

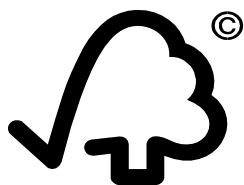
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SmartWood

Practical conservation through certified forestry

Forest Management **2007 Annual audit** Report for:

Hancock Victorian Plantation
Pty.Ltd.
in
Victoria, Australia

Certificate Code:	SW-FM/CoC-1128
Audit Dates:	Feb 12-19, 2007
Report Finalized:	26 November 2007
Auditors:	Keith Moore Andrew Hill Loy Jones
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1. AUDIT PROCESS

1.1. Auditors and qualifications:

Keith Moore – Registered professional forester. Keith has an MA in Geography with forestland management and environmental assessment experience in Canada and other countries since 1976. Since 2000, he has been team member or team leader on twenty-two other SmartWood assessments, pre-assessments, annual audits and pre-condition audits in Canada and in Russia. He coordinated or participated in the field-testing of four FSC regional standards and is presently assisting with the development of two national FSC standards. He led the audit team for the HVP annual audits in 2005 and 2006. Canadian national.

Andrew Hill – Ecologist, with a Masters in Environmental Science, who is also a Certified Environmental Practitioner in Australia. He has approximately 15 years experience in the environmental field and has developed an expert knowledge of flora and fauna issues throughout south-eastern Australia. During his consulting experience he has managed and documented numerous environmental projects for a variety of private and public clients. He has auditing experience with both State Government (annual audits of timber harvesting on public land, 2003 to 2007) and local government (shires) in Australia. This is his first experience as a forest auditor for an annual FSC assessment, Australian national.

Loy Jones – Education: BS in Forest Management, Oregon State University. Experience: Regional Manager Asia Pacific Region since March 2006, Senior Forester for the US Region from 2004 through early 2006, total of four years as Regional Manager, Southern USA, and 2 years as the SmartWood Coordinator for the PNW and British Columbia providing full range of SmartWood certification services to forest managers and manufacturers of forest products. Four years as independent consultant in Washington working with private and public landowners in forestry and wildland fire. Spent 15 years with Washington Department of Natural Resources with experiences including forest practice, fire and surface mining regulation enforcement, forest land management at the stand through district levels, wildland urban interface fire program coordination, and manager of the first Interagency Fire Dispatch Center in Wenatchee, WA and manager of the Aquatic Lands Geoduck Program. Mr. Jones has led, managed or participated as an auditor on over 50 certification assessments, 8 pre-assessments, and over 100 annual audits throughout the US, British Columbia, and Asia Pacific. He has been an instructor for several SmartWood assessor training seminars, assisted SAF in developing their Certified Auditor testing process, presented the SAF auditor training workshop and has completed ANSI RAB accredited ISO 14001 EMS Lead Auditor training. Mr. Jones has served as a member or advisor for the FSC Pacific Coast, Southeast, Appalachian, Mississippi Alluvial Valley, Ozark-Ouachita, and British Columbia Standards working groups

1.2. Audit schedule

This third annual audit was scheduled to occur immediately after the date established in the 2006 annual audit for the completion of Major CARs (January 22, 2007). The audit immediately followed the third anniversary of the certificate

