considerations. HVP worked through the draft report during November and December 2002, and provided detailed comments to SmartWood in January 2003, which required careful consideration by the assessment team and SmartWood staff to produce a fourth version of the draft (in February 2003), which HVP wanted to treat as an interim draft report until the company received SmartWood guidance on two key issues under FSC deliberation: (1) definition of plantations, in the HVP context; and (2) use of FSC-prohibited chemical, Simazine. HVP asked SmartWood not to proceed to peer review until these issues had been resolved. In March 2003, HVP sent its prepared derogation for the use of Simazine to SmartWood to be forwarded to the FSC Technical Committee on Chemicals and in July 2003 the derogation was rejected. In addition, there were certain conditions to certification that the client wanted to review more completely with the original assessment team prior to sending the report to peer review. Due to the long period of time since the original assessment, during which HVP felt it had made progress, HVP asked the team members responsible for forestry and ecological issues to come together in Melbourne to spend a day together reviewing a narrow set of conditions that HVP found unacceptable in the current form, as well as to evaluate whether HVP subsequent actions in the field were sufficient to downgrade pre-conditions to conditions. Based on the provision of additional documented material and reporting on HVP progress, the team members made revisions to conditions and preconditions, which in the main shared consensus between the team and HVP, and which were reflected in the certification report at the time the fifth draft went to the independent peer review.

After SmartWood received the peer review comments in October 2003, the SmartWood team leader and task manager evaluated these comments and some of the suggested improvements to strengthen the report and certification conditions were incorporated into a near final draft version,

which was submitted to HVP in November 2003. SmartWood made minor edits to finalize the report in early January 2003, at which time a decision was issued to certify the company.

## **Standards**

The HVP's certification assessment was conducted using the "SmartWood Interim Standards for FSC Certification in Australia". Two versions of the Interim Standards were distributed during the assessment process. The "First Draft" of the interim standard was distributed to various parties (and made publicly available to all parties) on July 19, 2002. Comments were sought from various stakeholders on this version.

The SmartWood team leader developed the "Second Draft" (or Draft 2), after input was received in writing from the following parties prior to start of the fieldwork:

- 1) Bill Incoll, independent consulting forester and member of SmartWood assessment team (by email dated July 24, 2002),
- 2) John Tredinnick, Principal Consultant with URS Forestry (by email),
- 3) Plantation Timber Association of Australia (by written submission dated August 2002),
- 4) Murray Parrish, Manager-Environment, Carter Holt Harvey Limited (letter submitted by email dated August 27, 2002),
- 5) Hancock Victorian Plantations (by email received August 20, 2002),
- 6) Julie Constable (undated letter transmitted by email on August 13, 2002),
- 7) John Poppins (by email received September 3, 2002), and
- 8) Anthony Amis (written submission given to SmartWood on September 4, 2002).

Some of the comments received above also made observations on the candidate operation, HVP. In addition, we obtained copies of the following documents that were useful in the development of the SmartWood FSC Interim Standard:

- Rainforest Alliance, SmartWood Certification Interim FSC Standard for Assessing Forest Management in New Zealand, Fourth Draft, February 2002;
- Soil Association Woodmark Draft Standard and Checklist for Australia, no date;
- Australian Forestry Standard (Reference Number DR 01249) through the website [www.forestrystandard.org.au](http://www.forestrystandard.org.au);
- Proposed in Principle Framework Agreement on Plantation Certification endorsed by the National Forest Summit, dated April 26, 2001;
- Interim: Plantation Management Position Statement, April 2001 by the Victoria Plantation Management Reference Group (a coalition of environmental non-governmental organizations); and,
- WWF Position Paper: Forest Stewardship Council (FSC) Certification in Australia, August 2002, by WWF Australia.

Stakeholder comments on the SmartWood FSC Interim Standard were as follows:

- Improvements in the wording of specific indicators were recommended to make the indicator more applicable in Australia – Virtually all these comments were taken into consideration in making improvements.
- A concern that the Interim Standard might be used for native forest certification in Australia – As articulated in our latest draft of the Interim Standard (available through [www.smartwood.org](http://www.smartwood.org)), before these standards could be used for native forest certification there would have to be an explicit review of them for applicability to native forests, with more input from stakeholders. We recognize that native forest certification is a subject of intense debate in Australia with different opinions about its applicability within and between the social, environmental and economic sectors.
- Various parties suggested changing FSC Criterion 10.9, which establishes November 1994 as the cut-off date for acceptable conversions of natural forest to plantation – Two comments are necessary. First FSC certifiers cannot change the content of an FSC criterion except for linguistic needs or unless specifically approved by FSC (which is rare). Secondly, though Victorian law actually establishes an earlier threshold allowing conversion, this is only specific to the State of Victoria. SmartWood has developed its Interim Standard for application in all Australian States (not just Victoria). Since the Victoria restrictions on conversion are legal requirements, any candidate operation (including HVP) would have to be in compliance in the FSC system through compliance with laws and regulations (covered under Principle 1 of the Interim Standard).
- Some parties advocated stricter performance requirements, in regards to various issues. Following is how SmartWood handled these suggestions:
  - Chemical Use – Some stakeholders advocated forbidding the use of aerial chemical applications. In general SmartWood is following precedents established in New Zealand and other parts of the FSC system that specifically require a proactive approach to minimizing, and where possible eliminating, the use of chemicals. In future discussions through an FSC initiative in Australia, an Australian working group may choose to propose a stricter approach. However SmartWood did not feel that such an approach would be appropriate at this time without more field experience on the implications from both a practices and auditing perspective.
  - Use of Wood Treatment Chemicals – One stakeholder advocated not allowing any use of certain wood treatments (e.g., creosote or CCA) on FSC-certified wood products. Strictly speaking, FSC chain-of-custody requirements do not forbid the use of chemical treatments, unless they are legally prohibited within the country where they are produced. Of course the use of certain treatments will eliminate their potential use as export products to markets that legally prohibit their use (e.g., CCA and creosote are prohibited in most of Western Europe).
  - Partial Certification – Some stakeholders requested that all FSC-certified operations must put all of their forest operations under assessment and should not be able to put only a portion of their estate under evaluation. The FSC’s formal policy at this time is to allow “partial certification”, but to require strict control of use of advertising or public information so that “greenwashing” or misrepresentations do not

occur. In this particular case it should be noted that HVP is putting its entire forest estate under FSC assessment.

- Harvest Coupe size – Some stakeholders requested that size limitations be put in place for the size of openings in harvest operations. In general the FSC approach does not put quantitative limits on the size of clearcuts, unless there is good science to support such an approach, or there is a consensus amongst stakeholders to do so for other reasons (e.g., aesthetic concerns). SmartWood did not establish a maximum harvest coupe (or clearcut) size in the Interim Standard because we did not feel that such an approach would be appropriate without more research and field experience on the implications of such limits from a forest management and/or stakeholder perspective. However, please note that in relation to HVP, SmartWood has required that HVP more carefully and systematically explore ways to reduce the size of openings, time harvests to reduce the visual and other impacts of adjacent clearcuts, and implement other measures to reduce impacts (e.g., more consistent use of visual buffers). This topic should receive more attention by researchers and the forestry sector in Australia. It would be quite useful to have better technical grounding on the implications of different harvest mosaics from ecological science, social science and other perspectives.

The Second Draft of the Interim Standard was made available to stakeholders on September 5, 2002 and used for completing the field and written analysis for this certification assessment. Thus, the Second Draft is the basis for the HVP forest assessment. Suggestions for improvements in the Interim Standards will be taken into consideration for the next revision of the SmartWood Interim FSC Standard for Australia.

To obtain a copy of the SmartWood Interim FSC Standard for Australia, please contact SmartWood at the Goodwin Baker Building, 65 Millet St., Suite 201, Richmond, VT 05477, tel: (802) 434-5491, fax: (802) 434-3116, Email: [info@smartwood.org](mailto:info@smartwood.org) or visit our website at [www.smartwood.org](http://www.smartwood.org). To provide comments on the current version of the SmartWood Interim FSC Standard, please send them to the same contact above, to the attention of Jeff Hayward, SmartWood Regional Manager for the Asia-Pacific Region.

### **Stakeholder consultation process and results**

The stakeholder consultation activities were organized to give participants the opportunity to provide comments according to general categories of interest based upon the assessment criteria, and in general related to HVP performance. Four different sources of stakeholders were used:

- 1) Stakeholders on HVP's contact lists;
- 2) SmartWood stakeholder list from the scoping and subsequent communications or interactions in Australia (approximately 30 individuals);
- 3) Contacts provided or facilitated by Tim Cadman, the FSC contact person in Australia; and,
- 4) New contacts developed by the assessment team, and through other stakeholders, during the HVP assessment.

SmartWood assessors had direct contact with approximately 150 different individuals during the HVP assessment and attempted contact with another 60 or so. Since numerous stakeholders

became aware of the process indirectly through other stakeholders and email list serves, it is difficult for us to estimate the full number of parties who became aware of the HVP assessment process.

The stakeholder consultation activities implemented include:

- Email communications with multiple stakeholders in all HVP districts;
- Telephone conversations with multiple stakeholders in all HVP districts;
- Face to face interviews with multiple stakeholders in all HVP districts and in Melbourne;
- A general meeting with ENGOs in Melbourne on September 3, 2002; a list of attendees is provided as an appendix;
- Joint field site visits with ENGOs and technical specialists (civil engineer and soil scientist) in the Strzeleckis and a field visit with two ENGO representatives in Ballarat district (Creswick and Spargo plantations); and,
- Unplanned interviews with anonymous stakeholders (e.g. motorcyclists at Mt Robertson).

SmartWood maintained a detailed list of stakeholders, including the method of communication.

Since this was the first FSC assessment in Australia, the scope of the consultation was fairly broad. However, it was also difficult because, though the SmartWood budget for the HVP assessment included stakeholder consultation, the desires of various stakeholders for more time for the assessment process and further more detailed stakeholder consultation could not be responded to as much as might be ideal. FSC certification is also a new phenomenon in Australia and not widely understood. In addition, the FSC initiative in Australia has very limited resources. HVP has been a supporter and contributor to the establishment of a FSC initiative in Australia.

### **Issues Identified Through Stakeholder Comments and Public Meetings**

The table below summarizes the issues identified by the assessment team with a brief discussion of each based upon specific interview and/or public meeting comments.

**Table 3: Stakeholder Comments**

<b>FSC Principle</b>	<b>Stakeholder Comments</b>	<b>SmartWood Response</b>
<b>P1: FSC Commitment/ Legal Compliance</b>	Concern on the part of private and public officials that HVP is not meeting the formal native vegetation conservation requirements of the Victorian Code of Forest Practice (COFP) or the Native Vegetation Retention (NVR) requirements of planning processes. Concerns exist about harvesting of roadside vegetation reserves, insufficient protection of native vegetation within coupes, poor roads and land slippages.	Detailed auditing of this topic occurred throughout the assessment, in all forest districts. Though there are no instances where formal legal actions are currently being taken by government authorities, the SmartWood team did find reason for concern and Shires are proactive on these issues with HVP and other stakeholders. This resulted in a pre-condition, which was subsequently downgraded to a condition in response to corrective actions by HVP, and several conditions that require improvements in HVP policy and practice.
<b>P2: Tenure &amp; Use Rights &amp; Responsibilities</b>	Concern that land being sold to developers or other parties for other uses when such land may represent valuable conservation resource. A desire to see HVP be aggressive in ensuring that land purchasers will take sufficient measures to	A review of the recent and ongoing HVP land sales was conducted. HVP has already received stakeholder input on this issue and is considering actions to ensure that future sales incorporate measures to protect valuable resources. There is a

	<p>protect valuable resources (e.g. native vegetation and koala habitat).</p> <p>There is also significant use of HVP land by motorcyclists and off-road vehicle enthusiasts. These users want access and consider the land public. Other users are concerned about negative impacts (e.g. rutting, noise, etc.). HVP staff are concerned about liabilities for accidents, incompatibility with other activities (e.g. harvesting or more passive recreation), dangers for contractors, etc.</p> <p>Some illegal logging and illegal dumping of rubbish is known to occur, in some places a very consistent problem.</p> <p>In Shelley District, the historic train station and a camping area are on HVP land. Local stakeholders would like to see these areas transferred to government ownership and control.</p>	<p>condition related to this topic that will be audited by SmartWood.</p> <p>Prior public ownership of HVP lands complicates control of this, because users still think the land is public. HVP, Shires and Police do not appear to have a coordinated control strategy. This is a systemic challenge for various parts of the HVP estate. Some districts have begun to put in place gates and other controls. Since this challenge will probably continue to grow in the future, and already is having some current negative impacts, SmartWood issued a condition related to this topic for HVP to develop a more comprehensive and systematic approach to controlling this use, in collaboration with other agencies.</p> <p>The illegal logging issue does not appear to be a major or systemic issue. However, rubbish dumping is a problem and SmartWood is requiring that HVP work with local Shires to be more proactive on this issue. Relatively speaking the impacts from dumping are not large, but as per recreational pressures, these problems can be expected to grow.</p> <p>SmartWood expects that HVP is working with community groups on this issue.</p>
<p><b>P3 – Indigenous Peoples’ Rights</b></p>	<p>A general concern that consideration of aboriginal issues and heritage resources are not receiving sufficient attention and that HVP is not proactive enough in terms of interactions with aboriginal groups or cultural heritage officers in some districts. Also a concern that the timing and length of the FSC/SmartWood assessment was too short to be able to conduct sufficient due diligence with aboriginal interests. More specifically, in the past, there was a belief that important aboriginal sites generally did not occur in mountainous areas (where many HVP plantations are located), but views on this have changed among heritage specialists. Forest areas, especially those with sites, will still have strong associations (ownership and culture) for aboriginal people. There was a concern that HVP needs to be more active in requesting AAV data on the location of known sites and more proactive in communications with Regional Heritage Officers (RHOs), e.g. providing them with notices of harvests, more continuous interaction, more coordination on identification of sites, etc.</p>	<p>SmartWood auditors contacted aboriginal interests and independent specialists in aboriginal issues. Stakeholders indicated no major immediate conflicts, though general concerns about aboriginal rights and resources were manifest, as presented in the stakeholder concerns. In the South West District, HVP is testing a new set of procedures for dealing with aboriginal resources and interests, for subsequent revision and use in other districts. Consistent and detailed treatment of aboriginal issues by the vast majority of Australian forestry operations (or for that matter other sectors) is not strong and certainly needs major improvement. The work that HVP is doing in this regard could have positive implications as an example for other operations in Australia. SmartWood has developed conditions for HVP to complete the initial phase of the Southwest District pilot effort as soon as possible and implement similar efforts elsewhere on its estate. The issue of too short a time for aboriginal consultation during the assessment process is legitimate, but also difficult. SmartWood has made recommendations to both HVP and the FSC national initiative in Australia for taking actions that might help in this process in the future. SmartWood assessors felt that the HVP effort on these issues was acceptable, but strong conditions</p>

<p><b>P4: Community Relations &amp; Workers' Rights</b></p>	<p>The main concerns of local communities:</p> <ul style="list-style-type: none"> <li>• Conservation of natural vegetation;</li> <li>• Size and configuration of harvest coupes (e.g. visual impact and need for aesthetic buffers, location on steep slopes);</li> <li>• Use of aerial chemicals, particularly aerial applications of herbicides;</li> <li>• Noise, traffic and other impacts of logging trucks;</li> <li>• Desire to ensure that HVP's harvest levels are sustainable over the long-term, to ensure continued viability of local, dependent workers and businesses;</li> <li>• Desire to see HVP take a proactive approach to the development of "bio-links" (wildlife corridors) between HVP plantations and protected areas; and,</li> <li>• Desire for HVP to take a more proactive approach to stakeholder interaction, not just sending out notices, but engaging groups and communities with more depth.</li> </ul> <p>From a worker perspective, there is a perception on the part of some contractors and other parties that HVP is "squeezing" contractors on costs – i.e. increasing technical requirements (e.g. occupational health and safety, harvesting controls, etc.) while at the same time keeping payments at the same or a lower level, shorter contracts, etc. According to some stakeholders, this may already have led to high rates of staff turnover at the contractors, a decreased contractor pool, and increased training requirements for contractor staff that may be difficult to meet. Whilst HVP's direct relations with unions are positive, there is concern that contractor relationships with unions are not. Some stakeholders raised issues related not specifically to HVP, but to the forest industry as a whole, e.g. safety and worker fatigue, use of chemicals, etc.</p>	<p>were developed to require improvements.</p> <p>The assessment team specifically and directly addressed all of these concerns. There are conditions (i.e. mandated improvements) and recommendations regarding each and all of these topics. HVP has acknowledged the need for continued improvement in its performance in this regard. SmartWood auditors also observed districts where staff is extremely proactive in their communications with stakeholders and we also saw indications of positive change to address weaknesses, where they exist. It should also be noted that there is conflicting and indefinite information on the value of exotic pine plantations for wildlife habitat or corridors in Australia (with most specialists indicating they have limited value except as a corridor for wildlife from one block of native bush to another, and for watershed protection); thus we suggest this should be a research topic of priority for the future.</p>
<p><b>P5: Benefits from the Forest</b></p>	<p>Some smaller operations would like access to HVP wood.</p> <p>Concern that HVP is not sufficiently focused on watershed and fisheries resource protection.</p> <p>HVP should be more sensitive to the negative visual impacts of its forest operations in terms of tourism in the region.</p>	<p>HVP implements specific log sales for small operators. These are very competitive.</p> <p>This is a complex issue since HVP itself is not the only organization with activities that affect stream and river health. Nonetheless, SmartWood has required that HVP improve the consistency of its protection of riparian areas and has recommended continued collaboration with WaterWatch monitoring.</p> <p>SmartWood has required HVP to more aggressively consider visual impacts in planning coupe harvests.</p>
<p><b>P6:</b></p>	<p>As mentioned in P4, stakeholders were extremely</p>	<p>All of these issues are addressed in the SmartWood</p>

<b>Environmental Impact</b>	<p>concerned about:</p> <ul style="list-style-type: none"> <li>• Conservation of native vegetation and resultant impact on key animal species (e.g. koala);</li> <li>• Size, configuration and timing of clearcuts and impacts on wildlife, visual quality and watershed;</li> <li>• Chemical application, particularly aerial application by helicopter; and,</li> <li>• Need for bio-links.</li> </ul>	<p>conditions and recommendations. See list of conditions for more details.</p> <p>The SmartWood Interim FSC Certification Standards do not require the elimination of aerial chemical application. SmartWood has recommended that this topic receive particularly strong attention during future deliberations by FSC standards developers in Australia.</p>
<b>P7: Management Plan</b>	<p>There is a strong desire on the part of some stakeholders to participate more actively in management planning and monitoring, and for HVP to make more of its planning and monitoring information public, and to provide more information on all chemical use (e.g. types, source and chemical composition, volumes, application rates, etc.). Stakeholders were also concerned that HVP be more proactive on planning in relation to cultural heritage sites, particularly aboriginal sites (as per P3).</p>	<p>SmartWood has indicated to HVP the desire for more information on management planning by stakeholders. HVP has agreed to provide a summary of management planning as per FSC requirements. HVP has also provided some relevant information on management planning and harvest plans on its website and is considering adding additional information.</p>
<b>P8: Monitoring &amp; Assessment</b>	<p>The main stakeholder concerns were that HVP was not sufficiently incorporating the results of monitoring into management planning and making management improvements.</p>	<p>HVP is implementing “Environmental Care” training and developing Best Management Practice (BMP) guidance to improve field performance in general, with a particular emphasis on areas where there have been strong stakeholder concerns (e.g. native vegetation, harvest planning, etc.). HVP senior staff are consistently seeking management improvements, but improvements in consistency at the field level are still needed. SmartWood has indicated the need for improvements as per stipulated conditions.</p>
<b>P9: Maintenance of High Conservation Value Forest</b>	<p>Stakeholders were particularly concerned about the protection of native vegetation as koala habitat in the Strzelecki Ranges. Some stakeholders also would like to see HVP conduct biodiversity analyses, similar to the Strzelecki study, throughout the remainder of its estate.</p> <p>One stakeholder group is advocating transferring part of the HVP estate to establish a national park.</p>	<p>HVP participated in a biodiversity analysis for the Strzelecki Ranges and is voluntarily agreeing to a harvest moratorium in “core” areas identified for biodiversity protection. Though the initial two year moratorium period has been completed, HVP is keeping the moratorium in place as it explores conservation and management opportunities with government and other stakeholders. SmartWood conditions related to P9 require completion of HVP’s actions in terms of managing high conservation value EVC’s in the Strzelecki Ranges, as well as improvement of biodiversity information in all parts of the estate. However, based on stakeholder input and assessments by SmartWood auditors, it is not evident that the other parts of the HVP estate have the biodiversity value at levels similar to the Strzeleckis.</p> <p>There is a wide range of opinions on the potential establishment of a national park in the Strzelecki Ranges. It is not the role of SmartWood certification to preclude or require establishment of a park or strict protected areas. HVP is currently exploring some land transfers for core conservation areas, but this will take time. Most stakeholders argued not for a</p>

		national park, but for enhanced management of native vegetation in the Strzeleckis by HVP, with a particular emphasis on koala habitat.
<b>P10 - Plantations</b>	<p>The key issues were:</p> <ul style="list-style-type: none"> <li>• Size, timing of adjacent cuts, and configuration of harvest coupes;</li> <li>• Impacts on water budgets and balance dynamics within watersheds;</li> <li>• Use of chemicals;</li> <li>• Use of exotic versus endemic species; and,</li> <li>• Protection of native vegetation and in particular riparian zones.</li> </ul>	SmartWood conditions are in place asking HVP to develop an improved and detailed policy on the size, configuration and timing of coupe harvesting. All other topics of stakeholder concern have been dealt with in P6 or through conditions under this principle.