Date	Location /main sites	Main activities
Jan 15 – Feb 11	Auditors offices	Audit planning, review of documents, contact with stakeholders, preparation of materials. (KM and AH)
Sun, Feb 11	Melbourne	Team meeting in Melbourne
Mon, Feb 12	Melbourne	Opening meeting with HVP, Interviews, meeting with stakeholders
Tues, Feb 13	Melbourne	Interviews with HVP and stakeholders. Travel to Gippsland (AH and LJ). Travel to Mt Gambier (KM)
Wed, Feb 14	South West District and Gippsland District	Field day in Rennick and Kentbruck Plantations, South West District. Travel to Colac (KM). Field day in Grand Ridge Plantations, Gippsland District with stakeholders and interviews with HVP (AH and LJ)
Thurs, Feb 15	Otways, Ballarat District and Gippsland District	Field day in Aire Valley, Otways. Travel to Melbourne (KM) Field day in Grand Ridge Plantations, Gippsland District with HVP, Travel to Melbourne (AH and LJ)
Fri, Feb 16	Melbourne	Interviews with HVP and stakeholders (KM, AH, LJ)
Sat, Feb 17	Melbourne	Document review, report writing.
Mon, Feb 19	Melbourne	Interviews with HVP and de-brief meeting with HVP.
Tues, Feb 20	Melbourne	Team meeting, Interviews with stakeholders (KM and AH) and HVP (AH)
Wed, Feb 21	Melbourne	Interview with stakeholder (KM)
Feb 26-Apr 06	Auditors offices	Report writing
Total number of person-days used for the field portion of the audit: 22 person-days		

1.3. Sampling methodology:

In the course of the audit, auditors visited sites in the Gippsland District, South West District and Ballarat District (Otways).

The Gippsland district was visited because this district amounts to approximately 50% of the HVP estate and contains the operations that have led to most of the comments received by SW from stakeholders over the life of the certificate. This district has been visited in each annual audit.

The South West district was visited because it had not been visited in previous annual audits. Although it is not considered to have any controversial areas, auditors felt it was important to assess HVP's operations in this District and to evaluate compliance with CARs and the FSC requirements in all parts of the HVP estate. The South West District accounts for about 10% of the HVP estate

The Otways portion of the Ballarat District was visited because it contains a small area of rainforest, steep slopes, streams, and water catchment areas. This area had also not been visited in previous annual audits.

FMU or Site audited	Rationale for selection
Rennick compartment 15, South West	Research trial on fertilizers, site preparation and weed control for pine plantation, and second thinning.
Rennick compartment 112, South West	Research trial on efficacy and use of numerous herbicides.
Rennick compartment 112, South West	Control of weed, bluebell creeper in pine plantation
Kentbruck Comp. 53, South West	Coupe planning and operational layout of a thinning. Tree marking for removal.
Kentbruck Comp. 1, South West	Couple planning and active cutting operations.
Aire Valley Plantation, Comps 4 and 56, Congram Creek	Interface of pine plantation and rainforest e.v.c., and plans for cutting. Implications of rainforest bmp.
Aire Valley, Comp 21, Willowgrove	Cutting of old Douglas fir plantation on steep slopes. Retention of some trees as inaccessible. Replanting to pine.
Aire Valley Plantation, Comp 31, Satin Box Road	2 year old logging using ground based equipment, slash burned, planted to pine, granular herbicide application, weed control.
Aire Valley Plantation, Comp 38, Maddens Hill Coupe	Active final felling operation with cable yarding on steeper slopes. 1 year old conventional logging on gentle slopes. Permanent stream gullies, handfelling, yarding across gullies, riparian treatments. Coupe planning – road and track construction.
Aire Valley Plantation, Comp 34, Seaview Road Coupe	1 year old ground-based final harvest. 3 permanent streams in coupe. Riparian reserve and stream protection with ground based harvest. Replanting.
Aire Valley, numerous other sites	Rare plant and recreational sites at Hopetoun Falls, 1936 Redwood plantation on Aire River Heritage River and Otways National Park.
Grand Ridge Plantation, Morwell River Catchment, Parish of Budgaree.	Observation of harvested pine coupe using cable logging, discussing slope, soils, stream protection and plantation species. Observed from Townsend Road on adjacent ridge.
Grand Ridge Plantation, Smith's	Hardwood coupe completed late last year, discussing