### 3. RESULTS, CONCLUSIONS AND RECOMMENDATIONS

#### General Discussion of Findings

In the following table, HVP's strengths and weaknesses are summarized. Please note that weaknesses are addressed through conditions, which are listed elsewhere in this public summary. Conditions are monitored at a minimum on an annual basis, through on-site auditing.

**Table 4: Summary of Findings by FSC Principle**

<b>Principle</b>	<b>Strengths</b>	<b>Weaknesses</b>
<b>P1: FSC Commitment and Legal Compliance</b>	HVP is generally seen as a positive and responsible forest manager by government at all levels. HVP has taken on the challenge of attaining FSC certification, despite being the largest private forest operation in Australia and faced with the challenges that such size, visibility, and the first FSC certification assessment in the country, can present.	The main concern in the initial stages related to HVP performance in terms of the consistent conservation of native vegetation. This has in part been met by HVP in attending to a pre-condition, however performance will require monitoring
<b>P2: Tenure &amp; Use Rights &amp; Responsibilities</b>	HVP keeps an accurate database of all its lands, and is active in developing new initiatives to improve both the security of its lands, while at the same time allowing appropriate public uses (i.e. those that do not damage the forest resource).	Though HVP land sales are minimal in size, they have occurred in visible areas that can be of conservation importance. HVP needs to develop stronger control to foster continued levels of conservation protection when it sells lands. HVP, as the manager of a forest estate that was largely public before, faces huge challenges in controlling recreational uses on its lands. A more concerted estate-wide approach for managing recreation is needed.
<b>P3 – Indigenous Peoples' Rights</b>	HVP is developing an innovative approach to identifying and managing sites that are of aboriginal importance. HVP is also attempting to develop a thoughtful approach to aboriginal relations, at a time when there are diverse expectations and changing circumstances in terms of civil society's expectations in this regard.	Though there are promising actions, HVP has not been consistently proactive across its complete forest estate, in addressing these issues. Though this is a very complex issue that requires a cautious approach, more proactive identification of sensitive sites and liaison with aboriginal interests is needed.
<b>P4: Community Relations &amp; Workers' Rights</b>	In general HVP appears to have positive relations with its employees, contractors and local communities. Four-fifths of HVP's logs are processed within the region, and HVP places high importance on company involvement in local communities. HVP's evolving Environmental Care training program could be seen as a model for forest industry, in addition to its work on Best Management Practices (BMPs). The HVP website is playing a promising role in information dissemination on HVP's operations – one that if more aggressively used could play a major role in improving stakeholder relations and understanding.	HVP faces strong community concerns in regards to its management of plantations in the Strzelecki Ranges, in particular. Key concerns being addressed include conservation of native vegetation and koala habitat; clearcut size and configuration, and overall planning of harvest coupes; log truck traffic and impacts on neighbours, use of aerial chemical and chemicals in general, impacts on water catchments and general stakeholder understanding of HVP's management planning and implementation. HVP's approach to stakeholder interactions is sometimes too reactive, not systematic, and inconsistent. HVP's current restructuring of contractor relations is causing insecurity at multiple levels for contractors, from training, equipment investment and general income perspectives.
<b>P5: Benefits from the Forest</b>	HVP actively is considering all forest uses, and how those various uses may increase benefits to local	The main challenge for HVP is to improve its consistency in the protection of riparian zones and

	<p>communities, the state of Victoria and HVP as a company. HVP is a leader, along with HTRG, in considering the potential value of forestland as a carbon asset (though this is clearly controversial with some stakeholders). HVP is exemplary in the degree to which it fosters the local processing of forest products, focusing on providing timber to multiple timber processors and types of uses. Though there were a few cases observed where log utilization could have been improved, in general HVP appears to do an excellent job in this regard. HVP does very detailed independent assessments and audits of its forest estate in general and timber production levels. In general, though some improvements in inventory control and analysis are needed, HVP appears to be managing its estate on a sound basis in terms of sustainable yield of wood products.</p>	<p>native vegetation, to improve water quality.</p> <p>It appears from our analysis that HVP’s overall sustainable wood production projections are generally well done. Multiple stakeholders (including contractors, environmental groups and local development authorities) are, however, concerned about the sustainability of HVP’s wood production over the long-term. As per Principle 4, this concern is an indicator of a lack of consistent, proactive and systematic stakeholder interaction and HVP needs to do more in terms of issues related to sustainable yield management across the HVP forest estate.</p>
<b>P6: Environmental Impact</b>	<p>HVP has a very good forest stewardship management system (FSMS) that documents local, state, national and international legal requirements, and appears to be on a constant upward projection in terms of its comprehensiveness and effectiveness. HVP has participated positively in regional multi-stakeholder environmental assessments. The following are seen as very positive developments at HVP: the existence of knowledgeable and proactive Stewardship staff, the development of BMPs, the Environmental Care training program, clearer policy directives, and pilot initiatives to control the negative environmental impacts of recreation and inventories of conservation assets on custodial lands and other parts of the the forest estate. There are excellent, recent examples of vegetation restoration. HVP is sensitive to opportunities for establishing “biolinks” between forest areas and protected areas. Since HVP’s purchase of the Victorian Plantation Corporation’s (VPC) assets, the quality and detail of HVP approach to forest stewardship, in planning and practice, has had major improvements, due to inputs from both HVP staff in Australia and from Hancock Timber Resources Group (HTRG).</p>	<p>The strong systems development at HVP is not consistently mirrored in practice. Though HVP is a positive performer on environmental issues, there are inconsistencies in the implementation of the HVP forest stewardship approach across its estate. Field performance is generally good, but field observations indicate that HVP’s training and systems development has not yet been in place consistently or long enough to ingrain it in the perspectives and actions of all staff and contractors, across the entire estate. Conditions were issued to address areas for improvement of HVP management of native vegetation in harvest areas, control of <i>Pinus radiata</i> wildings, protection of riparian zones, and consideration of water catchments. HVP’s acquisition of GRP’s assets has caused some strain in terms of ensuring consistency in environmental performance, though there are positive signals and initiatives in place to address weaknesses (some of them very recent). Finally, HVP should communicate more consistently with conservation organizations and local stakeholders on opportunities for increasing conservation benefits of forest management through biolinks and other measures that reduce pressure on animal populations.</p>
<b>P7: Management Plan</b>	<p>HVP has developed an overall Plantation Management Plan and is developing new and more detailed/comprehensive Operational Plans for all districts. The FSMS is well organized and fairly comprehensive, and the general level of documentation on HVP’s approaches to forest stewardship is very good. The HVP participation in the Strzelecki Biodiversity Study was an extremely positive initiative that, if a similar approach is followed throughout the HVP estate, would have major positive implications for stakeholders and</p>	<p>Stakeholder and social inputs into HVP’s planning need to be increased, in comparison to forestry, economic and environmental inputs. Despite the development of more specific guidance on native vegetation management, HVP’s efforts need to continue to improve given the nature of the challenge and the importance of it to stakeholders and biodiversity conservation. Though HVP’s philosophy, as manifest in the planning, clearly indicates a commitment to positive stakeholder relations and the use of stakeholder inputs for</p>

	conservation assets. Through BMPs and Environmental Care training, HVP is increasing the quality of its training and orientation for staff, contractors and, in some cases, other stakeholders.	planning and management improvements, it is not clear that information on social dimensions is consistently used at the same level of intensity, throughout all districts, to improve management.
<b>P8: Monitoring &amp; Assessment</b>	HVP has begun implementing a well-designed system of internal, independent audits. HVP is also coordinating with Latrobe and Wellington Shires on the development and continuous improvement of a coupe level independent auditing methodology. In some districts, HVP staff has been very proactive, in particular on water quality monitoring. Thus there are indications that these efforts are becoming the norm within HVP.	HVP's monitoring of social and aboriginal dynamics, and its use for management improvements, needs attention. The biodiversity assessment and monitoring initiatives in the Strzelecki Ranges are not mirrored in other districts (perhaps understandable because HCVF values and stakeholder tensions are not as high), but this should be addressed in the future.
<b>P9: Maintenance of High Conservation Value Forest</b>	HVP collaborated as part of the Strzelecki Working Group on a study to identify high biodiversity value assets in the Strzelecki Ranges. Given the presence of koala and threatened species, and the pressure on forest resources from multiple sources, this effort is crucial. HVP has indicated its commitment to stakeholders in terms of the conservation of core areas and threatened species in the region. HVP has committed to mapping EVCs on all its custodial lands within 5 years as an initial step in the inventory of biodiversity on its estate. HVP has also taken important steps to begin monitoring of HCVF values. HVP has donated land to conservation groups.	HVP has not systematically assessed HCVF values throughout its estate, though it has done so in the part of its estate most highly regarded by conservation specialists (the Strzelecki Ranges). Based on input during this assessment from ecological and social experts, it appears unlikely that other districts contain areas considered as important HCVF areas as the Strzeleckis. HVP needs to ensure that more comprehensive biodiversity assessments are gradually implemented in the other districts. There is also a need for stronger monitoring of HCVF values in the Strzeleckis, though HVP has already taken some positive steps in this regard.
<b>P10 - Plantations</b>	HVP is planting endemic and exotic tree species that are, in general, well adapted to their sites. HVP has a system of "custodial lands" (i.e. protected areas and conservation zones within harvest coupes) that are maintained in, or in the process of being restored to, native vegetation. HVP is monitoring the work of various organizations on native tree species reforestation, as well as implementing native tree species reforestation using various Eucalyptus species. HVP is attempting to control invasive exotics, both <i>Pinus radiata</i> wildings and other non-plantation species vegetation.	Though HVP has a clear policy that it will not convert native vegetation to plantations, the conservation of native vegetation in harvest coupes is an area where HVP must give particular consideration. Also, though it is difficult and time consuming, HVP also needs clearer policies and more consistent action in terms of boundary marking of plantation areas. HVP should expeditiously finish its analysis of past plantation areas to definitively determine where plantation versus protection forest will remain. HVP needs to intensify its soils assessment approach, particularly in areas with unstable soils and geology, and more effectively use such assessments to improve the design and implementation of harvest coupe size, configuration and cut scheduling, in order to reduce environmental and social impacts. Some improvements are necessary in the control of invasive exotics, both <i>Pinus radiata</i> wildings and other non-plantation species vegetation.

### Certification Decision

Based on a thorough field review, analysis and compilation of findings by this SmartWood assessment team, HVP is recommended to receive joint FSC/SmartWood Forest Management and Chain of Custody (FM/COC) Certification upon acceptance of the conditions listed below.

In order to maintain certification, HVP will be audited annually on-site and required to remain in compliance with the FSC principles and criteria as further defined by regional guidelines developed by SmartWood or the FSC. HVP will also be required to fulfil the conditions as described below. SmartWood auditors will review continued forest management performance and compliance with the conditions described in this report, annually during scheduled and random audits.

## Pre-Conditions and Conditions

Following are the Pre-Conditions and Conditions related to HVP's certification. **Notes regarding the compliance of pre-conditions are included below:**

**Precondition 1.4** – Prior to certification, SmartWood must either receive an approved derogation from the FSC on the use of Simazine on HVP forests, or HVP will have to cease use of Simazine in order to be FSC certified.

[The derogation for the use of Simazine in Victoria, issued on November 3, 2003, has resulted in the following guidance from FSC, which as per new Condition 6.6.1, must be met by HVP:

Simazine may be used in Victoria, Australia, for the residual pre-emergent control of grass and broadleaved weeds in Eucalypt plantation establishment, until September 2006, subject to the following requirements:

1. A 'Pesticides Advisory Group' which consists of technical advisers and which has the support of key FSC stakeholders in Victoria and environmental, social and economic members of the interim Australian NI shall be established by the FSC Australia Contact Person prior to any application of Simazine by FSC certificate holders.

2. The role of the Pesticides Advisory Group shall be to provide guidance on the conditions attached to this derogation, and to review the results of monitoring carried out by certification bodies of certificates applying the derogation. Certificate holders shall make all necessary information available to members of the Advisory Group to allow them to meet these objectives.

3. Until the Pesticides Advisory Group gives clarifying guidance, there shall be no application of Simazine in domestic supply water catchments.

4. Simazine shall not be applied on sites with conditions in which Simazine can move off-site or accumulate in water courses. Until the Pesticides Advisory Group gives clarifying guidance, there shall be no aerial application of Simazine in certified operations.

5. Where Simazine is used there shall be buffers around the edges of sites and along drainage lines to ensure there is no spray drift, contamination of waterways, or off-site impact on native vegetation.

6. The Pesticides Advisory Group shall provide specific guidance to be followed with respect to:

6a. pre- and post- application monitoring of water courses, buffers, native vegetation and soils in catchments where Simazine is applied;

6b. determination of sites, soils and catchments where it is not appropriate to apply Simazine;

6c. the use of alternative chemicals that are not on the FSC prohibited list and have a lower risk of negative on- and/or off- site environmental impacts;

6d. determining the "trigger value" for Simazine and procedures to be followed when monitoring shows the trigger value has been exceeded or when Simazine is detected in waterways;

6e. appropriate application methods, in particular under what, if any, circumstances aerial application is acceptable; and,

6f. appropriate controls under which Simazine may, if at all, be applied in domestic water supply water catchments.

7. The policies and procedures of certification applicants shall be evaluated and confirmed by the certification body prior to the issue of a certificate.]

**Original Pre-Condition 6.10.1:** HVP is to revise its BMP on Native Vegetation Management and improve its native vegetation management practices to ensure that HVP actions are in complete agreement with legal requirements and ensure more effective and consistent conservation of native vegetation. Through field auditing, HVP operations is to demonstrate more consistent compliance with this BMP, legal requirements and generally more consistent implementation of native vegetation conservation practices.

[The team members that met with HVP on July 21, 2003 reached consensus after review of HVP BMPs that the company has revised these to the extent required by the pre-condition and that the original pre-condition should now be removed, replaced by condition 6.10.1.]

**Precondition 10.9.1:** HVP is to provide to SmartWood in writing a commitment not to complete the conversion of areas of native forest cleared by APP but not planted to plantation eucalypts as of September 2002. HVP is also to provide a clear and appropriately scaled map of the areas concerned.

[In response to the draft pre-condition, HVP clarified actions that had taken place both prior to and after HVP (through GRP) took ownership of the degraded native forest areas. Both forest areas had been designated as plantation areas at the time that HVP purchased them from APP. One six hectare block has been designated for protection as a "custodial land", i.e. protection forest as per HVP/GRP normal operation procedures. The other degraded forest area block (6 hectares also) had already been managed as a plantation with site preparation and other related management activities. SmartWood accepted these clarifications and has removed the precondition based on the following factors:

- The history of the 2 tracts as already degraded forest areas;
- Their relatively small size;
- The fact that the local stakeholder advisory group is in agreement that, based on the purchase agreement with APP and subsequent discussions with stakeholders, there was agreement that both of these forest areas were plantation areas; and,
- HVP's intent and action to date demonstrates that it does not clear forest (as SmartWood auditors witnessed in the field), that will be further reinforced through the native vegetation policy which will be further improved by HVP (it has already been reviewed by SmartWood auditors), and is to be improved as per Condition 10.9.1.]

The conditions below resulted from a process that included initial drafting by the assessment team and comment from peer reviewers and HVP. Note: In the number of the conditions, the first two digits refer to the criterion within the FSC P&C for which the condition was issued first and foremost, while the third digit indicates the numbering of sequential conditions within a criterion.

**Condition 1.1.1:** Throughout the period of certification, HVP is to ensure that special precautions for water catchment management are systematically incorporated into the HVP Register of Legal Obligations

and Company Policies of Environmental Management and mapping/planning for all forest management operations throughout the HVP forest estate.

**Condition 1.5.1:** By the end of Year 2, HVP is to review the security arrangements for its forests and, in consultation with shire councils, law enforcement officials, and relevant stakeholders, develop a strategic, estate-wide approach for controlling unauthorised activities in its forests. Activities that require action include on and off-road motorcycling and recreational four wheel driving, and shooting. Measures that might be considered include: a targeted public information campaign advising of HVP's policies and rules regarding use of the forest, direct consultation with relevant user groups (where they can be identified), increased signage at forest entry points, greater use of gates, and targeted patrols.

**Condition 2.1.1:** Throughout the certification period, prior to any sale or exchange of freehold plantation or custodial land, as part of a land rationalisation program, HVP is to conduct an environmental assessment using existing information including EVC mapping, on the land in question. In cases where environmental values equal to or greater than bio-regional conservation significance are encountered, HVP shall seek to protect key environmental values by providing the purchaser and relevant local government authorities with the conservation data it has available on the land. If any lands subject to the 8 Point Agreement with the Friends of the Gippsland Bush are to be sold, HVP will seek to have key environmental values protected by arranging a covenant or a similar environmental protection measure on the relevant land.

**Condition 3.2.1:** By the end of Year 3, HVP is to finalize its system for liaison and consultation with relevant Native Title claimant groups and Aboriginal communities in order to: a) enable the company to more consistently identify any aboriginal customary or traditional rights over resources on its estate; and, b) enable such groups and communities to consistently give input to the company's management and operations plans. HVP will report annually on progress to SmartWood up to the time of finalization.

**Condition 3.3.1:** By the end of Year 2, with regard to the protection of sites of cultural, ecological, economic or religious significance to Aboriginal people, HVP will:

- a) Provide approved training in sites identification to field staff; and,
- b) Modify the HVP operations planning process and related documents to ensure that prior to operations that might disturb the land or its resources, HVP staff inspect the operational area for the presence of aboriginal cultural heritage sites; and,
- c) Ensure that HVP staff and contractors consistently protect such sites.

**Condition 4.1.1:** By the end of Year 1, HVP is to develop and implement a company-wide plan for the training of district managers and foresters in community and stakeholder communication and liaison.

**Condition 4.2.1:** By the end of Year 2, HVP is to:

- a. Undertake a review of its operations planning procedures and contract conditions to ensure occupational health and safety policies for each type of operation are made explicit in all contracts (or attachments thereof), and,
- b. Review its OH&S inspection and reporting procedures for contractors and institute a system of incentives for compliance with OHS requirements and disincentives for non-compliance.

**Condition 4.4.1:** By the end of Year 2, HVP is to revise planning and management procedures to improve communication with stakeholders regarding operational changes that will have social impacts on contractors, communities and other directly affected stakeholders. This might include:

- An improved system for assessing social impacts (including contractor performance, local road use), using stakeholder consultation during planning;

- A more effective system for advising communities and key stakeholders of planning activities and upcoming forest operations; and,
- Stakeholder consultation as part of the HVP internal coupe compliance auditing system.

**Condition 4.4.2:** By the end of Month 6, in direct consultation with neighbours, local communities and other relevant stakeholders in the Strzelecki Ranges, HVP is to:

- Conduct a review of ongoing safety, noise and other issues and impacts relating to its haulage and harvesting contractors' use of public roads in the Strzelecki Ranges;
- Develop and implement a specific set of guidelines for planning and conducting road haulage on these and other similar road systems; and
- Develop and implement a more effective and stringent programme of monitoring and controlling contractor behaviour with regard to road use.

**Condition 5.5.1:** By the end of Year 1, HVP must review its policy on clearcut size, configuration and distribution, and produce a strategic plan that reinforces a commitment to reducing watershed impacts, in all likelihood representing a reduction in clearcut size (with the largest potential reductions occurring in high risk watersheds such as the Strzelecki Ranges), more use of mosaic cutting at the sub-catchment level, and a priority for rapid vegetative re-establishment on steep, high erosion risk sites (see also criterion 6.5).

**Condition 5.6.1:** By the end of Year 2, HVP is to review the factors influencing accuracy of the long-term yield prediction process and provide a program to more definitively quantify and correct factors affecting it. Continual improvement of yield predictions should continue so that total volume production from coupes, when averaged on a District basis, should be consistently unbiased and within  $\pm 10\%$  of actual product out-turn.

**Condition 6.1.1:** Throughout the certification period, the process of inventory and mapping the ecological resources within the HVP estate should continue at the proposed rate (i.e. covering 20% of the estate per annum). This process should be complemented with inventory surveys over a range of seasons, with a program for surveys to be defined for all custodial lands and initiated in at least one district.

**Condition 6.2.1:** By the end of Year 1, HVP is to put existing data on the distribution of significant environmental values (e.g. vulnerable or threatened species and communities) on all coupe plans, prior to their implementation. The Threatened Species BMP is to be finalized and put into practice.

**Condition 6.3.1** – By the end of Year 5, HVP is to identify the distribution and extent of environmental weed species throughout its estate, on both production and custodial lands, and as part of a regionally based plant management strategy. Work to eliminate environmental weed species (including wildings) is to commence in Year 1 in the HVP forest district selected by HVP as having the greatest weed problem and highest conservation priority (i.e. linked with the EVC mapping project). All of the 7 forest districts to be completed by the end of Year 5. Implementation of a program for better control of environmental weeds is to commence immediately.

**Condition 6.5.1:** Starting in Year 1, and continuing through the certification period, HVP will:

- Define and implement a practical definition of sensitive waterways, with input from interested stakeholders.
- Develop a coordinated, strategic plan for the identification, and protection where necessary of sensitive waterways (primarily based on erosion risk and water values) throughout the HVP estate, including a thorough analysis at an estate-wide level to identify priority sites.
- Harvest pine trees in buffers where they occur (but continue to protect intact native vegetation) and allow regeneration of native vegetation to occur, in sensitive waterways. This regeneration is to be

assisted by planting of native vegetation or other means where necessary to provide effective ground cover. The intention is that sensitive waterways will have stable undisturbed native understorey vegetation that is to be protected from damage during harvesting in subsequent operations.

- Modify relevant BMPs to increase filter and buffer specification for sites where soil stability requires it.
- Conduct staff training procedures to discuss the impacts of the increase in soil water levels that follow clearfelling. This may require more careful estimation of stream class and wider buffers around swampy areas.
- Annually report on, and demonstrate progress in, implementing the above activities.

**Condition 6.6.1:** Throughout the certification period, HVP is to abide by the requirements of the November 3, 2003 derogation from FSC on the use of Simazine.

**Condition 6.6.2:** By the end of Year 1, HVP is to provide more information on the source, composition and amounts of all chemicals used. Summary information is to be provided, upon request, to interested parties including local government agencies, local residents and other interested parties so that they are better informed on chemical use across the HVP estate and at the forest management unit level.

**Condition 6.6.3:** By the end of Year 1, HVP is to increase the intensity of stream water sampling following aerial spraying of herbicides to include significant ephemeral streams flowing from treated areas.

**Condition 6.10.1:** By the end of Year 1, HVP is to incorporate effective monitoring of the Native Vegetation BMP into the Environmental section of the Monitoring & Reporting Register (see Principle 8.1). Through field auditing (monitoring), HVP is to demonstrate consistent compliance with this BMP and consistent implementation of native vegetation conservation practices.

**Condition 7.1.1:** By the end of Month 6, a more detailed summary of the Forest Management Plan is to be made available to the public, including identification of the BMPs used in forest management activities and maps indicating the location and status of HVP land.

**Condition 8.1.1:** By the end of Year 1, HVP is to rationalize the existing monitoring initiatives into one procedure that clearly lists objectives, targets, indicators (quantitative where possible), and the process to be used to incorporate the results of monitoring into operational practices.

**Condition 9.1.1:** By the end of Year 1, HVP is to develop an explicit written conservation strategy for high conservation value Ecological Vegetation Classes (EVC) and high conservation value wildlife habitat throughout its estate that specifically addresses each bioregion and has been subjected to scientific peer review.

**Condition 9.1.2** – Throughout the certification period, HVP will join with State Government programs to monitor the incidence of myrtle wilt in cool temperate rainforest on HVP estate.

**Condition 9.3.1:** By the end of Year 1, HVP is to incorporate consideration of high conservation value EVCs and wildlife habitat into the Management Plan Summary.

**Condition 9.4.1** – By the end of Year 2, HVP is to have determined, with input from State Government and interested local community groups, a shortlist of species that can be realistically and practically monitored as an index of diversity and ecosystem health in HVP's custodial lands in the Strzelecki Ranges and the Gippsland Plain. The results of HVP's various biodiversity monitoring programs will be provided to SmartWood on an annual audit basis.

**Condition 10.1.1** - By the end of Year 1, and/or prior to publication of the Plantation Management Plan, HVP is to modify the plan objectives to incorporate a direct reference to the protection of threatened species and communities.

**Conditions 10.2.1:** By the end of Year 2, HVP is to develop a strategy to maintain and/or enhance habitat continuity within its estate and between its custodial lands and adjacent native vegetation.

**Condition 10.3.1** – By the end of Year 1, HVP is to add to the harvesting BMPs consideration for buffers to reduce visual impact, taking safety and other factors into account.

**Condition 10.6.1:** By the end of Year 2, HVP is to complete a peer-reviewed analysis of its watershed management activities that presents a refined erosion hazard assessment procedure. This fine-tuning of the current system may lead to a regional assessment approach that takes account of local soil, rainfall, topography and other conditions.

**Condition 10.7.1:** By the end of Year 2, HVP is to undertake a strategic, estate-wide analysis (based on Integrated Weed Management principles) of weed management options. This analysis should, inter alia, take account of anticipated weed infestations, topography, and contractor availability, scale of operation, and watershed /environmental issues. The resulting strategic plan should identify priority regions where aerial application should be focused and an on-going commitment to exploring alternative techniques to aerial application and to stream water-monitoring program in areas subject to aerial application (particularly aerial spraying). (Note: The Pesticides Advisory Group organized for FSC should provide specific guidance on appropriate application methods including aerial application.)

**Revised Condition 10.9.1:** By the end of Year 1, HVP is to have in place a policy and plan related to the regeneration of native vegetation on areas previously cleared and which have not been planted to plantation species, as per the 8-point agreement with the Friends of the Strzeleckis. The policy should be developed in consultation with stakeholders such as the Friends of the Gippsland Bush and other directly interested or affected parties.

In addition, SmartWood advanced numerous non-binding recommendations to HVP within the confidential findings of the report.

**SmartWood Certification Monitoring Audit Addendum to the Public  
Summary for Hancock Victorian Plantations Pty. Limited;  
SW-FM/COC-1128**

## **Audit Process**

**A. Audit year:** 2004

**B. Dates of Audit:** June 16-18, 2004

**C. Audit Team:**

- Richard Z. Donovan – Audit Team Leader & forest certification specialist, MS in natural resources management & administration with approximately 30 years of experience, applied forestry experience in tropical and temperate forests, auditing experience in natural forests and plantations in approximately 30 countries; USA national.
- Bill Incoll – Forester, MS in forestry with approximately 30 years of experience as a forester; site specific, applied forest management experience throughout Victoria and also experience elsewhere in Australia and internationally; experienced forest auditor in Australia using framework developed by private companies and local government (shires); Australian national.
- Stephen Mueck – Ecologist, MS in environmental science with approximately 25 years of experience as a botanist and ecologist; strong site specific experience throughout Victoria; participated in the SmartWood scoping and full assessment of HVP; separate auditing experience with local government (shires) in Australia; Australian national.

**D. Audit Overview:**

On February 10, 2004, SmartWood announced the FSC certification of HVP/GRP. The original forest assessment of the estate had taken place in September 2002, nearly 18 months before the time of the current monitoring audit. As SmartWood had not audited HVP/GRP to either general or specific FSC compliance since September 2002, we determined that a special monitoring audit was necessary. The early timing of this audit was also due to a number of stakeholder complaints arising after the certification decision. These included concerns about current forest practices and also “new evidence” (as stated by stakeholders) on issues that stakeholders believed were insufficiently addressed by the SmartWood assessment team during the assessment.

This monitoring audit consisted of the following activities:

- Audit team held meeting with HVP/GRP to discuss key issues related to the audit with senior management of HVP, including, Malcolm Tonkin, Kevin White and Steve Pollett, at HVP headquarters in Melbourne;
- An open public meeting for environmental and social stakeholders on June 16 lasting approximately 1 ½ to 2 hours, convened at a meeting space at the offices of the Australian Conservation Foundation in Melbourne;

- A private meeting with Julie Constable and Kim Devenish on June 16, lasting approximately 3 hours, to discuss a series of complaints submitted in writing, to review some of the more ongoing detailed material they have gathered related to HVP, and to discuss an initiative to establish further protected areas;
- On-site field visits by 2 auditors (Donovan and Incoll) to various sites where local stakeholders have concerns, accompanied by 3 local stakeholders and various HVP staff (both headquarters and regional);
- Face-to-face interview with an environmental specialist at a local shire in the Strzelecki region; and,
- Various telephone interviews with interested/concerned stakeholders.

**E. Sites Visited:**

1. **Ryton Junction** - A eucalypt plantation coupe that was recently completed. The coupe was small (2-3ha), situated on the crest of a small ridge. Issues discussed include:
  - Stream buffer boundaries and HVP/GRP Best Management Practices (BMPs).
  - Cartage access to the landing and the Grand Ridge Rd and vertical batters;
  - Felling of trees into an exclusion area; and,
  - The opening of an old track for use by machinery and crossdrains.
2. **Grand Ridge Rd/Minnotti's Rd.** – HVP/GRP road reserve policy and practice on Shire roads.
3. **Bird Track** – A recent pine coupe on erodible soil types including Jeeralang loam, Boolarra loam, and Flynn sand. The following issues were discussed at these sites:
  - Practices for protecting soil values;
  - Burning of slash heaps, drainage lines protection/practices & soil erosion;
  - Cross drains on extraction tracks;
  - Stream crossings, protection of stream vegetation and post-harvest activities after coupe completion;
  - Soils, particularly Jeeralang loam, and susceptibility to tunnel erosion;
  - HVP/GRP policy and practice on intrusions into areas marked for exclusion on the coupe plan; and,
  - Policy and practice related to culverts on constructed roads within coupes.

**F. Personnel Interviewed:**

The following people were consulted during this audit:

<b>Person interviewed</b>	<b>Position/Organization (if any)</b>
<b>HVP/Grand Ridge Plantations (GRP) Staff</b>	
Appleton, Richard	Stewardship Forester, GRP
Gatt, Simon	GRP
Hogan, Ken	District Forester, GRP

Kirby, Dan	District Forester, GRP
Pollett, Steve	Manager Environmental Management Systems, HVP
Sandeman, Ian	General Manager, GRP
Tonkin, Malcolm	Manager Environmental Services, HVP
White, Kevin	Chief Executive Officer, HVP
<b>Other Stakeholders</b>	
Amis, Anthony	Friends of the Earth (Australia)
Anderson, Tim	Wombat Forest Society
Barber, Greg	Australian Wilderness Society
Constable, Julie	SOS Save Our Strzeleckis Forest Coalition
Devenish, Kim	SOS Save Our Strzeleckis Forest Coalition
Duclos, Loris	Wombat Forest Society
Hesketh, Lindsay	Australian Conservation Foundation
Morsink, Theo	Friends of Gippsland Bush (FOGB)
Poppins, John	Environment Victoria
Rae, Michael	World Wide Fund for Nature (WWF) Australia
Rankin, Chris	Environmental Officer, South Gippsland Shire
Roberts, Kevin	Environmental Officer, Latrobe Shire
Ward, Marcus	Cobaws community group
Wilson, Frances	FOGB
Zent, Susie	FOGB

**G. Documentation reviewed:**

- HVP/GRP “Forest Stewardship & Health and Safety Management Systems, Native Vegetation Management Policy”, draft with no date.
- HVP/GRP “Forest Stewardship & Health and Safety Management Systems, Rainforest Policy”, draft with no date.
- HVP/GRP “Forest Stewardship & Health and Safety Management Systems, Procedure for Management of Rainforest on Company Land”, draft with no date.
- HVP/GRP “Forest Stewardship & Health and Safety Management Systems, Operating Standard for the Protection of Rainforest on Company Land”, draft with no date.
- HVP/GRP “Cool Temperate Rainforest Field Guide”, prepared for GRP by Judy Alexander, November 2002.
- HVP/GRP “Guidelines for Planning and Conducting Road Haulage”, draft June 2004.
- “The Strzelecki Biodiversity Cores & Links Proposal, Maintaining basic ecological services in the Strzelecki Ranges by reserving a minimum “last resort” for biodiversity in the higher elevations, A briefing paper by Latrobe City, South Gippsland Shire and Wellington Shire”, May 2004.

- HVP/GRP Timber harvesting plans for some of the coupes visited (but not all).
- Summary of 03 Audits, prepared by Forest Essentials (independent coupe audits of HVP/GRP).
- Information from the Friends of the Earth Australia website.
- Various documents (maps, newspaper articles, etc.) presented to the audit team by Kim Devenish and Julie Constable regarding the historical record on plantation development and management in the Strzelecki Range and an initiative to establish a National Park in the region.

## **1.2 General Audit Findings and Conclusions**

This monitoring audit was initiated by SmartWood based on concerns raised by stakeholders during the period after the first assessment field work was completed and the announcement of the certification. HVP agreed to the audit after discussions with SmartWood Asia-Pacific Regional Manager Jeff Hayward.

The audit did not focus on the status of HVP/GRP efforts to address all current certification conditions, as these were not due for auditing and most had timelines for completion at the end of 12 months, which means such conditions will be addressed at the first annual, regular audit of HVP/GRP tentatively scheduled for February 2005. However, some observations on current conditions have been made by the auditors. HVP/GRP provided SmartWood with some documents that are interim products of ongoing company processes to address conditions. (See HVP/GRP documents above). None of these documents were fully reviewed, but they did provide an indication of some of the progress HVP/GRP had made in meeting conditions.

The audit visit only included field work in the Strzelecki Ranges. Thus it focused primarily on areas of concern raised by some stakeholders, particularly the level of stakeholder consultation, forest practices, adherence to Best Management Practices (BMPs), especially rainforest buffers, and forest conservation activities in the Strzelecki Ranges.

The SmartWood audit team summarized its observations with respects to areas of HVP/GRP weakness and/or accomplishment to the following categories:

### **Stakeholder consultation**

The audit raised examples of where HVP's approach on stakeholder interactions needs improvement.

- Local Government Authorities (LGAs) in the Strzelecki, characterized GRP stakeholder consultation as having improved over the last two years, i.e., through development of new Native Vegetation BMPs, albeit these LGAs remained very concerned about roading issues.

- Environmental Officers of the LGAs are supportive of local efforts to properly protect the values in the Cores and Links nominated in the Strzelecki Ranges Biodiversity Study through the Strzelecki Working Group (SWG). They view with great concern GRP's recent proposal to commence harvesting within a Link.
- The apparently unresolved conflict over the status of the Spargo coupe and the Stewart's Creek coupe point to need to develop and maintain constructive relationships with community groups. There appears to be no conflict here with regulatory stakeholders.
- Most stakeholders that the auditors had contact with during this short audit indicated that HVP/GRP's commitment appears to have waned in some respects. Broader sampling of stakeholder opinions will be necessary during upcoming audits.

### **Rainforest Buffers**

- Stakeholders view that the width of buffers reserved around rainforest in the Strzeleckis as inadequate, inconsistently adhered to, and in some cases allegedly removed by HVP or its contractors.
- GRP have prepared a draft BMP for the management of Rainforest within its estate. This BMP has not been peer reviewed to date. The BMP draft has not progressed to being an operational document, resulting in current practice of conferring with local communities in the Strzeleckis on a coupe by coupe basis to agree on appropriate buffers for rainforest.
- HVP has gained access to a very high quality expert who is providing external advice on the management of rainforest to assist this process.
- During the original assessment, SmartWood raised concerns that the then proposed minimum buffers (e.g. 40 metres) proposed for the protection of rainforest might be inadequate. Some stakeholders and experts believe that the new draft BMP may provide even less protection (e.g. a nominated 10 metre buffer that could be one quarter of the width required by the Code of Forest Practices in native forests for stands of rainforest with lesser significance, i.e. less than National conservation significance). There are also inconsistencies with the recommendations for the conservation of rainforest identified in the Strzelecki Ranges Biodiversity Study (a minimum of two tree heights or about 100 meters). Currently, until the BMP is complete, HVP is actively seeking stakeholder input and consultation on the design of buffers, though some stakeholders are increasingly uncomfortable with this approach – they would like to see the BMP completed and thus the design of buffers handled completely by HVP staff, based on technically sound guidance. This is a complex issue, with evolving scientific information. Ultimately, based on SmartWood experience worldwide, it is likely that a strict quantitative buffer (e.g. 100 meters) will not be the appropriate solution; rather a technical solution that varies the buffer, possibly based on forest composition and structure, slope or other variables. These issues are of such importance and urgency that they heighten the importance of

completing the BMP for rainforest management as soon as possible, but at the same time ensuring that a high quality, technically sound product results, with strong independent peer review and stakeholder input. Until this BMP process is completed, on-the-ground management activities by HVP are expected to take a strongly “precautionary” approach, erring on the side of larger, rather than smaller, buffers. Also HVP should continue to seek stakeholder input for the design of current buffers, as it has done recently, though other mechanisms should be explored as some stakeholders may not be able to continue to provide such inputs under the current system.