Creek	wildfire, cutting wattles, 'cores and links' and rainforest buffers.
Grand Ridge Plantation, College Creek	Observed College Creek, discussing planting history and size of College Creek area.
Grand Ridge Plantation, Head waters of Morwell River East Branch, McQuades Road	Observed McQuades Road and stream crossing, discussed rainforest mapping, 'cores and links', rainforest buffers using differential species technique and road locations.
Grand Ridge Plantation, Radburns Road – west of Spur Track	Examined first completed coupe (Radburns Road) within the 'cores and links' area, discussed rainforest mapping, 'cores and links', and rainforest buffers using differential species technique.
Grand Ridge Plantation, Grey Gum Track 2 Coupe, Grey Gum Track/Snakesback Track	Examined Grey Gum Track (at junction with Snakesback Track) within Grey Gum Track 2 coupe from 'cores and links', discussed road location and extent, community consultation and vegetation clearance.
Grand Ridge Plantation, Grey Gum Track 2 Coupe	Examined completed coupe (Grey Gum Track 2) within the 'cores and links' area, discussed rainforest mapping, 'cores and links', and rainforest buffers using differential species technique.
Grand Ridge Plantation, Grey Gum Track 2 Coupe	Revisited and examined completed coupe (Grey Gum Track 2) within the 'cores and links' area, discussed rainforest mapping and identification, slash heaps, and community consultation.
Grand Ridge Plantation, Craig Court Coupe	Examined proposed coupe (Craig Coupe) within the 'cores and links' area, discussed harvesting techniques, buffers, and 'cores and links' proposal.
Grand Ridge Plantation, The Oaks and Road 32 Coupes	Examined regenerating coupes, discussed fertilisers, pest control and coupe audit/inventory.
Grand Ridge Plantation, Creamery Road Fire Pine Salvage Part 1	Examined fire salvage operations at pine coupe.

1.4. Stakeholder consultation process

Stakeholder type (NGO, government, local inhabitant etc.)	Number of stakeholders informed	Number of stakeholders consulted or providing input
ENGO		8
State government		4
Shire or regional government		7
Local residents		29 **
Other (consultants)		5

** 22 residents made a single written submission to the team on a single issue involving logging traffic on a road.

1.5. Changes to Standards

The standard used in this annual audit is the *Rainforest Alliance/SmartWood Interim Standards for Assessing Forest Management in Australia (Draft of 5 December, 2006)*. This standard replaced the 2002 SmartWood Interim Standards (Second Draft, September 2002) used in the 2002 assessment and in previous annual audits.

2. AUDIT FINDINGS AND RESULTS

Note to Reader: Throughout this section and following sections, we have used HVP to include all management activities and operations under this certificate, including those of Grand Ridge Plantations (GRP), a wholly owned subsidiary of Hancock Victorian Plantations.

2.1. Changes in the forest management of the FMO

2.1.1 Land acquisitions and depositions

Since the annual audit in 2006, HVP has acquired four properties (total area of 166 ha) and sold three properties (total area of 169 ha) – a net decrease of 3 ha. A list of these acquisitions and depositions was provided to SmartWood.

On one of the dispositions (referred to as the Yarrowee property in Ballarat region) HVP retained the cutting rights to 25 ha of plantation. Since this land is no longer within the management control of HVP, logs from these 25 ha cannot be sold under HVP's FM/COC certificate. The team recommends that HVP should ensure that controls are in place to keep logs from these 25 ha separate from its certified logs.

Observation 1/07: HVP should put controls and procedures in place to keep logs from the 25 ha of Yarrowee land that HVP has sold separate from its' certified logs.

2.1.2 A commitment to establish better communication with stakeholders

Previous audits in 2004, 2005 and 2006 have described HVP's relationships with various stakeholder groups, neighbouring land owners and community groups and shires. In many parts of their estate, HVP has very positive and constructive communications with neighbours and interest groups. In other areas, notably but not exclusively the Strzeleckis, the relationship has been poor with some groups and individuals. In previous audit reports, this has been identified as a non-compliance with FSC Criteria 2.3 and 4.4 and various CARs and MAJOR CARS have been imposed to address the situation. In this audit, MAJOR CAR 1-2006 has been closed.