- GRP’s actions relating to the conservation and protection of rainforest are viewed poorly by some of the conservation groups and the local government representatives that the audit team was able to consult with. Separately, some conservation groups are working with HVP to explore creative conservation alternatives for the rainforest areas (e.g. conservation covenants or other tools). A broader sample needs to be made during an annual audit to establish whether or not there is a trend.

### **BMPs**

- The coupe planning process is generally detailed and robust. However, there is a need for HVP to recognise that some coupes, where harvest currently goes ahead, carry significantly higher risk of environmental damage than others.
- There is inconsistency between the levels of precautions applied in the BMPs for harvesting operations and the site preparation BMPs. The latter is reduced to minimum standards that are lower.
- It would appear that site preparation planners are less aware of what has happened during the harvesting operation than they should be. Moreover, they appear to rarely access the THP or consult with the harvesting planners. Better internal communication would handle this shortfall.

### **Monitoring**

One aspect of monitoring, the field audit of harvesting coupes, was examined. Although the process is generally a good one, the following improvements could be made:

- The external auditors and stakeholders should be involved in selection of coupes for audit.
- Future audits should increase the proportion of coupes harvested in wet weather.
- A field reconnaissance by the auditor before harvesting would improve the audit of breaches that may be obliterated by harvesting, e.g. the removal of native vegetation.
- Estimates of compliance need to include a weighting for audited breaches that reflects the level of environmental impact involved.

- There should be better communication internally at HVP, and externally with local government and other parties, regarding the results of various audits and ensuring that audit results are more efficiently and consistently used to improve the quality of on-the-ground operations.

### **Cores and Links**

- The ‘Cores and Links’ are clearly key areas of high conservation significance identified by the Strzelecki Ranges Biodiversity Study. HVP acknowledged these include areas of sensitive biodiversity values and has implemented (up until now) a voluntary moratorium on harvesting in these areas since 2001 to better explore the management options. HVP/GRP also indicated to SmartWood that the terms of reference of this Biodiversity study did not include taking into account the social and economic impacts with respect to a sustainable timber industry in the region. However, other stakeholders indicate that social and economic balance was a constant consideration in their minds, which is one reason they have supported HVP’s ability to harvest in the Strzeleckis.
- The Biodiversity Study does not recommend all harvesting be excluded from the links but does indicate the need to retire some of the plantations in these areas to maintain the ecological function of these areas. This requires careful planning and, given the high degree of sensitivity of this issue with key stakeholders, should be the subject of a substantial consultative and ecological assessment process. The consultative process on these issues has continued within the SWG for over 3 years, yet significant concerns and issues remain.
- GRP advised the SWG that they proposed to harvest a small area (77ha) of plantation affecting the links in the coming harvest planning cycle. This has caused an extremely high degree of concern within stakeholder groups.
- No conditions regarding harvesting within the Cores and Links were contained within the original SmartWood certification assessment report in acknowledgment of the precautionary approach outlined by HVP, their commitment (clearly stated during the assessment and repeated at the time of the SmartWood certification decision in early 2004) to conservation of these significant values and their commitment to community consultation prior to taking harvest actions within sensitive environments.
- HVP have been working for many months with Trust for Nature (and recently including The Nature Conservancy) to seek solutions to mutual benefit of Grand Ridge Plantations and these organizations in presenting approaches to protection of areas of high biodiversity in the Strzeleckis.

### **Other General Observations on HVP Performance**

In general the auditors found a somewhat contradictory state of affairs in some of the areas managed by HVP/GRP. On the one hand, some stakeholders reported improvement

of GRP performance on hardwood (*Eucalyptus spp.*) sites and in general. On the other, some stakeholders (governmental and non-governmental) are extremely concerned about the HVP/GRP proposal to conduct a timber harvest in one of the Link areas within the scope of the Cores and Links. SmartWood auditors also visited a softwood site (i.e. *Pinus radiata*) where GRP field performance was below FSC/SmartWood expectations, and various locations where previously conserved (by GRP) roadside buffers had been cleared, in apparent contradiction to normal HVP/GRP policy and practice. More extensive sampling will need to occur in future audits to verify if these non-conformances represent a systemic issue or not.

It is important that SmartWood audit results be fair in considering performance across the entire HVP estate, and that SmartWood field check areas where stakeholders have specific concern. Input from various stakeholders has allowed this to happen already, to some extent, and this has made it possible for SmartWood auditing to focus on specific sites, and to allow auditors to come to their own independent conclusions, in many cases with both HVP/GRP and interested stakeholders present. For this reason, it is crucial that upcoming audit work continue to capitalize on specific field-based observations by stakeholders and suggestions from HVP/GRP, as well as visits to sites which require review based on ongoing conditions.

Thus, SmartWood will be conducting a normal annual audit in February 2005 and it will be of critical importance in determining the future of the HVP certification. The audit will also include more representative sampling in other districts managed by HVP throughout the state of Victoria, and continued strong input from stakeholders through meetings and where possible, some joint field visits with HVP, stakeholders and SmartWood auditors. Finally, SmartWood's lead auditor for this random audit (R. Donovan) suggests that a different senior lead auditor be engaged to lead the audit process, as well as potential input from other new auditors. However, it is key that previous auditors be used as data sources for future auditors, so that there is continuity in the audit process.

### **1.3 Status of Conditions and Corrective Action Requests (CARs)**

#### **A. Compliance Summary of Previously Issued Conditions and CARs**

No conditions were required to be satisfied by the time of this audit. Some evidence was submitted to SmartWood indicating progress in terms of policies and procedures (e.g. related to various conditions).

#### **B. New CARs Issued in this Audit**

Two new CARs were issued as a result of this audit.

**CAR 1-2004:** The Rainforest Management BMP shall be completed by 1 March 2005 including an independent peer review and further stakeholder input. The current accepted

practice of stakeholder involvement in boundary marking is to continue with coupes where HVP/GRP harvests plantations adjacent to any areas of Cool or Warm Temperate Rainforest.

**CAR 2-2004:** GRP shall postpone plantation harvesting operations from the proposed Cores and Links identified in the Biodiversity Study until the process required under Condition 9.1.1 is complete, and/or there is broad stakeholder input on the specific precautions/strategies that should be put in place so that any harvesting which occurs in the proposed Cores and Links will maintain high conservation values.

**Observation 1-2004:** Given stakeholder concerns and limitations, GRP should explore short-term alternative mechanisms for ensuring that it can obtain stakeholder input into the design of rainforest buffers and related management activities until such time that the Rainforest Management BMP is completed and practices dictated by the new BMP are fully internalized by HVP/GRP staff.

**SmartWood Certification Monitoring Audit Addendum to the Public  
Summary for Hancock Victorian Plantations Pty. Limited 2005;  
SW-FM/COC-1128**

**1. AUDIT PROCESS**

**1.1 Auditors and qualifications**

- Bill Incoll – Professional forester. MS in forestry with approximately 30 years of experience as a forester; site specific, applied forest management experience throughout Victoria, elsewhere in Australia and internationally; experienced forest auditor in Australia using framework developed by private companies and local government (shires); Australian national.
- Keith Moore – Professional forester. MA in Geography with forestland management and environmental assessment experience in Canada and other countries since 1976. Since 2000, has been team member or team leader on nine other SmartWood assessments and pre-condition audits in Canada and in Russia. He co-ordinated or participated in the field-testing of four FSC regional standards and is presently assisting with the development of another national FSC standard. Canadian national.

**1.2 Audit schedule**

The team was on-site visiting HVP operations and interviewing HVP staff, and a variety of other interested parties from March 8 to March 16, 2005, as shown below. Preparations for the audit were made in the weeks prior to March 8, and the team continued to receive surveys and to interview individuals until well into April 2005.

<b>C. D a t e</b>	<b>Location /main sites</b>	<b>Main activities</b>
Tues, March 8	Melbourne	Team meeting; introductory meeting with HVP
Wed, March 9	Strzelecki plantations/ Morwell	KM and BI*- Travel to Gippsland. Field visits in Strzelecki Ranges with Friends of Gippsland Bush and Friends of the Earth accompanied by HVP rep. Meeting with representatives of Wellington, Latrobe and South Gippsland shires.
Thurs, March 10	Longford and Strzelecki plantations	KM and BI - Meetings with GRP staff in Churchill GRP office. Field visits to sites in pine plantations and eucalyptus plantations with HVP staff. Field visit to

		native forest in Strzelecki with HVP staff.
Fri, March 11	Spargo plantations and Ballarat/Melbourne	KM - In Spargo and Ballarat area visiting field sites in pine plantations with HVP staff. BI - Working in HVP office, contacting stakeholders, reviewing documents.
Sun, March 12	Melbourne	KM and BI - Working on report.
Mon, March 13	Melbourne	KM and BI - Working on report. Phone calls with stakeholders.
Tues, March 14	Melbourne	KM – Meetings in Melbourne with WWF. Interviews with HVP staff. Phone calls with stakeholders. Reviewing documents. BI – Working in HVP office. Reviewing documents and interviewing HVP staff. Phone calls with stakeholders.
Wed, March 15	Melbourne	KM – Morning meeting with Steve Mueck. BI – Reviewing documents, phone calls with stakeholders. KM and BI - Afternoon exit meeting and debriefing with HVP.
Thurs, March 16	Melbourne	KM – Phone calls with stakeholders. Return travel to Canada. BI – Phone calls with stakeholders.
Mon, Mar 20		KM – Phone call with HVP.

\*KM = Keith Moore, BI = Bill Incoll

SmartWood received the draft audit report from the team leader the final week of May and it was sent to HVP on June 10, 2005. Email transmission errors resulted in the report not being received by the company until after follow mailings in mid July. HVP sent SmartWood comments on the report in the first week of August. The draft report was finalized in mid August 2005 and officially approved by SmartWood in September 2005.

### 1.3 Sampling methodology

There were 22 conditions from the 2004 Assessment Report<sup>3</sup> and 2 CARs<sup>4</sup> from the 2004 Monitoring Report to be reviewed in this first annual audit. Most of these conditions and CARs required document review and interviews to demonstrate compliance, not field visits. The time provided for the audit was limited and distances and travel times were great, so the audit effort was focused

<sup>3</sup> Six of the 22 conditions are ongoing through the life of the certificate; 2 were to be completed in 6 months and 14 were to be completed by the end of year 1.

<sup>4</sup> One of the 2 CARs was to be completed by March 1, 2005. The other had immediate effect from Jun 2004.

on providing balance in interviews and on providing an opportunity for HVP to present documents and supporting information. As described in section 1.4 below, an effort was made to solicit comments from a wide variety of stakeholders.

The sampling methodology for field sites in this annual audit was driven by the need to provide both HVP and ENGO's with an opportunity to show the audit team issues they were interested in and to allow them time to speak to those issues. To this end, the team elected to visit three locations chosen by a local ENGO (Bird Track, Road 22 and Linkletters), revisited one of these with GRP staff (Road 22) and elected to visit 12 coupes chosen by GRP/HVP staff (one in GRP district – Longford and 11 in Ballarat district).

Although field time was limited, three controversial management units and a number of non-controversial management units were visited. ENGOs and HVP demonstrated sites of interest for the auditors within those units. The team devoted significant time to contacting and receiving comments from a variety of stakeholders.

<b>FMU or Site audited</b>	<b>D. Rationale for selection</b>	<b>Group FMU belongs to and number of FMUs in the group</b>
Strzeleckis	Controversial areas (Bird Track, Road 22, Linkletters). Hardwood and soft wood plantation interfacing with native forest.	GRP District (many)
Ballarat	Non-controversial area. Softwood plantation management. Example of normal plantation management.	Ballarat District (many)

#### **1.4 Stakeholder consultation process**

SmartWood made an effort to reach out and solicit comments from as many stakeholders as possible, in response to feedback from stakeholders and HVP that the sample of stakeholders be more balanced. A survey was sent by email from the SmartWood Asia Pacific Office to 83 individuals. HVP also distributed this survey to persons they had contact with (an unknown number) and the team e-mailed it to others during the course of the audit. Copies of the survey form were also circulated by Friends of the Gippsland Bush. The audit team received and processed a total of 44 responses. The information obtained from these survey forms is summarized in Section 2.2 and Appendices VI, VII, VIII.

The team reviewed all past correspondence related to HVP FSC certification and e-mailed personal notes to all individuals that were not specifically associates with a known interest group. The auditors made phone calls to a variety of individuals who the auditors found had some involvement with HVP. These people are included in Appendix II.

As shown in Appendix II, the auditors met with representatives of Friends of Gippsland Bush, Friends of the Earth (Australia) World Wildlife Fund (Australia), the Australian Conservation Foundation, and representatives of three Shires in the Strzelecki area.

## 1.5 Changes to Standards

The assessment was conducted using the SmartWood Interim Standards for FSC Certification in Australia (Second Draft September 5, 2002) No changes to the standard have occurred since the assessment.

## 2. AUDIT FINDINGS AND RESULTS

### 2.1 Changes in the forest management of the FMO

Those changes to policies, or the forest management plan and operational practices of the company are described within the findings and treatment for the relevant conditions to which they relate.

### 2.2 Stakeholder issues

In order to survey stakeholder relationships with HVP, a survey form prepared by the SmartWood Asia Pacific office was distributed to 83 stakeholders by that office, and to other stakeholders by members of the audit team and by HVP. The total number distributed is not known, but is approximately 100. A copy of the blank survey form is available on request from SmartWood.

There were a total of 44 returns received. The respondents were categorised as follows:

<b>Category</b>	<b>Description</b>	<b>Number of respondents</b>	<b>Commercial relationship*</b>
Priv psn	Private person	14	
Cons	Consultant, employed for specific purpose	4	3
Contr	Logging contractor	1	1
Resp a	Responsible authority (Shire)	3	

Refer a	Referral authority (DSE)	1	
Gov	Other govt or semi gov authority	7	
Neigh	Neighbour	8	1
Ind	Industry representative unspecified	1	
Comm	Community group	3	
Ngo	Non govt organisation	2	
<b>Totals</b>		<b>44</b>	<b>5</b>

\*Refers to the question 'Do you have contractual relations with HVP?'

In total, 96 issues were raised by the 44 respondents. Some respondents raised more issues than others. The issues were categorised and are summarised by respondent type in Appendix VI and by respondent's opinion of HVP forest management in Appendix VII. A summary of respondent opinion of HVP forest management for different categories of respondent is given in Appendix VIII.

The auditors found that the largest number of issues was raised by private persons (36), then by neighbours (24), then by government or semi-government authorities (11). The survey also suggests that respondent opinion of HVP forest management effected the number of issues they raised. Respondents with a 'poor' opinion raised the most issues (56), followed by those who had a 'good' opinion (17), and those who had an 'excellent' opinion (10). Respondents tended to avoid use of the intermediate opinion options 'very good' and 'adequate'.

In terms of issues, erosion was raised most frequently (11), followed by native vegetation (10), unsatisfactory company response or follow-up to contacts<sup>5</sup>, truck traffic and water quality (all 9).

For those respondents who had a poor opinion of HVP forest management, the most frequent issue was unsatisfactory company response (8), followed by erosion (7), truck traffic and native vegetation (both 6). For those respondents who had a good opinion of HVP forest management, the largest number of respondents had no issues (4), followed by landcare and truck traffic (both 3).

Appendix VIII summarises opinion of forest management against respondent type. The largest number of respondents were private persons (14), followed by neighbours (8) and government authorities (7). Ten out of 14 private persons (71%) had a poor opinion of HVPs' forest management, while neighbours were evenly split between good and poor, and government authorities had excellent, very good or good opinions of HVPs' management. It is interesting to note that for government authorities, only one out of 11 issues raised (9%) was unsatisfactory company response, while for private persons, 11 out of 56 issues (20%) involved unsatisfactory company response. This may indicate that HVP

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<sup>5</sup> This relates to the question 'If you have asked HVP any questions or made any comments about their forest management, were they available and did they respond to your satisfaction?'

communicates more readily with government authorities and less well with private persons.

**Based on the survey, the team observes as follows:**

- There is a wide range of opinion about HVP among the stakeholders sampled. Twenty respondents (45%) rated HVPs' forest management as adequate or poor, while 21 (48%) rated the same factor as excellent, very good or good. Three respondents did not express an opinion.
- The issues most frequently raised related to the environment, but poor company communication with stakeholders and problems with log truck traffic were also important.
- Company relations with private persons were markedly less satisfactory than those with neighbours and with government authorities.
- It was apparent that the stakeholder's most dissatisfied with HVPs' forest management are also those that report the greatest difficulty in communication with HVP. The survey form does not provide information that would permit auditors to learn whether poor communication is the cause or effect in this situation.

## **2.3 Issues Identified by the Audit Team**

The audit findings on HVP's responses, actions and compliance to the 22 Conditions required to maintain certification and the 2 CARs issued in the August 2004 monitoring report are discussed in detail in Section 2.4 that follows.

During the audit the team identified three significant issues that were not adequately addressed in that section and for that reason these are covered here.

### **1 – HVP interaction and working relationships with some stakeholders**

Since the certificate was issued in February 2004, SmartWood has received many communications from a variety of stakeholders expressing a range of concerns and complaints about HVP's forest management and its relationship with some members of the public and some stakeholders. During the audit, the team received similar criticisms shared in interviews. Ten out of 14 (71%) of the private respondents who responded to the survey described in 2.3 above had a "poor" opinion of HVP. Several respondents claimed that their relationship with HVP, and their opinion of HVP's forest management, had deteriorated since certification. In the team's view, there is a lack of respect and understanding occurring on both sides – HVP and those who are critical of its management. There exists a polarized situation, characterized by a lack of a productive working relationship between HVP and those stakeholders interested in forest management practices and this FSC certificate.

One of the indicators in Criterion 2.3 of the SmartWood Interim FSC Standard for Assessing Forest Management in Australia (September 2002, version 2a) requires that “the FMO proactively communicates with affected stakeholders about forest management activities” (page 8). Criterion 4.4 requires, in part, that “Consultations shall be maintained with people and groups directly affected by forest management” (page 10). The indicators of Criterion 4.4 require that HVP “consult with affected stakeholders and adjoining landowners before, during and after forest management planning” and that “there is a positive and proactive history of interaction with stakeholders on management planning and implementation” (page 10). It is a fundamental premise of FSC certification that there is respect and recognition of the need to find balance between social, environmental and economic interests and that a certified operation has a positive and proactive relationship with many diverse interests in order to achieve an appropriate balance.

The audit team understands that HVP finds it very difficult to have positive and proactive relations with a few of the interest groups in Victoria that it must interact with and who also have strong views about environmental and social issues. The auditors understand that HVP operates on private land, within its legal rights and economic interests, and considers much information to be proprietary. In addition HVP does have positive relationships with a variety of interested groups, universities and regulatory bodies. Furthermore, the company has in place corporate policies and communications processes, supported by training programs that should provide for better engagement with the public. Yet, challenging interactions (which may represent a minority of those accounted for across the HVP estate) will need to be addressed with more effort.

In the view of the auditors, the current stand-off cannot continue. Both stakeholders and HVP are complaining to SmartWood, but there appears to be little direct communication between the parties. The team recognizes that this is a problem on both sides but, as an FSC certified company, HVP needs to adopt a significantly new and different approach that is much more accommodating and proactive in communication with the public and its’ stakeholders in order to meet FSC principles.

The audit team recommends that a MAJOR CAR be issued (see below).

## **2 Availability of Information and Documents related to Forest Management**

The audit team observed that one of the root causes of the problems described above has been HVP unwillingness to provide information about its operations to the public. Interested organizations and the public, generally, have had little access to HVP’s management plan and its operating policies and management strategies and practices. Some individuals have been unable to obtain information, which should be public, upon request to HVP. As noted in Section 2.2 above, the most frequent issue raised by respondents to the SmartWood survey was an unsatisfactory response from HVP to their requests for information or their concerns. During the interviews, the team heard comments from stakeholders and

from some shires, that HVP was very reluctant to provide information about its operations. Examples of this are described in Section 2.4.

As a private company operating on private lands, HVP considers much of its important management documents to be internal or confidential, and has a legal right to do so. After the audit, HVP informed SmartWood that it is examining which components of BMPs can be made public without compromising proprietary interests. However, to foster the solid working relationship that is pivotal to FSC principles on community relations, provision of information is a key requisite. The auditors believe that HVP need to make its management plan, its operational guidelines, and basic information about its annual management operations much more open and accessible to the public and interested groups.

To address these issues, the team recommends a MAJOR CAR to be met by the next annual audit.

**MAJOR CAR 01-2005** By the next annual audit in 2006, HVP shall have:

- developed a corporate policy and established a communication process that provides for more constructive engagement and consultation, and regular interaction, with the public and interest groups who have demonstrated an interest in HVP operations;
- demonstrated improved communications responsiveness to stakeholder inquiries and concerns; and,
- developed a corporate policy that confirms public access to management plans, policies and operating procedures (BMPs) and provided these documents to interested parties upon request and in accordance with the policy.

## **2.4 Compliance with applicable Conditions and Corrective Action Requests (CARs) from the 2004 Assessment Report and 2004 Monitoring Report**

The section below describes HVPs' activities to address each of the applicable Conditions and CARs issued at the time of certification, or after certification, in two SmartWood reports:

- Certification Assessment Report Final Version, January 2004
- Monitoring Audit Report Final Version, August 2004

A total of 22 Conditions and 2 CARs established in those reports were addressed in this first annual audit. These included

- 6 Conditions to be met "throughout the period of certification". Some of these included Year 1 milestones;
- 2 Conditions to be met "By the end of Month 6 of certification";
- 14 Conditions to be met "By the end of Year 1 of certification";
- 2 CARs. One CAR was to be met by March 1, 2005. The second CAR required an immediate postponement of harvesting operations.

Thus, all of the above were due for completion by March, 2005 and were addressed in this annual audit.

For each of the above Conditions and CARS, audit findings are presented along with a description of the current status of compliance with the Condition or CAR. The following classification was used to indicate the status of the Conditions and CARS:

<b>CAR Status Categories</b>	<b>Explanation</b>
<b>Closed</b>	Certified operation has successfully met the CAR and addressed the underlying non-compliance.
<b>Open</b>	Certified operation has <u>not met</u> the CAR; underlying non-compliance is still present.

Where the audit team decided a Condition or CAR had not been met and remained ‘open’, necessary follow-up actions were identified. These actions include:

1. The Condition remains open to be met by the time frame set out in the Condition with no new or additional measures. This applies to conditions that are to be met “Throughout the life of the certificate”.
2. The Condition or CAR is replaced by a MINOR CAR where new or additional measures are required to achieve compliance with the Condition. In most cases, the MINOR CARS must be completed by the next annual audit in 2006 or the annual audit in 2007. This reflects the judgement of the audit team about the relative significance of the non-compliance and a realistic time period to achieve compliance.
3. The Condition or CAR is replaced by a MAJOR CAR. In most cases the MAJOR CAR must be met within 3 months of delivery of the draft audit report but some MAJOR CARS must be met by the next annual audit in 2006. The assignment of a MAJOR CAR reflects the judgement of the team that non-compliance is “major” or significant and that compliance must be achieved to maintain the certificate.

Of the 22 conditions and 2 CARS audited, 10 were considered met and CLOSED, while 13 were considered ongoing or not met and OPEN.

A total of 7 MAJOR CARS and 7 MINOR CARS are issued in this audit report.

CAR #: <b>Condition 1.1.1:</b>	Reference Standard #: <b>1.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “HVP Register of Legal Obligations and Company Policies of Environmental Management does not include a definitive list of water catchments where special precautions have been specified (i.e. Special Area Plans or LUDs) throughout the HVP estate.”
<b>Corrective Action Request: Throughout the period of certification, HVP is to ensure that special precautions for water catchment management are systematically incorporated into the HVP Register of Legal Obligations and Company Policies of Environmental Management and mapping/planning for all forest management operations throughout the HVP forest estate. (Condition 1.1.1)</b>	
Timeline for Compliance: Throughout the period of certification.	

<p><b>Audit findings:</b> The appropriate part of the HVP Register of Legal Obligations was examined and it does list the precautions required for all Special Water Supply Catchment Areas, including those that also have specific restrictions given in Special Area Plans, on a Regional basis. The boundaries of the catchments are given in the Catchment Layer of the HVP GIS. The need to take water catchments into consideration is mentioned in the <i>Procedure for Operational Planning and Management</i>, but only as an aside in one sentence (last para, p3). Given the importance of catchment considerations, a more definite statement needs to be made directing planners to access the GIS and the Legal Register to ensure that catchments do not escape the planning process.</p> <p>The important requirements to make this process work on the ground are to have the catchment boundaries accessible to harvesting supervisors and to ensure that they check to see if catchment considerations apply to a particular coupe. These requirements have been met by having boundaries available in the GIS and the ‘catchments’ box in the <i>Planning Checklist</i>. Detailed information on specific catchments has been made available in the Legal Register. However, there is no specific mention of water catchment consideration in the <i>Policy for The Planning and Conduct of Timber Harvesting Operations on Company Land</i>. This would need to be done to fully meet the Condition.</p>
<b>Status: This Condition is ongoing through the life of the certificate.</b> It remains Open.
<p>Follow-up Action (if applicable):</p> <p><b>CAR 02-2005</b> By the next annual audit in 2006, HVP shall modify the <i>Policy for the Planning and Conduct of Timber Harvesting on Company Land</i> to clearly include consideration of Special Water Supply Catchment Areas and Special Area Plans.</p>

CAR #: <b>Condition 2.1.1</b>	Reference Standard #: <b>2.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “Though small in number, some land divestitures by HVP have been a matter of public concern among stakeholder groups in Gippsland. An area of freehold plantation estate, subject to the “Eight Point Agreement”, was subdivided for residential development and put on the open market in 2001. Other blocks (of “custodial land”) have also been put up for sale without prior arrangement to ensure sound long-term stewardship of the forest on these blocks.”
<p><b>Corrective Action Request: Throughout the certification period, prior to any sale or exchange of freehold plantation or custodial land, as part of a land rationalisation program, HVP is to conduct an environmental assessment using existing information including EVC mapping, on the land in question. In cases where environmental values equal to or greater than bio-regional conservation significance are encountered, HVP shall seek to protect key environmental values by providing the purchaser and relevant local government authorities with the conservation data it has available on the land. If any lands subject to the 8 Point Agreement with the Friends of the Gippsland Bush are to be sold, HVP will seek to have key environmental values protected by arranging a covenant or a similar environmental protection measure on the relevant land.</b></p>	
<p>Timeline for Compliance: Throughout the period of certification.</p>	
<p><b>Audit findings:</b> Two sales of freehold land have taken place since certification and one was in process during the first annual audit. Both of the sold sites were assessed by Grand Ridge Plantations staff and only one of the two was considered to have greater than regional significance. The information collected during this assessment was provided to the purchaser and to the relevant Local Government Authority, thus satisfying the Condition. The land in the process of sale (Wright’s Quarry Block) has since been sold and will have a biological assessment made before the settlement date (1 June 2005). Neither of the lots sold were subject to the Eight Point Agreement.</p>	
<p><b>Status: This Condition is ongoing through the life of the certificate.</b> Progress is satisfactory. It remains Open.</p>	
<p>Follow-up Action: No addition measures required.</p>	

CAR #: <b>Condition 4.1.1</b>	Reference Standard #: <b>4.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “Generally the responsibility for liaison and consultation lies with the local HVP district manager, with specialist assistance provided by HVP stewardship staff as required. In practise, the day-to-day job of interacting with local communities and neighbours tends to fall on District Foresters, who are generally not trained in community relations and consultation. Consequently, across HVP, liaison and consultation with local communities and stakeholder groups is variable. It is not surprising that in some areas stakeholders experience difficulty in establishing or maintaining dialogue with the company, and some groups have had no relationship up to now. Liaison with Shire Councils appears to be variable. Overall, while there are documented procedures for liaison and consultation, the responsibilities are not always clear and exercised.”
<b>Corrective Action Request: By the end of Year 1, HVP is to develop and implement a company-wide plan for the training of district managers and foresters in community and stakeholder communication and liaison.</b>	
Timeline for Compliance: By the end of Year 1 – March 2005.	

**Audit findings:** Two types of course have been presented, ‘Leadership through Influencing’ and ‘Getting Proactive: Risk Communication Strategy and Stakeholder Management Skills’. The former is effectively about improving communication skills, while the latter is about proactive methods of recognising the difference between ‘hazard’ (technical aspects of risk) and ‘outrage’ (non-technical aspects of risk, such as community familiarity with the situation, trust of the organisation causing the risk, unresponsiveness, etc) in a particular situation and dealing appropriately with these separate elements. The ‘Getting Proactive’ course is very appropriate for management level staff in HVP, but evidence during the audit indicates that at all levels in the Company further work needs to be done in learning and applying the skills offered by the course. For example, the SW audit stakeholder survey indicated that 20% of respondents felt they had received an unsatisfactory response in talking to the Company.

Conversation with some such survey respondents indicated that this meant not just a response the stakeholder was unhappy with, but a refusal by HVP to provide information the stakeholder requested or a complete lack of response by HVP. The “Getting Proactive” course clearly advises against this – “Communities do not respond well to being ignored, especially if they are ignored over issues that they perceive as a threat. If this is the case then the communities respond with outrage and the result is a risk controversy.” A further example is described in Condition 6.6.2.

Twenty-nine staff have received the Leadership training during 2004 and 43 staff have undergone the Getting Proactive training. HVP have a long-term workforce of around 99 people, so nearly half the staff have completed the ‘Getting Proactive’ course and less than one third have completed the ‘Leadership through Influencing’ course. A significant number of District Foresters have not yet been trained. This coverage so far is not yet satisfactory

company wide. It is important that all Company staff receive some sort of training in dealing proactively with outsiders, in particular senior managers in the field and head office. This is necessary because Company attitudes will not be changed until all staff, particularly senior staff, is given effective guidance. Field administration staff should also receive some training in dealing effectively with outsiders.

The text of this condition could have been clearer. ‘Implementation’ could mean to begin the implementation of the plan, or it could mean to complete the implementation of the plan. HVP has begun to implement the training, but has not completed it. To clarify the requirement that HVP must complete this training and to require that they provide it to all company staff, the original Condition is closed and replaced by two new CARs (see below).

**Status: There is progress to meeting this Condition and it is Closed.**

Two NEW CARs are added.

Follow-up Action:

**CAR 03-2005** By the annual audit in 2006, HVP shall complete training of senior company management, district managers and foresters in community and stakeholder communication and liaison and shall complete a follow-up assessment to determine the level of stakeholder satisfaction.

**CAR 04-2005** By the annual audit in 2007, HVP shall complete training of other company staff in proactively dealing with stakeholder communication and liaison. HVP shall carry out a follow-up assessment of stakeholder satisfaction and provide further training if necessary.

<b>CAR #: Condition</b> <b>4.4.2</b>	<b>Reference Standard #: 4.4</b>
<b>Non-compliance:</b> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “For log haulage, consideration of social impacts appears inconsistent. There is no wider public or stakeholder notification to enable input to planning. Forest neighbours and those adjacent to public rural haulage roads tend to be notified if the harvest planner determines that there might be some effect on them. Stakeholder consultations indicate that people are occasionally, but not routinely, advised or consulted, and the basis of selection of those being contacted is not clear. Some contractors (e.g. those involved in transporting logs on public roads in Gippsland) seemed to be unresponsive to community and neighbour concerns.”
<p><b>Corrective Action Request: By the end of Month 6, in direct consultation with neighbours, local communities and other relevant stakeholders in the Strzelecki Ranges, HVP is to:</b></p> <ul style="list-style-type: none"> <li><b>d. Conduct a review of ongoing safety, noise and other issues and impacts relating to its haulage and harvesting contractors’ use of public roads in the Strzelecki Ranges;</b></li> <li><b>e. Develop and implement a specific set of guidelines for planning and conducting road haulage on these and other similar road systems; and</b></li> <li><b>f. Develop and implement a more effective and stringent programme of monitoring and controlling contractor behaviour with regard to road use.</b></li> </ul>	
<b>Timeline for Compliance: By the end of Month 6 – September 2004.</b>	

**Audit findings:** HVP prepared *Guidelines for Planning and Conducting Road Haulage in June 2004*. This document was an addendum to the Company's *Operating Standards for Log Haulage* and covers planning at regional, local and coupe levels, the necessary consultation and monitoring by Company Site Managers, local communities, and other regulatory authorities. In addition, in January 2005, HVP prepared "*Guidelines for Planning and Conducting Log Delivery Operations to Minimize Adverse Impacts*", also as an addendum to the Road Haulage Guidelines.

These guidelines briefly describe the methods for notice to, and consultation with, residents. They include a long list of measures that can be implemented to address concerns. The June 2004 Guidelines are specific to the Strzeleckis, while the January 2005 Guidelines outlines measures in Ballarat area as well.

In the Strzeleckis, the GRP logistics manager told the team that GRP is now taking a more proactive approach to address the safety, noise and other concerns of residents. This approach involves advising residents of log truck activities by letter drop and meeting with residents to discuss measures such as operating times, road signage, and truck speeds. On at least five roads recent measures included: altering routes; suspending operations in rain, snow or fog, at school bus times, school holidays and special events; giving residents radios; posting speed signs; installing safety mirrors; and working closely with the shires and local groups. GRP stated that it provides instructions to its contractors and log truck drivers about the measures in place. Company practice does seem to have improved in this area. Representatives of the three shires in the Strzeleckis confirmed the more proactive approach, and said there has been improved consultation with them. They said that there have been fewer complaints and fewer conflicts on roads in the last 12 months.

However, there were still complaints expressed in conversations with residents and in survey returns and it is clear that road traffic concerns continue to exist in the Strzeleckis and in most of the HVP management areas. Concerns about road traffic were mentioned in 9 out of the 44 returns, and were the third most frequent issue raised. Most of these concerns were in the Strzeleckis. Even survey respondents who reported an overall "good" performance by HVP reported concerns with road traffic matters. Thus HVP needs to continue working on these issues, with an emphasis on applying the Guidelines in the Strzeleckis and statewide (this has already commenced in the Ballarat District) and in monitoring and ensuring adherence to the Guidelines. The Guidelines document has been distributed to District Managers for implementation.

The Condition applies specifically to the Strzeleckis area and the audit team concluded, while there are still concerns in that area, the condition is met. This conclusion is supported by comments from representatives of the shires who reported improved practices and fewer conflicts. However, follow-up action is necessary to extend its application to all HVP districts. The team is aware that virtually all of HVP operations are in rural or semi rural residential areas where interactions between heavy logging traffic and private and commercial vehicles on public roads are inevitable. For this reason it is important that HVP continue to address the requirements of this condition.

<p><b>Status: This Condition is largely MET and Closed.</b> One NEW CAR is added.</p>
<p>Follow-up Action: <b>CAR 05-2005</b> By the annual audit in 2007, HVP shall apply the <i>Guidelines for Planning and Conducting Road Haulage</i>, adapted as necessary, to all HVP Districts. HVP shall incorporate indicators and targets relating to Company performance in this area into the Monitoring and Reporting Register.</p>

CAR #: <b>Condition 5.5.1</b>	Reference Standard #: <b>5.5</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “The size of clearcuts was consistently identified as a critical issue during stakeholder consultation and field assessment processes, primarily from watershed-related concerns.”
<p><b>Corrective Action Request: By the end of Year 1, HVP must review its policy on clearcut size, configuration and distribution, and produce a strategic plan that reinforces a commitment to reducing watershed impacts, in all likelihood representing a reduction in clearcut size (with the largest potential reductions occurring in high risk watersheds such as the Strzelecki Ranges), more use of mosaic cutting at the sub-catchment level, and a priority for rapid vegetative re-establishment on steep, high erosion risk sites (see also criterion 6.5).</b></p>	
<p>Timeline for Compliance: By the end of Year 1 – March 2005.</p>	

<p><b>Audit findings:</b> HVP prepared and revised a “<i>Policy for Final Fell Coupe Size Configuration and Distribution on Company Land</i>”, (Revision #3 01/03/05). The document describes the factors driving coupe size location and shape, and the economic, social and environmental impacts that are associated with coupe size. It includes a strategy to be used in determining the size, distribution and configuration of coupes in a sub-regional context. This strategy applies to areas “where clearfell size is potentially an environmental or social issue” but there is not indication where those areas are, or what areas the strategy applies to. A benchmark of no contiguous areas being larger than 200 ha is established as a maximum, with contiguous areas being defined as recently harvested areas and established plantations less than 2 years old. For cable operations in the Strzeleckis the benchmark size is 50 ha, “where operationally practicable in steeper slopes” and “with occasional flexibility to 75 ha if determined by the impacts and drivers identified” in the policy.</p> <p>The language of the policy and the application of the strategy leaves it open to interpretation. The policy document does reflect a review of the policy on clearfell size, and includes a commitment to reduce watershed impacts. This is what is required by the Condition. Given the number of factors involved and some features of the existing resource, the document meets the requirements of the Condition that HVP review its policy and produce a strategic plan. It does include a reduced maximum size in the Strzeleckis.</p> <p><i>The Policy for the Planning and Conduct of Timber Harvesting Operations on Company Land,</i></p>
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(Revision 3, Feb 9, 2005) also refers to a maximum of 200 ha in 2 years as the benchmark for coupe size, but this document does not refer to the lower benchmark coupe size for cable operations in the Strzeleckis.

The Condition also requires a “priority for rapid vegetative re-establishment on steep high erosion risk sites”. The policy does state, “Site preparation and re-establishment on steep, and /or high erosion risk sites should follow as a priority to minimise impacts on soil movement and water quality”. However, the audit teams’ observations in the Strzeleckis indicate that there is not yet a priority given to prompt revegetation to prevent erosion on steep slopes. For example, the BMP “*Environment Protection Standards for Timber Harvesting Operations*” already requires that “In cable operations, all drag lines with the potential to erode must be cross-drained prior to the commencement of the next setting or when rain is imminent”. This is rarely done in practice. Implementation of this provision, including planning to maximise cross-slope rather than directly up-slope drags, would be an important improvement in Company practices.

**Status: The Condition is Met and Closed.**

The requirement for rapid revegetation on steep erosion risk sites needs improvement. There needs to be improved HVP/GRP implementation of the existing provisions to minimise soil movement from steep cable sites. A new CAR is imposed.

Follow-up Action (if applicable):

**CAR 06-2005** By the annual audit 2006, HVP shall review the provisions of the “*Environmental Protection Standards for Timber Harvesting*” relating to management of soils on steep cable sites (e.g. coupes greater than 25 degrees) and the results of the Code and BMP audit process for such sites; in order to develop and test techniques to minimise soil movement.

<b>CAR #: Condition 6.1.1</b>	<b>Reference Standard #: 6.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “HVP initiated evaluations of the distribution and extent of different vegetation types (Ecological Vegetation Classes or EVCs) but have not completed this work.”
<p><b>Corrective Action Request: Throughout the certification period, the process of inventory and mapping the ecological resources within the HVP estate should continue at the proposed rate (i.e. covering 20% of the estate per annum). This process should be complemented with inventory surveys over a range of seasons, with a program for surveys to be defined for all custodial lands and initiated in at least one district.</b></p>	
Timeline for Compliance: Throughout the certification period.	