During the audit, the team met with HVP's CEO on several occasions. She acknowledged past communication problems and described steps she has taken, and is taking, to address these issues. These approaches include providing communication training courses, restructuring staffing to put the best employee communicators in position to represent the company and encouraging employees to take ownership and make decisions. In the audit teams' view, this reflects a new approach to address the FSC requirements in Criteria 4.4 and 4.5 and is a significant departure from the approaches HVP has taken to interacting with stakeholders in the past. Based on input received during this audit, some significant challenges and conflicts with stakeholders are still present but the new

approaches may address these situations. The team recommends that the CEO be given the time and opportunity to implement the new measures throughout the organization. HVP's relationships with stakeholder groups should be revisited and re-evaluated as part of the Criterion level evaluation in the 2008 annual audit.

Note 1 for the 2008 annual audit: The team recommends that HVP's relationships with stakeholder groups should be revisited and re-evaluated as part of the Criterion-level evaluation of Principle 4 to be undertaken in the 2008 annual audit.

2.1.3 Name change and re-organization

While Hancock Victorian Plantations and Grand Ridge Plantations for all intents and purposes is a single company under the same CEO and Board of Directors, it still operates in many ways as two separate entities. For example, each has their own separate supply agreement under two names, each does its own invoicing, keeps its own books and tracks its own volumes harvested and sold. While this has not been a problem in the past, recent evaluation of the chain of custody systems of the company indicate that Grand Ridge Plantation is selling certified product under the Hancock Victorian Plantation certification number without it being clear that they are included within the scope of the certificate, and are actually harvesting and selling third-party wood that does not come from the certified plantations. It was shared with the audit team that plans are to change the name of both companies to HVP Plantations and reorganize to one by mid-year 2007.

2.2. Stakeholder issues

Three issues were brought to SmartWood's attention prior to the audit. Stakeholders raised three other issues during the audit and by e-mail immediately following the audit. These six issues are described below.

1. An assertion about a failure by HVP to disclose a "non-compliance" with Water Act requirements in the Barwon Water Catchment Area

In July 2006, Friends of the Earth Melbourne advised SmartWood that it had learned that Barwon Water had "served notice on HVP last year after drinking water was polluted with hexazinone". Barwon Water is a water catchment authority providing drinking water to a large area, including the city of Geelong, with a population of over 250,000 people. SmartWood had not received any information about non-compliances or indications of pesticide residues in drinking water previously, and undertook to follow-up in the 2007 annual report. During this annual audit, both Friends of the Earth Melbourne and HVP provided relevant documents and the team interviewed a representative of Barwon Water.

Barwon Water wrote to HVP on April 13, 2005 to require that HVP "immediately and permanently discontinue the application of hexazinone in all Barwon Region Water Authority water supply catchment areas". The letter was titled "Notice of Contravention for Water Supply Protection" and was served following the detection of hexazinone in water samples taken around the Korweinguboorra Reservoir and Spargo Creek. The chemical was detected at levels well below the

Australia Drinking Water Guideline, but HVP was identified as the sole source of this chemical within the Reservoir area. The Authority was concerned that, given the long half-life and the slow release granular formulation, the pesticide levels in the water would increase if further use of hexazinone occurred. Hence, it took action to immediately require HVP to discontinue use of hexazinone in the water catchment area.

Following that notice, HVP and Barwon Water engaged in discussions, and on February 20, 2006 Barwon Water lifted the notice following agreement on a communication protocol with HVP. To date, HVP has not resumed any use of hexazinone within the Water Catchment Area and has informed Barwon Water that no hexazinone will be used in 2007. HVP has implemented the communication protocol to advise Barwon Water about its planned applications of glyphosate and fertilizer in the catchment area. Barwon Water continues to monitor water samples monthly, and told the audit team that, as of January 2007, it was continuing to detect hexazinone at low levels in the water system.

The audit team concluded that HVP was in compliance with FSC requirements in this situation. The notice of contravention was served under Section 169 of the Water Act (1989) to require HVP to cease use of hexazinone, but does not itself constitute a contravention of any provision of the Water Act. Barwon Water confirmed that this notice was essentially a “cease and desist” order rather than a contravention. HVP had met all the legal requirements in the application of the herbicide. Thus, the team concluded there was not a non-compliance with Principle 1.