**Audit findings:** A detailed examination was carried out of the airphoto interpretation outputs and progress of work in GRP estate blocks undergoing EVC mapping for the period since February 2004. Three blocks were involved, Callignee, Stockdale and Jeeralang, within which the total area of native vegetation (i.e., loosely, custodial land) is 9,990 ha. Within these blocks, the area of interpreted and field checked polygons is 5,906 ha. The total area of Custodial Land in the HVP resource is 49,912 ha (area statement in the assessment report, January 2004), making the progress for the current year 12%. However, a significant amount

of work was carried out prior to 2004 and this is appropriately part of that total work progress. The area of native vegetation mapped in Macs, Bodman, Turton, Jack, Albert and Woorarra blocks was 13,018 ha, making the total native vegetation mapped to date 18,924 ha, which is 38% of the HVP total resource. The overall mapping progress since the time of the original assessment was well ahead of the target to complete the resource by the end of the certification period.

There is also a program to record and assess fauna resources in the Grand Ridge Plantations estate, which is currently in its third year. An external fauna survey consultant, who provides recommendations on appropriate management as well as resource information, assesses two blocks per year. Further work is also being carried out by the Australian Koala Foundation to detail Koala habitat in the Strzelecki Ranges and a draft *Koala Habitat Atlas* is expected soon.

The team notes its concern that the focus of “ecological resources” is confined in the Condition to inventory and mapping on custodial lands. Assessing ecological resources within plantations and remnant residual native forest or vegetation along roads and in other areas within the plantation areas depend upon the *Threatened Species BMP, Native Vegetation Management BMP, and Rainforest BMP*.

**Status: This CAR is ongoing through the life of the certificate. Progress is satisfactory. The CAR remains Open.**

Follow-up Action: See MAJOR CARs 07 and 09-2005

CAR #: <b>Condition 6.2.1</b>	Reference Standard #: <b>6.2</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “The draft FMP is proposed to include management prescriptions for threatened species but these are not yet finalized. No examples were noted where a contractor was pro-active in adjusting harvesting practice to manage an area for the presence or likely presence of a threatened species.”
<b>Corrective Action Request: By the end of Year 1, HVP is to put existing data on the distribution of significant environmental values (e.g. vulnerable or threatened species and communities) on all coupe plans, prior to their implementation. The Threatened Species BMP is to be finalized and put into practice.</b>	
Timeline for Compliance: By the end of Year 1	

**Audit findings:** The *Procedures for Operational Planning and Management*, (Revision 2, Feb 9, 2005) state, “The map at a scale of 1:10 000 or larger, will include: coupe boundary, existing roads, proposed roads, landings and log storage areas, contours, culvert locations, watercourse protection (location type and width), areas excluded from harvesting or areas where special measures are to apply to protect identified site values, areas of summer, intermediate and winter operation.”

This guidance does not explicitly refer to putting “significant environmental values (e.g. vulnerable or threatened species and communities)”, as required by the condition, on to the maps. There is not reference to identifying drainages and topographic depressions and other water features on the map, or to other “environmental values” such as emerging native vegetation in riparian areas, or areas with

wildlife sign (koala claw marks on trees, or bird nests).

Hancock staff feels that the guidance provided in the Pre-planning checklist directs the planners to review existing information to determine if these values are known in the area. They believe that this information should reside in the database, not on the coupe plans which should include only the information required by the logging contractors. Thus they stated that measures to protect values should be on the coupe plans, not “existing data on the distribution of significant environmental values”, as required by the Condition.

In two areas where the coupe plans were reviewed on the ground with the harvesting supervisors, the coupe plan maps did include all the environmental values they had identified within the coupe area, including water features, and areas of failed plantation with native vegetation. Field staff told the assessor that when they encountered any other values these were identified on the plans. But the coupe plans reviewed did not include information about vulnerable or threatened communities or species.

The “*Procedures for Operational Planning and Management*” document should be revised to identify that this is the type of information to be included in the coupe plan documents and 1:10,000 maps.

The Condition requires that “The Threatened Species BMP is to be finalized and put into practice”. HVP provided the assessment team with current copies of the documents that are considered to be the *Threatened Species BMP*. These documents are:

- *Threatened Flora and Fauna Management Policy* (2 pages)
- *Threatened Flora and Fauna Management Procedure* (2 pages) plus
- Attachment D – *Threatened Species and Communities Prescriptions, Management Strategies and Preferred Habitats* (total of 13 pages); and
- Attachment E – *Flora and Fauna Survey Techniques* (total of 11 pages).

These documents are over 50 pages but every page is dated 12/04/02. The Policy and Procedure document are marked as draft. Thus, it does not appear that any work has been done to “finalize” the Threatened Species BMP since the Condition was imposed in January 2004.

Attachment D is a comprehensive document containing clear management prescriptions for a wide variety of species. However, the team was provided with no evidence that these were being put into practice. For example the strategy for large forest owls states, “Where there is a record (any record) of a Powerful Owl, Masked Owl, Sooty Owl, or Barking Owl, the following must apply...” A list of 7 actions including requirements for a 2 km planning radius and exclusions zones totalling 300 ha is provided to apply to these situations. The strategy for koalas states, “When koalas or evidence of koalas are detected in a coupe or area, habitat will be retained according to these specifics. Habitat retained must be mapped and identified as an exclusion area.” The specifications include the following “Where one or two trees with evidence of koala presence are found, harvesting must be excluded from within a 50 exclusion zone around of (sic) each of these trees”. Field staff in Ballarat district told the assessment team, that there are records of Powerful Owls close to their coupes and they occasionally find evidence of koalas within planned coupes. But they were not aware of either of these requirements and the listed management measures were not being followed in planning

operations in those areas. Other HVP staff also appeared to be unaware of the precise requirements of species such as owls and koalas.

In February 2005, HVP responded to a letter from an individual who was concerned about “threatened koala populations in HVP land holdings”. The response does not make any mention of the BMP, or describe any of the management prescriptions for koalas set out in the BMP.

The team concludes that, in addition to not yet being finalized, the BMP does not appear to be put into practice, as required by the condition.

The team notes that the BMP documents are all marked “Commercial in Confidence”. Thus, are not available to the public or interest groups, which limits the extent that HVP can be held accountable to the BMP.

Finally, the audit team reviewed the *Procedures for Operational Planning and Management* (Revision 2, Feb 9, 2005) and the *Policy for the Planning and Conduct of Timber Harvesting Operations on Company Land* (Revision 3, Feb 9, 2005) to see if they make any mention of threatened species. Neither document does. This lends to the case that the BMP for threatened species and communities is not implemented.

**Status: This Condition is not met.** A Major CAR is issued.

Follow-up Action (if applicable):

**MAJOR CAR 07-2005** Within 6 months, HVP shall finalize the Policy and Procedures documents for Threatened Species and Communities, make all company staff aware of the requirements of these documents, make a summary of the prescriptions publicly available, and demonstrate that the procedures are implemented in coupe layout and planning.

Observation: HVP should revise the Procedures for Operational Planning and Management (Revision 2, Feb 9, 2005) and the Policy for the Planning and Conduct of Timber Harvesting Operations on Company Land (Revision 3, Feb 9, 2005) so that they refer to Threatened Species and Communities, and clearly require that measures to protect environmental values are to be included on coupe maps. HVP should cross-reference the TS BMP with other relevant company policies and BMPs.

CAR #: <b>Condition 6.3.1</b>	Reference Standard #: <b>6.3</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): Where fuel reduction burning is not performed, the invasion of pine wildings can become a significant threatening process that is inconsistently managed across the estate and generally poorly funded. Insufficient management addressing this issue, both before and during HVP management, has resulted in significant infestations of pine wildings in some areas of native vegetation (i.e. some areas within the Ballarat region, remnant native vegetation on the Gippsland Plains). The invasion of pine wildings is an indication that ecosystem function within some areas of the custodial lands is outside the natural cycles of these forests. Other significant environmental weeds also occur within custodial lands and along plantation roads although their distribution is not uniform. Little control of these weeds occurs outside formal revegetation programs and control works within a few metres of roadsides. The Ovens-Benalla district was noted to have a more formal interaction with NRE (now DSE) to identify and control environmental weeds such as Paterson’s Curse ( <i>Echium plantagineum</i> ) and Blackberry ( <i>Rubus fruticosus</i> spp. Agg). HVP staff noted that districts had a budget for “good neighbour” weed control works and that they also had regular interaction and cooperative interactions with local Landcare groups. This could provide a useful model for the remainder of the estate.
<b>Corrective Action Request:</b> By the end of Year 5, HVP is to identify the distribution and extent of environmental weed species throughout its estate, on both production and custodial lands, and as part of a regionally based plant management strategy. Work to eliminate environmental weed species (including wildings) is to commence in Year 1 in the HVP forest district selected by HVP as having the greatest weed problem and highest conservation priority (i.e. linked with the EVC mapping project). All of the 7 forest districts to be completed by the end of Year 5. Implementation of a program for better control of environmental weeds is to commence immediately.	
Timeline for Compliance: Throughout the certification period	

**Audit findings:** Hancock is aware of the need to remove pine wildings from native vegetation areas along roads and within remnant patches of forest. Recent work to cut down these trees was observed in three locations in Ballarat District. Staff said that about 15 ha had been treated in the last year and that removal of pine wildings is a regular part of their annual operations and is undertaken by their forestry staff usually in association with other activities.

Thus, some work on wildling control has been carried out in the first year of certification and meets part of the Condition, but it is simply a part of a program that has been underway for some years, not a response to the Condition. HVP has not initiated the work to assign priorities and implement an actual wildling control program with a committed budget based on needs and priorities across HVP operations. The treatments in Ballarat are effective but are carried out in association with other programs when crew is available, and are not based on a regional

strategy, as described in the Condition.

**Status: The Condition is ongoing with a Year 5 completion. It remains Open.**

Follow-up Action (if applicable): HVP should initiate work to identify the scope and scale of the wildling problem, to identify the districts with the greatest problems and the highest conservation priorities and to determine and budget for an annual program of wildling control. This Condition will be audited again in the 2006 Annual Audit.

CAR #: <b>Condition 6.5.1</b>	Reference Standard #: <b>6.5</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): "Short comings in forest practices in waterways, buffer and filter strips, and training to reduce impacts to water quality."
<b>Corrective Action Request: Starting in Year 1, and continuing through the certification period, HVP will:</b>	
<ul style="list-style-type: none"><li>- <b>Define and implement a practical definition of sensitive waterways, with input from interested stakeholders.</b></li><li>- <b>Develop a coordinated, strategic plan for the identification, and protection where necessary of sensitive waterways (primarily based on erosion risk and water values) throughout the HVP estate, including a thorough analysis at an estate-wide level to identify priority sites.</b></li><li>- <b>Harvest pine trees in buffers where they occur (but continue to protect intact native vegetation) and allow regeneration of native vegetation to occur, in sensitive waterways. This regeneration is to be assisted by planting of native vegetation or other means where necessary to provide effective ground cover. The intention is that sensitive waterways will have stable undisturbed native understorey vegetation that is to be protected from damage during harvesting in subsequent operations.</b></li><li>- <b>Modify relevant BMPs to increase filter and buffer specification for sites where soil stability requires it.</b></li><li>- <b>Conduct staff training procedures to discuss the impacts of the increase in soil water levels that follow clearfelling. This may require more careful estimation of stream class and wider buffers around swampy areas.</b></li><li>- <b>Annually report on, and demonstrate progress in, implementing the above activities</b></li></ul>	
Timeline for Compliance: Starting in Year 1	

**Audit findings:**

Two senior staff attended a Forest Management Hydrology Workshop in March 2004 and a program of site typing for the non-Grand Ridge Plantations estate is under way. The latter is intended to provide resource wide information (the Grand Ridge Plantations resource has soil maps available already) so that soil erodibility on a coupe basis can be estimated before visiting the coupe. While not directly involved with sensitive streams, this information is expected to assist in nominating sensitive streams.

The *Site Preparation BMP* is under review and this will include the techniques necessary to re-

establish native vegetation on sensitive streams.

This condition is in place throughout the life of the certificate. However, given the importance of stream protection in preventing off-site impacts due to harvesting, the limited progress to meet the listed elements of the Condition is not satisfactory.

Status: This Condition is ongoing throughout the life of the certificate and it remains Open. However, progress is not satisfactory and a new CAR is imposed.

Follow-up Action:

**CAR 08-2005** By the annual audit in 2006, HVP shall complete a practical definition of sensitive waterways and shall complete a pilot project that applies the definition to one District to test the application of the definition; (a) using existing resource data and (b) with new data if existing data is inadequate. Input from interested stakeholders shall be sought for these activities.

**CAR #: CAR 1-  
2004**

**Reference Standard #: 6.1, 9.1**

Non-compliance:  
Major  Minor

Applicable finding from Monitoring Report (June, 2004): “During the original assessment, SmartWood raised concerns that the then proposed minimum buffers (e.g. 40 metres) proposed for the protection of rainforest might be inadequate. Some stakeholders and experts believe that the new draft BMP may provide even less protection (e.g. a nominated 10 metre buffer that could be one quarter of the width required by the Code of Forest Practices in native forests for stands of rainforest with lesser significance, i.e. less than National conservation significance). There are also inconsistencies with the recommendations for the conservation of rainforest identified in the Strzelecki Ranges Biodiversity Study (a minimum of two tree heights or about 100 meters). Currently, until the BMP is complete, HVP is actively seeking stakeholder input and consultation on the design of buffers, though some stakeholders are increasingly uncomfortable with this approach – they would like to see the BMP completed and thus the design of buffers handled completely by HVP staff, based on technically sound guidance.”(page 6)

“Ultimately, based on SmartWood experience worldwide, it is likely that a strict quantitative buffer (e.g. 100 meters) will not be the appropriate solution; rather a technical solution that varies the buffer, possibly based on forest composition and structure, slope or other variables. These issues are of such importance and urgency that they heighten the importance of completing the BMP for rainforest management as soon as possible, but at the same time ensuring that a high quality, technically sound product results, with strong independent peer review and stakeholder input. Until this BMP process is completed, on-the-ground management activities by HVP are expected to take a strongly “precautionary” approach, erring on the side of larger, rather than smaller, buffers. Also HVP should continue to seek stakeholder input for the design of current buffers, as it has done recently, though other mechanisms should be explored as some stakeholders may not be able to continue to provide such inputs under the current system”. (Page 6)

“During the audit it was clearly noted (discussed under Criterion 9.3) that the then proposed minimum buffer of 40 metres proposed for the protection of rainforest was inadequate. The BMP appears to have been revised since to provide even less protection for this HCVF. The nominated 10 metre buffer for rainforest identified by the BMP will probably not survive any acceptable peer review. The nominated 10 metre buffer is one quarter of the width required by the Code of Forest Practices (in native forests) for stands of (rainforest) with lesser significance (less than National conservation significance). It is also inconsistent with the recommendations for the conservation of rainforest identified in the Strzelecki Ranges Biodiversity Study (a minimum of two tree heights or about 100 metres). (page 16)

**Corrective Action Request: The Rainforest Management BMP shall be completed by 1 March 2005 including an independent peer review and further stakeholder input. The current accepted practice of stakeholder involvement in boundary marking is to continue with coupes where HVP harvests plantations adjacent to any areas of Cool or Warm Temperate Rainforest.**

Timeline for Compliance: By March 1, 2005

**Audit findings:** At the time of the annual audit in March 2005 and by the time of completion of the draft audit report in June 2005, HVP had developed a substantial series of documents that integrate to form the Rainforest BMP (RF BMP).

These include *Rationale for the rainforest BMP, Company rainforest policy, Procedure for management of rainforest on Company land, Operating standard for the evaluation of conservation significance of rainforest on Company land, Field determination of the boundary of rainforest on Company land, and Operating standard for the protection of rainforest on company land.*

At the time of the audit, HVP had not completed the RF BMP. The primary outstanding items required in the CAR to be met by March 1, 2005 were independent peer review and further stakeholder input. At the current audit, the draft RF BMP available during the SW monitoring audit from June 2004 had been revised, but was not completed in a form ready for external peer review. The draft had been reviewed internally by some HVP staff and by a company director who is also a professor at the University of Melbourne with expertise in rainforest identification.

At the time of the annual audit, HVP anticipated that the document required some additional revisions but was very close to being ready for external peer review. One potential peer reviewer had been contacted. A second peer reviewer had been identified, but had not been contacted. The potential date for completion of peer review was unclear and depended very much on the availability and time requirements of suitable peer reviewers to review it. In May 2005, HVP advised the audit team that the document had been sent to one of the identified peer reviewers but the company had not received any comments. The second peer reviewer could not complete a review in a reasonable time and HVP was searching for another potential reviewer. Further communications with HVP indicated that the company was steadily progressing and seriously engaged in efforts to contract suitable peer reviewers with the requisite ecological background and availability to complete the peer review in a timely manner.

At the time of the annual audit, written terms of reference for peer review were not given to the audit team and the auditors were left in doubt as to the scope and methodology to the peer review. Since the audit, HVP have shared with SW staff the letters being sent to potential peer reviewers. These letters were not a formal TOR and would benefit from being more complete and explicit in defining the brief for the peer reviewer.

At the time of the audit, HVP had not made clear plans for how it would go about “further stakeholder input” once peer review was completed and addressed by the company. HVP did

plan to take an internal cost analysis of the results of the peer review process to the Board for review before making any further commitments in regard to the BMP.

Overall, while the company had compiled the core documents of the RF BMP in a draft state that would be suitable for peer review, not at the time of the audit, but a few months afterwards, the process and the timetable for completing the peer review were not clear to the audit team during their inspection. Subsequent communications indicated that the timetable appeared to be on the order of at least six months after March 1.

In addition, during the annual audit, the state government indicated its intention to release a draft “Faunal and Flora Action Statement” on cool temperate rainforests of Victoria for public comment, which HVP received on May 12, 2005. In May 2005, HVP advised the audit team that they had received a first draft of three Action Statements related to cool temperate rainforest and were reviewing those documents to see how they would affect the HVP BMP.

The second requirement of the CAR was that “the current accepted practice of stakeholder involvement in boundary marking is to continue”. The practice of including a stakeholder in boundary marking only happened in one coupe and stopped soon after the audit in June 2004 when the individual involved no longer wished to participate. No stakeholders have participated in any boundary marking since that time and HVP has not found a replacement person or sought to establish an alternative procedure in the interim while the RF BMP remains unfinished.

Representatives of the shires told the audit team that the width of rainforest buffers is a highly contentious public issue, but that HVP has not sought public input. HVP stated that the company would welcome such input provided that the shires referred enquires directly to forest managers who could coordinate safe visits to coupes. The audit team considered the lack of stakeholder involvement in boundary marking a serious breach of the CAR. However, there are stakeholders who communicated to SmartWood in the past that it was not feasible or realistic to expect stakeholder involvement in coupe layout.

It is the opinion of SmartWood that the process of finalizing the RF BMP would be the best means to resolve these issues, even though the company should remain open to stakeholder involvement in RF boundary issues in coupes, should it be requested, provided it was done in a safety-conscious manner.

Since the last audit, HVP has established RF boundaries based on the existing internal policy and procedures, which the team understands provide for 20 meters from the defined edge of the rainforest. The auditors visited one coupe where it was clearly precisely 20 meters but where trees had been felled into and removed from that 20 metre buffer causing some damage to the buffer and to rainforest trees. HVP representatives told the audit team that numerous other coupes are laid out with similar 20 metre buffers.