SmartWood was not informed about this situation even though both the original notice (April 2005) and the subsequent lifting of the notice (February 2006) occurred within the time frames of the 2005 and 2006 annual audits when the auditors were evaluating water sampling programs for pesticide use and evaluating off-site movement of herbicides as part of MAJOR CAR 11-2005. Additionally, this situation raises potentially significant issues related to pesticide use in water catchment areas and involves a chemical that was placed on the FSC list of “highly hazardous pesticides” in January 2006. The audit team recommends that, in future, HVP should advise SmartWood of significant issues that involve potential non-compliance with legislation or that involve high-profile controversial issues addressed in the FSC standard.

Observation 2/07: HVP should ensure that SmartWood is advised of significant issues that potentially relate to meeting the standards of the FSC P&C or involve high-profile controversial issues to ensure they are evaluated in a timely manner.

2. Assertions about non-compliance with local planning regulations in a letter from South Gippsland Shire

The annual audit team did not evaluate compliance with Principle 1 during the 2006 annual audit. In March 2006, immediately following that audit, the South Gippsland Shire Council (SGSC) advised HVP in a formal letter, that it had ‘significant Council and landholder concerns involving Grand Ridge Plantations’, in regards to potential breaches of the Planning and Environment Act 1987

(Planning Infringement Notices – (PIN) - served), Road Management Regulations/Requirements and Code of Forest Practices. The letter was copied to SmartWood. These allegations arose after an inspection of Grand Ridge Plantations (GRP) managed land, and included the removal of roadside vegetation and soil disturbance without permits, public safety hazards, failure to provide coupe plans, constructing roads with inadequate drainage and adjacent landholder concerns. The SGSC is the responsible authority for the south-western part of the GRP estate, and is responsible for relevant planning schemes and permits for timber production activities on private land (as indicated in the Code of Forest Practices).

At the time the 2006 annual audit report was being written, HVP were preparing to question 'the accuracy and validity of the allegations of breaches' and the audit team at the time agreed with that approach. Based on interviews with HVP and SGSC representatives by the audit team in this 2007 audit, dialogue between both parties took place last year to discuss the outstanding concerns raised in the letter. Both parties presented corroborating versions of events and SGSC representatives told the auditors that many of the concerns raised have now been resolved. Further the SGSC have suggested that the letter has fostered a new understanding which has established a working relationship, which aims to 'meet and call' first in regards to potential concerns, rather than issue PINs.

During this audit, stakeholders also provided information about various alleged non-compliances with local and state planning provisions in the operations within the GRP, and issues in regards to native vegetation clearance without a planning permit with GRP. However, as with previous annual audit reports, the audit team reviewed HVP internal audits and regular shire audits (February – September 2006 in GRP), which indicated good levels of compliance in the coupes audited and the audit team was not able to do any detailed review of compliance. In regards to the matter of native vegetation clearance without a planning permit raised by stakeholders, a recent decision handed down by the Victorian Civil and Administrative Tribunal *Friends of Gippsland Bush Inc v Latrobe CC (2006)*, has determined that HVP do not require a planning permit pursuant to clause 52.17 to harvest timber, as they are exempt in table to clause 52.17-06, within GRP land that is vested in the Victorian Plantations Corporation.

Strictly speaking, while this finding may expedite some vegetation clearance issues for HVP, it is an outcome that appears to be contrary to the principles of the Company's Native Vegetation Management Policy. However, based on interviews with HVP staff during this audit, there are proposals to identify sites in order to offset any native vegetation losses within the Latrobe City Council.

Observation 3/07: The audit team recommends that, in future, HVP establish a robust working relationship with all relevant responsible authorities in order to 'meet and call' first in regards to potential concerns.