This is not consistent with the comments of the SW auditors in the June 2004 Monitoring Audit Report. That report states “Until this BMP process is completed, on-the-ground management activities by HVP are expected to take a strongly “precautionary” approach, erring on the side

of larger, rather than smaller, buffers” and that a “proposed minimum buffer of 40 metres proposed for the protection of rainforest was inadequate”. Certainly, a number of differences remain unresolved between independent experts and stakeholders, on one hand, and the company on the other, regarding what is to be considered appropriate buffer width.

For three reasons: 1) an unfinished RF BMP and external peer and public review process, 2) the discontinuation of stakeholder participation in boundary marking, and 3) current boundaries that are much less than 40 metres - the team concludes that HVP has not met the requirements of this CAR.

The audit team concludes that there is a major non-compliance with the requirements of the CAR. In these circumstances, FSC requires that a Major CAR with a deadline of 3 months be imposed. In the audit team’s opinion, a 3 month deadline to complete a BMP following peer review and further stakeholder input that includes appropriate buffer widths is impossible to meet.

SmartWood proposes a MAJOR CAR to require completion of the BMP with peer review and external public review, including review of proposed buffer zone widths, by the end of 2005.

The assessment team proposed a MAJOR CAR to require HVP to immediately do either:

- Cease operations in all coupes that are adjacent to rainforest; **or**
- Put in place a minimum two tree height (100 metre) buffer on all rainforest sites where active operations continue while the BMP is being completed.

In review of this proposed CAR, SmartWood disagreed with the team’s suggestion to impose a more prescriptive CAR to address the original, yet unmet, CAR 1/2004. As this original CAR was clearly justified and defined to meet an identified nonconformance, then SmartWood procedure would be for the unmet CAR to have been classified as “OPEN” and then to raise the noncompliance to a Major CAR with a 3 month, or in exceptions, 6 month timeline to meet the main elements of CAR 1/2004.

Status: The requirements of the CAR had not been met. One MAJOR CAR was imposed.

Follow-up Action:

**MAJOR CAR 9-2005** By the end of 2005, HVP shall complete the Rainforest BMP with peer review and external public review, including review of proposed buffer zone widths, and be implementing the BMP.

<b>CAR #: Condition</b> <b>6.6.1</b>	Reference Standard #: <b>6.6</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “Company was using an FSC prohibited chemical for which a derogation was sought. However key terms of the derogation, principally, the formation of a pesticide advisory group (by independent experts, NGOs, and industry) was never completed by FSC, so the chemical is still not permitted for use.”
<b>Corrective Action Request: Throughout the certification period, HVP is to abide by the</b>	

**requirements of the November 3, 2003 derogation from FSC on the use of Simazine.**

Timeline for Compliance: Throughout the certification period.

**Audit findings:** The FSC derogation allows simazine to be used in Victoria until September 2006 provided 7 requirements are met. These requirements include a “pesticide advisory group” to provide guidance on conditions attached to the use of simazine, a prohibition on use in domestic water supply catchments or areas where there could be off-site movement to watercourses, and requirements for buffers along drainage lines.

HVP had not used any simazine since the derogation in November 2003, and has no plans for any further use. They have found alternatives, and are monitoring the impacts of not using simazine, but will not be allowed to use it after September 2006 in any event. Thus, they have not established a pesticide advisory committee. The CAR applies throughout the life of the certificate but is met (or not applicable) at present. The derogation is only until September 2006 and if HVP continues not to use simazine the CAR will be closed at that time.

**Status: This Condition is in place “throughout the certification period” and remains Open.**

Follow-up Action: No follow up is required as long as HVP continues not to use simazine for the remainder of the period of derogation.

CAR #: <b>Condition 6.6.2</b>	Reference Standard #: <b>6.6</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable text from Assessment Report (2004): “Stakeholders expressed concern that no information is provided by HVP on the source, composition and application rate of fertilisers used in the management of the plantations.”
<b>Corrective Action Request: By the end of Year 1, HVP is to provide more information on the source, composition and amounts of all chemicals used. Summary information is to be provided, upon request, to interested parties including local government agencies, local residents and other interested parties so that they are better informed on chemical use across the HVP estate and at the forest management unit level.</b>	
Timeline for Compliance: By the end of Year 1	

**Audit findings:** HVP initially provided the team with two documents – a list of the chemicals currently used on the estate by HVP, and a list describing each purchase of chemicals between January 1999 and June 2004. This list identifies each chemical purchased, its trade name, and the amounts of chemical. It includes a total of 20 herbicides, 6 surfactants/adjutants, 1 dye and 1 bait that have been used during the period. Upon request, at the time of the assessment, Hancock also produced a list of all the fertilizers purchased between January 1999 and October 2004. This document also includes an annual summary of the total amount of each fertilizer used. HVP staff told the audit team that there has been no field application of insecticides or fungicides or any other chemicals for several years and certainly not in 2004 since the

certificate was issued. This information provided to the audit team meets the first part of the requirements imposed in the condition.

The second part of the condition requires that the information is to be provided “upon request, to interested parties, including local residents and other interested parties”. HVP provided evidence that they do provide site-specific information about planned chemical use to water authorities and other government agencies and solicit comments from them. They also told the team they are willing to meet on a site-specific basis to talk about any specific concerns with interested individuals. Concerns about herbicide use were mentioned in only 3 of the 44 survey responses so the team concludes lack of information is not a widespread issue.

However HVP also told the team that it is not willing to disclose information about the full extent of chemicals used in their operations, particularly in situations where they are unsure of the purpose of a request for information, or are suspicious of the potential uses the information might be put to. In January 2005, HVP received a letter from Friends of the Earth (Melbourne). The letter referenced this CAR and the upcoming annual audit and requested “summary information on pesticide and fertilizer use” between Feb 2004 and Feb 2005 including exactly where chemicals were used, what chemicals were used, the volume, application rates and application methods. At the time of the audit in March, 2005, two month after receiving the request, HVP managers had not responded. They told the team that they were aware of the request but did not intend to provide the full information requested and were uncertain what if any information would be provided in response. The team was advised that there was one other similar, though more limited, request from another NGO and that there had been no response to that one either.

Given the requirements of Criterion 6.6 in the FSC Standard and the extensive nature of chemical use as a basic management tool across HVP operations, the audit team believes that a request for information about the extent of chemical use and the type of chemicals used is legitimate and should be responded to. The amount of detail that must be disclosed and the format for providing summary information are at the discretion of the company, but basic summary information must be provided to meet this CAR, and to be consistent with indicators in the SW generic standard for Australia. These indicators require that “the FMO proactively communicates with affected stakeholders about forest management activities” (Criterion 2.3) and that “there is a positive and proactive history of interaction with stakeholders on management planning and implementation” (Criterion 4.4). Given that chemical use for forest management is extensive across the Hancock operations, and viewed as contentious by some, information about use needs to be available to foster communication.

The team concludes that HVP has not met the Condition requirement to provide summary information on chemical use to “interested parties so that they are better informed on chemical use across the HVP estate and at the forest management unit level”.

**Status: Part of the Condition is met.** However summary information has not been provided to all interested parties upon request. This part of the Condition is not met. It is replaced by a Major CAR.

Follow-up Action:

**MAJOR CAR 10-2005** Within 3 months, HVP shall develop a policy and a format for providing summary information on chemical use to interested parties upon request and shall promptly respond to written requests by providing the requested summary information.

<b>CAR #: Condition 6.6.3</b>	Reference Standard #: <b>6.6</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable findings from Assessment Report (2004): “HVP has detailed procedures to deal with all aspects of herbicide use including spills and overspray. Despite these precautions however, there is deepening community concern about aerial spraying of herbicides in particular. Some stakeholders strongly believe that the FMO should establish beyond all reasonable doubt that drift will not occur into adjacent lands and watercourses, and that if this cannot be done then sampling of all streams (whether or not they are perennial) must be conducted. Clearly, as it is not possible to completely avoid spray drift, HVP needs to extend its current stream sampling program and preferably work towards a phase out of aerial spraying of herbicides.”
<b>Corrective Action Request: By the end of Year 1, HVP is to increase the intensity of stream water sampling following aerial spraying of herbicides to include significant ephemeral streams flowing from treated areas.</b>	
Timeline for Compliance: By the end of Year 1	

**Audit findings:** HVP told the audit team that in order to include the increase the intensity of stream water sampling to include ephemeral streams, it needs to first modify the “Water Sampling” paragraph in the Procedure for Application of Herbicides to Radiata Pine and Eucalypt Plantations, and second to prepare a new document “Water Sampling Procedures for Chemical Residues”.

At the time of the audit, the second action had been completed and ephemeral streams are included in the document, but the first had not. Thus the procedures to include ephemeral streams in water sampling following aerial spraying had not been implemented. HVP staff told the audit team that they would complete this document and provide it to the team, but it had not been received at the time of the report.

**Status: The Condition is not met.** It is replaced with a MAJOR CAR.

Follow-up Action (if applicable):

**MAJOR CAR 11-2005** Within three months, HVP shall demonstrate that it has implemented procedures to sample ephemeral streams following aerial spraying of herbicides.

CAR #: <b>Condition 6.10.1</b>	Reference Standard #: <b>6.10</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable text from Assessment Report (2004): “Native Vegetation Management BMP was in the process of being finalized at the time of the assessment, and completed by July 2003. The condition tests implementation and effectiveness of the BMP.”
<b>Corrective Action Request: By the end of Year 1, HVP is to incorporate effective monitoring of the Native Vegetation BMP into the Environmental section of the Monitoring &amp; Reporting Register (see Principle 8.1). Through field auditing (monitoring), HVP is to demonstrate consistent compliance with this BMP and consistent implementation of native vegetation conservation practices.</b>	
Timeline for Compliance: By the end of Year 1 – March 2005.	

<p><b>Audit findings:</b> In part response to this Condition, the <i>Monitoring and Reporting Register</i> has been modified to include Objectives, Targets and Indicators for the ten Environment Policy Elements from the Company’s Environmental Policy. One of the policy elements states, “Consider each plantation’s public resources – its water, soil, flora, fauna and recreational values – and manage them with a long-term sustainable perspective”. This includes an objective - “Maintain, protect &amp; enhance the condition of key habitats of indigenous fauna &amp; flora on Company land with an additional emphasis on rare, threatened or other sensitive species” - that is appropriate to the monitoring of native vegetation within the Company’s plantations. However, there are no targets or indicators specifically for the monitoring of native vegetation.</p> <p>The Company’s coupe auditing processes, in particular the external independent audits, include a number of observations on the quality of management of native vegetation associated with plantations. However, these observations of native vegetation are made within the themes that make up the audit tool. For example, observations on native vegetation occur within the Timber Harvesting Plan, Roding, Buffers, Filters, Exclusion Areas and Extraction Tracks themes. There is no theme specific to management of native vegetation. When the quantitative summary of audit compliance is created, it is based on the existing themes and this results in information on native vegetation being submerged in the values for the individual themes.</p> <p>Thus, although the basic audit data on native vegetation management is collected, the audit tool does not currently assess it quantitatively and there are not targets and indicators in the Monitoring and Reporting Register related to compliance with the Native Vegetation BMP as required by the CAR.</p>
<b>Status: The Condition is not met.</b> A Major CAR is imposed.
<p>Follow-up Action (if applicable):</p> <p><b>MAJOR CAR 12-2005</b> Within three months, HVP shall include targets and indicators in the Monitoring and Reporting Register and shall modify the audit tool so that it assesses compliance for native vegetation requirements. HVP shall also include an indicator to monitor action taken to rehabilitate or otherwise deal with breaches relating to native vegetation detected in coupe audits.</p>

<b>CAR #: Condition 7.1.1</b>	Reference Standard #: <b>7.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable text from Assessment Report (2004): “Forest management planning documents available to public should be more thorough for an operation of this scale.”
<b>Corrective Action Request: By the end of Month 6, a more detailed summary of the Forest Management Plan is to be made available to the public, including identification of the BMPs used in forest management activities and maps indicating the location and status of HVP land.</b>	
Timeline for Compliance: By the end of Month 6	

<b>Audit findings:</b> Since the assessment report in January 2004, HVP has extensively revised its’ <i>Forest Management Plan</i> . Discussion with HVP staff indicated that the revised FMP would be available for viewing at Company offices. However, two stakeholders who went to the GRP office during the annual audit told the audit team that the document was not provided to them on request. Company staff indicated a willingness to put the document on the Company website and this would be a good initiative in addition to the option of making the FMP available in hard copy at Company offices.	
Status: The Condition was not met completely, but at the time of the audit the company was in process of completion. A NEW CAR with refined timeline and conditions is issued.	
Follow-up Action (if applicable): <b>CAR 13-2005</b> Within three months, HVP shall make the Forest Management Plan available to the public on the Company website and in hard copy at Company offices and shall make a public announcement of the availability of the plan.	

<b>CAR #: Condition 8.1.1</b>	Reference Standard #: <b>8.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable text from Assessment Report (2004): The examples of good monitoring practice by HVP are often local initiatives or responses to urgent problems, rather than part of the planned and prioritised approach that is required to meet this criterion.
<b>Corrective Action Request: By the end of Year 1, HVP is to rationalize the existing monitoring initiatives into one procedure that clearly lists objectives, targets, indicators (quantitative where possible), and the process to be used to incorporate the results of monitoring into operational practices.</b>	
Timeline for Compliance: By the end of Year 1	

<b>Audit findings:</b> This Condition has been met by inserting an extra worksheet into the Monitoring and Reporting Register to cover objectives targets and indicators and modifications to the Forest Stewardship Monitoring and Reporting Plan.
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**Status: The Condition is Met and Closed.**

Follow-up Action: No follow-up action is required.

CAR #: <b>Condition 9.1.1</b>	Reference Standard #: <b>9.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “HVP do have a policy of not clearing native vegetation to establish plantations and have a written Native Vegetation Management Policy, but do not have an explicit written strategy for HC VF conservation. HVP has a threatened species BMP but it is still very general.”
<b>Corrective Action Request: By the end of Year 1, HVP is to develop an explicit written conservation strategy for high conservation value Ecological Vegetation Classes (EVC) and high conservation value wildlife habitat throughout its estate that specifically addresses each bioregion and has been subjected to scientific peer review.</b>	
Timeline for Compliance: By the end of Year 1	

**Audit findings:** Since the Assessment Report of January 2004, HVP has completed a “*Conservation Strategy for High Conservation Value Ecological Vegetation Classes*”. This document does address high conservation value EVCs in the 14 (of the 21) bioregions in Victoria state where HVP has operations. HVP told the team that the strategy was reviewed externally by two qualified individuals.

The strategy meets this requirement of the Condition directed to EVCs. The strategy sets out two scales of high conservation value: a) EVCs identified in the CMA Regional Native Vegetation Management Plans as endangered or vulnerable, and b) individual vegetation patches with high or very high conservation significance as determined by the method described in Appendix 3, Table 5 of ‘Victoria’s native vegetation management – a framework for action’.

The pre-eminent management strategy for the high conservation value forests is the company policy of not harvesting native vegetation and managing it for conservation purposes irrespective of the conservation significance of the EVC. The *Conservation Strategy* does not adequately address the issue of “high conservation value wildlife habitat”, as required by the Condition. The strategy should address the *Strzelecki Ranges biodiversity report by Biosis*, which does address issues of what constitutes high conservation value wildlife habitat. The team assumes that HVP expects that the high conservation value wildlife habitat also occurs within the native forest types on its estate and thus their policy protects wildlife values as well as EVCs.

In this circumstance, the team concludes that this condition is met and it is closed.

**Status: The Condition is Met and Closed.**

Follow-up Action (if applicable):

Observations: The strategy should be cross-referenced to the Native Vegetation BMP,

Threatened Species BMP, and Rainforest BMP. The company should develop more region – specific discussion of values and threats to highlight differences between bioregions.

CAR #: <b>CAR 2-2004</b>	Reference Standard #: <b>9.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Monitoring Report (June, 2004): GRP advised the SWG that they proposed to harvest a small area (77ha) of plantation affecting the links in the coming harvest planning cycle. This caused an extremely high degree of concern within stakeholder groups.
<b>Corrective Action Request: GRP shall postpone plantation harvesting operations from the proposed Cores and Links identified in the Biodiversity Study until the process required under Condition 9.1.1 is complete, and/or there is broad stakeholder input on the specific precautions/strategies that should be put in place so that any harvesting which occurs in the proposed Cores and Links will maintain high conservation values.</b>	
Timeline for Compliance: By the annual audit 2005	

**Audit findings:** HVP told the team that, following the monitoring audit in June 2004, it did postpone harvesting in areas within the proposed Cores and Links identified in the Biodiversity Study. A small area of land was harvested in 2003 but HVP insists that it has not harvested within those areas since this CAR was imposed. Some parties firmly believe that HVP has recently harvested within the proposed Cores and Links and is planning additional coupes. Additionally, the Cores and Links report was desk based and the boundaries were not accurately fixed on a map. Until the map showing boundaries of core and link areas is completed, there will continue to be uncertainty.

In October 2004, the company signed a Memorandum of Agreement (MOU) with the Australian Trust for Nature (TFN) and the Nature Conservancy (TNC) that provides for a moratorium in the Cores and Links until October 2005. A media release was issued at the time of signing the MOU and was available on the TFN website in the “Media” section. At the time of the audit, HVP was in the process, with TFN and TNC, of establishing an advisory committee to assist with addressing rainforest issues and cores and links. The first meeting was scheduled in mid-March 2005.

At the time of the audit, the MOU was a confidential document. HVP told the audit team that more information about the MOU would be made available to all the interested parties as the advisory committee began to meet and work on these matters. Some NGO’s were cautiously optimistic that this process would help to address rainforest issues in the Strzeleckis. If the process is not successful, the issues of cores and links and additional protected areas in the Strzeleckis will be raised again by those stakeholders in the future. Some stakeholders, however, commented that they felt the MOU process had been too confidential and information had not been forthcoming.

However, the audit team accepts the HVP contention that it has met this CAR.

**Status: The Condition is Met and Closed.**

Follow-up Action (if applicable):

**MAJOR CAR 14-2005** Within six months, HVP shall have implemented ground-truthing and mapping of Cores and Links boundaries prior to operations in coupes in the Strzeleckis.

A proactive effort upon the part of MOU signatories should be taken to make the document publicly available and to inform, and where appropriate, involve interested stakeholders in ongoing developments. Note: After the audit fieldwork, the MOU was available on the TFN website. At URL: <http://www.tfn.org.au/MOU.pdf>

<b>CAR #: Condition 9.1.2</b>	Reference Standard #: <b>9.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “The native vegetation of most of these bioregions has been significantly depleted and many remnants are likely to be of at least bioregional conservation value. Examples include Wet Forest (depleted in the Strzelecki Ranges) and Cool Temperate Rainforest (sites of national and state conservation value within the Strzelecki Ranges). There is no current monitoring of the impacts of harvesting on custodial lands. However, GRP has proposed a project to assess the distribution of Myrtle Wilt and monitor its impact on Cool Temperate Rainforest.”
<b>Corrective Action Request: Throughout the certification period, HVP will join with State Government programs to monitor the incidence of myrtle wilt in cool temperate rainforest on HVP estate.</b>	
Timeline for Compliance: Throughout the certification period.	

**Audit findings:** During mid 2004, Company staff accompanied DSE pathology staff in a field survey to locate occurrences of myrtle wilt to initiate permanent study sites. The search included harvesting coupes associated with Cool Temperate Rainforest along the Midland Hwy and the Grand Ridge Rd between Ryton and Balook. Two study sites were located and plots were established to monitor the progress of the infection. A request has been made to Parks Victoria to allow the establishment of reference plots in the Tarra Bulga Park, but their response has not been finalised.

**Status: This Condition is on-going through the life of the certificate.** Progress on this Condition is satisfactory for the first year audit.

Follow-up Action: On-going monitoring is required in subsequent annual audits.

<b>CAR #: Condition 9.3.1</b>	Reference Standard #: <b>9.3</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “From the FMP, Section 7: Rare Threatened and Endangered species plan is presumably a public document, as it is not labelled as a controlled document. It is, however, neither detailed nor sites specific. The plan also refers to the Forest Stewardship Monitoring and Reporting plan that provides some details on how information on stewardship activities are monitored and reported but this also lacks the requirements outlined by this criterion. For GRP, a Strzelecki Management Plan is being prepared but is still in draft form and has not been expanded to include the land recently acquired from APP.”
<b>Corrective Action Request: By the end of Year 1, HVP is to incorporate consideration of high conservation value EVCs and wildlife habitat into the Management Plan Summary.</b>	
Timeline for Compliance: By the end of Year 1	

<p><b>Audit findings:</b> <i>The Plantation Management Plan</i> was revised in July 2004. “Consideration of high conservation value EVCs” is incorporated in a section on page 16 of the 2004 Plan. As noted in Condition 9.1.1 above, there is no mention of “wildlife habitat” in terms of high conservation values and EVCs. However, as in 9.1.1, the audit team assumes that HVP considers that high conservation value wildlife habitat to be confined to native vegetation and addressed by the management strategy of protecting all the native vegetation within their lands.</p> <p>The consideration is not detailed or site specific as suggested by the text of the assessment report but inclusion in the management plan does meet the requirement of the Condition.</p> <p>HVP told the team that it does not expect to produce a management plan summary. Rather the whole plan will be made available upon request at HVP offices. HVP also told the team that it would put the entire Plantation Management Plan (2004) on the company website to make it publicly available, but that has not happened to date. This is addressed in the CAR arising from Condition 7.1.1.</p>	
<b>Status: The Condition is Met and Closed.</b>	
Follow-up Action (if applicable): See CAR arising from Condition 7.1.1.	

<b>CAR #: Condition 10.1.1</b>	Reference Standard #: <b>10.1</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “There is a company policy and a procedure on Threatened Flora and Fauna Management and the plan summarises the provisions of these documents. However, the protection of threatened species is not listed as a specific objective in section 1 of the plan.”
<b>Corrective Action Request: By the end of Year 1, and/or prior to publication of the Plantation Management Plan, HVP is to modify the plan objectives to incorporate a direct reference to the protection of threatened species and communities</b>	

Timeline for Compliance: By the end of Year 1
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<b>Audit findings:</b> As noted above for Condition 9.3.1, the Plantation Management Plan was revised in 2004. The new 2004 Plan does incorporate direct reference to protecting “threatened species and threatened ecological communities locate on company land” on page 4 and on page 15. This meets the requirements of the Condition.
<b>Status: The Condition is Met and Closed.</b>
Follow-up Action (if applicable): None

<b>CAR #: Condition 10.3.1</b>	Reference Standard #: <b>10.3</b>
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable finding from Assessment Report (2004): “There is a need to provide stronger attention to the protection of landscape values both from view points on roads and by coupe screening buffers along the many roads used by local residents and visitors.”
<b>Corrective Action Request: By the end of Year 1, HVP is to add to the harvesting BMPs consideration for buffers to reduce visual impact, taking safety and other factors into account.</b>	
Timeline for Compliance: By the end of Year 1 – March 2005	

<p><b>Audit findings:</b> Two Operating Procedures were revised in February 2005 to provide guidance on visual values and buffers to reduce visual impacts. The revised <i>Procedures for Operational Planning and Management</i> (Revision 2, Feb 9, 2005) states, “These (visual amenity values) may arise in coupes adjacent to major public roads providing (sic) extensive vistas over forested landscapes (sic) or coupes which occupy prominent topographical positions visible from major tourist roads or tourist facilities. Note harvesting of the coupe may enhance visual amenity. It needs to be assessed in a regional context (sic) based on accepted industry practice (sic), pervading community attitudes to those practices and the general topography.” The team did not consider that this very general statement provided any specific or practical direction about buffers to reduce the visual impact of harvesting.</p> <p>The revised Policy for the <i>Planning and Conduct of Timber Harvesting operations on Company Land</i> (Revision 3, Feb 9, 2005) does provide more explicit guidance. It states that “The Company will consider the potential impacts on visual amenity of harvesting the coupe within the regional context having regard to accepted industry practice and pervading attitudes of the regional community and the general topography. Where potential impacts are assessed to be significant, options for mitigation will be determined taking into account factors such as other environmental aspects, occupational health and safety, public safety and investment outcomes.”</p> <p>The policy then describes a list of “mitigation options” including “amendments to the coupe boundary; provision of temporary buffers through 2-staged harvesting until green-up; enhancement of native vegetation on adjoining public road reserves or property; communication with affected stakeholders; or consideration of options for plantation re-</p>
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establishment including rapid site preparation and good weed control which modify the visual impact by creating the impression that ongoing “management” of the site is occurring.”

The audit team is doubtful if these revised procedures and policies will lead to any significant changes in the management practices related to protection of visual landscape values. However, the team also recognizes that providing policy guidance and specific operating procedures for visual landscape management in specific language is difficult. In addition, the Condition required only that the harvesting BMPs be revised to include consideration of buffers as a means to reduce visual impacts. This consideration has been added to the BMPs and the requirement of the Condition has been met.

**Status: The Condition is met and Closed.**

Follow-up Action: No follow-up action.

<b>CAR #: Condition 10.9.1</b>	<b>Reference Standard #: 10.9</b>
<b>Non-compliance:</b> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Applicable text from Assessment Report (2004): “In coordination with other organizations (ENGOS, local governments/shires and other individuals/organizations), the Strzelecki biodiversity assessment and priority-setting study was undertaken that has identified core areas for protection. This study did not include the APP contribution to the GRP estate, as HVP had not acquired the APP estate at the time of the study. HVP agreed not to harvest in the identified core areas for a period of 24 months and they are implementing work with other parties to explore what they should do after that period.”
<p><b>Corrective Action Request: By the end of Year 1, HVP is to have in place a policy and plan related to the regeneration of native vegetation on previously cleared or unplanted areas of native vegetation on its forest estate. The policy should be developed in consultation with stakeholders such as the Friends of the Gippsland Bush and other directly interested or affected parties, and considers the Code of Forest Practice (COFP).</b></p>	
Timeline for Compliance: By the end of Year 1 – March 2005.	

**Audit findings:** HVP policy and plans for this situation are given in a memo from M. Tonkin (HVP) to J. Hayward (Smartwood) dated 25 July 2003. The memo gives a commitment that such land will be added to the Custodial land base. The areas in question, Mt Tassie Block 4305504 (nine hectares) and Gombala Rd Block 4505329 (nine hectares), are regenerating naturally via coppice and seedlings and the success of regeneration on the sites is being monitored.

**Status: This Condition is met and Closed.**

Follow-up Action (if applicable): Monitoring of the regeneration is to be continued through the certification period.

## 2.5 New corrective actions issued as a result of this audit

CAR #: 1-2005	Reference Standard #: 2.3, 4.4
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	HVP does not exemplify a “proactive and positive” working relationship with some key stakeholders. Lack of “consultation with affected stakeholders and adjoining landowners before, during and after forest management planning”
<p>Corrective Action Request:</p> <p>By the next annual audit in 2006, HVP shall have:</p> <ol style="list-style-type: none"> <li>1. developed a corporate policy and established a communication process that provides for more constructive engagement and consultation, and regular interaction, with the public and interest groups who have demonstrated an interest in HVP operations;</li> <li>2. demonstrated improved communications responsiveness to stakeholder inquiries and concerns; and,</li> <li>3. developed a corporate policy that confirms public access to management plans, policies and operating procedures (BMPs) and provided these documents to interested parties upon request and in accordance with the policy.</li> </ol>	
Timeline for Compliance: 2006 annual audit	

CAR #: 2-2005	Reference Standard #: 1.1
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Detailed information on specific catchments has been made available in the Legal Register. However, there is no specific mention of water catchment consideration in the <i>Policy for The Planning and Conduct of Timber Harvesting Operations on Company Land</i> .
<p>Corrective Action Request:</p> <p>By the next annual audit in 2006, HVP shall modify the <i>Policy for the Planning and Conduct of Timber Harvesting on Company Land</i> to clearly include consideration of Special Water Supply Catchment Areas and Special Area Plans.</p>	
Timeline for Compliance: 2006 annual audit	

CAR #: 3-2005	Reference Standard #: 4.1, 4.4, 7.3
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	A significant number of District Foresters have not yet been trained. This coverage so far is not yet satisfactory company wide.
<p>Corrective Action Request:</p> <p>By the annual audit in 2006, HVP shall complete training of senior company management, district managers and foresters in community and stakeholder communication and liaison and shall complete a follow-up assessment to determine the level of stakeholder satisfaction.</p>	
Timeline for Compliance: 2006 annual audit	

CAR #: 4-2005	Reference Standard #: 4.1, 4.4, 7.3
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	It is important that all Company staff receive some sort of training in dealing proactively with outsiders, in particular senior managers in the field and head office. Field administration staff should also receive some training in dealing effectively with outsiders.
Corrective Action Request: By the annual audit in 2007, HVP shall complete training of other company staff in proactively dealing with stakeholder communication and liaison. HVP shall carry out a follow-up assessment of stakeholder satisfaction and provide further training if necessary.	
Timeline for Compliance: 2007 annual audit	

CAR #: 5-2005	Reference Standard #: 4.4
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Company practice does seem to have improved in this area. Representatives of the three shires in the Strzeleckis confirmed the more proactive approach, and said there has been improved consultation with them. They said that there have been fewer complaints and fewer conflicts on roads in the last 12 months. However, there were still complaints expressed in conversations with residents and in survey returns and it is clear that road traffic concerns continue to exist in the Strzeleckis and in most of the HVP management areas.
Corrective Action Request: By the annual audit in 2007, HVP shall apply the Guidelines for Planning and Conducting Road Haulage, adapted as necessary, to all HVP Districts. HVP shall incorporate indicators and targets relating to Company performance in this area into the Monitoring and Reporting Register.	
Timeline for Compliance: 2007 annual audit	

CAR #: 6-2005	Reference Standard #: 5.5
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	<p>The <i>Policy for the Planning and Conduct of Timber Harvesting Operations on Company Land</i>, (Revision 3, Feb 9, 2005) also refers to a maximum of 200 ha in 2 years as the benchmark for coupe size, but this document does not refer to the lower benchmark coupe size for cable operations in the Strzeleckis.</p> <p>The policy does state, “Site preparation and re-establishment on steep, and /or high erosion risk sites should follow as a priority to minimise impacts on soil movement and water quality”. However, the audit teams’ observations in the Strzeleckis indicate that there is not yet a priority given to prompt revegetation to prevent erosion on steep slopes.</p>
Corrective Action Request: By the annual audit 2006, HVP shall review the provisions of the “ <i>Environmental Protection Standards for Timber Harvesting</i> ” relating to management of soils on steep cable sites (e.g. coupes greater than 25 degrees) and the results of the Code and BMP audit process for such sites; in order to develop and test techniques to minimise soil movement.	

Timeline for Compliance: 2006 annual audit.
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CAR #: 7-2005	Reference Standard #: 6.3
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	In addition to not yet being finalized, the BMP does not appear to be put into practice, as required by the condition. Also, the BMP documents are all marked "Commercial in Confidence". Thus, are not available to the public or interest groups and there is no way that HVP can be held accountable to follow the BMP.

Corrective Action Request:  
 Within 6 months, HVP shall finalize the Policy and Procedures documents for Threatened Species and Communities, make all company staff aware of the requirements of these documents, make a summary of the prescriptions publicly available, and demonstrate that the procedures are implemented in coupe layout and planning.

Timeline for Compliance: Six months (March 15, 2006)
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CAR #: 8-2005	Reference Standard #: 6.5
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Limited progress to meet the listed elements of the condition was not satisfactory.

Corrective Action Request:  
 By the annual audit in 2006, HVP shall complete a practical definition of sensitive waterways and shall complete a pilot project that applies the definition to one District to test the application of the definition; (a) using existing resource data and (b) with new data if existing data is inadequate. Input from interested stakeholders shall be sought for these activities.

Timeline for Compliance: 2006 annual audit
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CAR #: 9-2005	Reference Standard #: 6.1, 9.1
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	1) an incomplete BMP and external peer and public review process, 2) a lack of stakeholder participation in boundary marking, and 3) current boundaries that are much less than 40 metres - the team concludes that HVP has not met the requirements of this CAR.

Corrective Action Request:  
 By the end of 2005, HVP shall complete the Rainforest BMP with peer review and external public review, including review of proposed buffer zone widths, and begin to implement the BMP.

Timeline for Compliance: 2006 annual audit
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CAR #: 10-2005	Reference Standard #: 6.6
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	HVP was not willing to disclose information about the full extent of chemicals used in their operations, particularly in situations where they are unsure of the purpose of a request for information, or are suspicious of the potential uses the information might be put to.
Corrective Action Request: Within three months, HVP shall demonstrate that it has implemented procedures to sample ephemeral streams following aerial spraying of herbicides.	
Timeline for Compliance: 3 months (December 15, 2005) Note: This deadline date has been updated to reflect 3 months required for compliance from the time of the finalization of this audit report.	

CAR #: 11-2005	Reference Standard #: 6.6
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	HVP procedures to include ephemeral streams in water sampling following aerial spraying had not been implemented.
Corrective Action Request: Within three months, HVP shall demonstrate that it has implemented procedures to sample ephemeral streams following aerial application of herbicides.	
Timeline for Compliance: 3 months (December 15, 2005) Note: This deadline date has been updated to reflect 3 months required for compliance from the time of the finalization of this audit report.	

CAR #: 12-2005	Reference Standard #: 6.10, 8.1
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	Although the basic audit data on native vegetation management is collected, the audit tool does not currently assess it quantitatively and there are not targets and indicators in the Monitoring and Reporting Register related to compliance with the Native Vegetation BMP.
Corrective Action Request: Within three months, HVP shall include targets and indicators in the Monitoring and Reporting Register and shall modify the audit tool so that it assesses compliance for native vegetation requirements. HVP shall also include an indicator to monitor action taken to rehabilitate or otherwise deal with breaches relating to native vegetation detected in coupe audits.	
Timeline for Compliance: 3 months (December 15, 2005) Note: This deadline date has been updated to reflect 3 months required for compliance from the time of the finalization of this audit report.	

CAR #: 13-2005	Reference Standard #: 7.1
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Discussion with HVP staff indicated that the revised FMP would be available for viewing at Company offices. However, two stakeholders who went to the GRP office during the annual audit told the audit team that the document was not provided to them on request.
Corrective Action Request: Within three months, HVP shall make the Forest Management Plan available to the public on the Company website and in hard copy at Company offices and shall make a public announcement of the availability of the plan.	
Timeline for Compliance: 3 months (December 15, 2005) Note: This deadline date has been updated	

to reflect 3 months required for compliance from the time of the finalization of this audit report.

CAR #: 14-2005	Reference Standard #: 9.1
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	Some parties firmly believe that HVP has recently harvested within the proposed Cores and Links and is planning additional coupes. Additionally, the Cores and Links report was desk based and the boundaries were never accurately fixed on a map. Until the map showing boundaries of core and link areas is completed, there will continue to be uncertainty.
Corrective Action Request: Within six months, HVP shall have implemented ground-truthing and mapping of Cores and Links boundaries prior to operations in coupes in the Strzeleckis.	
Timeline for Compliance: Six months (March 15, 2006) Note: This deadline date has been updated to reflect 6 months required for compliance from the time of the finalization of this audit report.	

## 2.6 Audit observations

Observation	Reference Standard #
Success in meeting the CAR regarding company wide training on stakeholder consultation should not be judged solely on the provision of training on a company-wide basis, but also on the demonstration of attitude change within the company, as evidenced by a significant improvement in the quality of stakeholder and company communications. This could be investigated through a repetition of the stakeholder survey carried out by SmartWood during this audit or through more intensive research.	4.4
HVP should revise the Procedures for Operational Planning and Management (Revision 2, Feb 9, 2005) and the Policy for the Planning and Conduct of Timber Harvesting Operations on Company Land (Revision 3, Feb 9, 2005) so that they refer to Threatened Species and Communities, and clearly require that measures to protect environmental values are to be included on coupe maps.	6.2
HVP should initiate work to identify the scope and scale of the wildling problem, to identify the districts with the greatest problems and the highest conservation priorities and to determine and budget for an annual program of wildling control. This Condition will be audited again in the 2006 Annual Audit.	6.3
HVP should improve COC documentation provided to its certified customers who request certified material.	8.3
The team observed that there are patches of non-native forest, and remnant patches of native vegetation, scattered along streams, in non-harvest areas, and along roads within HVP's plantation land areas and outside the native forest area set asides. These remnant areas or failed plantation patches are within or adjacent to planned coupe areas. The team acknowledges that it is likely these areas have conservation value; and may have High Conservation Value because of their remnant nature,	9.1

<p>their critical habitat attributes, or their potential contribution as linking areas or linear corridors within plantations.</p> <p>The company should be diligent in determining the conservation value of such remnants within plantation areas through the ongoing development of their protocols (<i>Threatened Species BMP, Native Vegetation Management BMP, and Rainforest BMP</i>) that affect ecological values within plantations and remnant residual native forest or vegetation along roads and in other areas within the plantation areas.</p>	
<p>A proactive effort upon the part of MOU signatories HVP, TNC, TFN, should be taken to make the document publicly available and to inform, and where appropriate, involve interested stakeholders in ongoing developments.</p>	<p>9.2</p>

## 2.7 Audit decision

Based on the findings of the audit team, Hancock Victorian Plantations has met and closed some, but not all, of the first year conditions and/or applicable CARs required for HVP to demonstrate compliance to FSC Principles and Criteria and SmartWood certification requirements. Several conditions and/or applicable CARs were not met and have ongoing monitoring expectations, and significant issues remain unresolved by the company.

The SmartWood decision is to issue 7 major CARs and 7 minor CARs to address weaknesses in the expected level of compliance by the company in order to maintain certification. The timelines for completion of some of these major CARs are very tight and this presents a challenge.

It is the decision of SmartWood that the company should remain certified while the CARs issued in this audit report are addressed.

**APPENDIX I: List of visited sites (PUBLIC)**

<b>District or FMU</b>	<b>Coupe number/ name</b>	<b>Auditors</b>	<b>Site description / Audit focus</b>
GRP, Strzelecki Ranges	JEE-026	Moore, Incoll	Clearfelled P. radiata plantation. Soil erosion, stream protection, native vegetation protection, stakeholder communication.
GRP, Strzelecki Ranges	MAR-022	Moore, Incoll	Clearfelled P. radiata plantation. Soil erosion, stream protection, native vegetation protection, stakeholder communication.
GRP, Strzelecki Ranges	Road 22	Moore, Incoll	Clearfelled E. regnans plantation. Rainforest buffers, stakeholder communication.
GRP, Strzelecki Ranges	Linkletters Rd	Moore, Incoll	Clearfelled E. regnans plantation adjacent to Cores and Links area. Rainforest conservation, stakeholder communications.
GRP District Office, Churchill		Moore, Incoll	Discussion of issues, sighting of documents.
GRP, Longford Plantation		Moore, Incoll	Overview of flat country plantation practice and issues.
HVP Ballarat District. Spargo, Bell's Reef, Basalt, Lady Peacock Plantations.		Moore	Overview of Ballarat plantation practice and issues.