3. Assertions about the Heads of Agreement for the Cores and Links, inadequate buffers along cool temperate rainforest and breaches in the Strzeleckis

During the audit, several stakeholders raised concerns about the Heads of Agreement (HoA) in regards to inadequate buffers along Cool Temperate Rainforest (CTR) and breaches of the HoA from two harvested coupes within the 'Harvest Area'. SW accepts that the HoA is a major development from the previous annual audits, and the rationale behind the proposal has been summarised in the 2006 annual audit. This annual audit focused on evaluating HVP's compliance with the Corrective Action Requests that SW has imposed in past audits, and evaluating HVP's compliance with the FSC standard (as set out in the SW standards for Australia). SW will investigate correspondence and consider matters in regards to the HoA, as the outcome of the HoA is likely to have a significant bearing on issues that are important to HVP's FSC certification i.e. protected areas, High Conservation Value Forests (see discussion of Principle 9 below), and rainforest buffers. However, the audit team considers that much of the discussion and controversy that the HoA is generating is between the parties to the agreement, and not directly related to the FSC standards. Therefore this annual audit report does not provide any findings about any concerns for the process of completing the Heads of Agreement.

Some specific issues raised by stakeholders in regard to the HoA relate to harvesting within Radburn Road and Grey Gum Track 2. The audit team visited both of these coupes to investigate the alleged breaches and also interviewed HVP staff in regards to these matters. The HoA sets out specific arrangements and agreements including harvesting regimes, minimum buffer requirements for mapped CTR, consultation etc, in order to establish Harvest Areas and Reserve Areas and to harvest within Custodial Land and Harvest Areas (p3 and 4, HoA).

At Radburn Road, stakeholders alleged that part of the Cool Temperate Rainforest (CTR) buffer in the coupe, which the HoA states should be a minimum of 60 meters, had been harvested. However, based on discussions with HVP staff their interpretation of the situation was that the buffer width is based on the Company's CTR Best Management Plan (BMP), which is 30 meters. As was evident from this example there appears to be a misunderstanding and/or disagreement between what is or isn't CTR, and what buffer width is or isn't applied to unmapped CTR. If CTR is identified by HVP staff, but not shown on the map attached to the HoA, then HVP are using the buffer width stated in the Company's CTR BMP, rather than the HoA. Contrary to this, the stakeholders believe that any CTR remnants (regardless of 'mapped' status) in the HoA area should be afforded a minimum of a 60 meter buffer. It should be noted that it was agreed by all parties, that where CTR in the Heads of the Agreement occurs on the ground, a 60 meter buffer would be applied.

The audit team examined one location within this coupe where rainforest was present, and the buffer was greater than the buffer stipulated in the Company's CTR BMP, but not as wide as the HoA minimum buffer width. However, the investigation of one site is not considered a sufficient sample size and therefore, no conclusions can be drawn from this examination.

At Grey Gum Track 2 and adjacent land, it was alleged that known (previously mapped) areas of CTR had been removed from the map attached to the HoA, HVP maps and coupe plans, and therefore areas of CTR buffer were being harvested and CTR was not being afforded the protection agreed to in the HoA.

However, based on discussions with HVP staff their interpretation of the situation was that the vegetation of the land was not CTR, based on ground-truthing by their staff and consultants, and therefore some of the previously mapped CTR areas had been removed. Further, HVP suggested that one of the mapped CTR polygons was the result of a mapping error from previous data transfer. Once again it was evident from this example that there appears to be a misunderstanding and/or disagreement between what is or isn't CTR.

The definition of what is or isn't CTR and where the CTR boundary lies in relation to other forest communities is not a recent contentious point. In the past, on public land, similar issues have also been expressed. In recognition of this the 'differential species' technique has been devised by the State Government's CTR expert, which aims to eliminate any doubt in CTR EVC identification and boundary locations. Both HVP and stakeholders have participated in CTR training in the Strzeleckis (on some occasions both parties were in attendance), which was undertaken by the CTR expert. Three important modifications were expressed during training, along with the standard differential species technique. All are to be considered when applying the differential species' technique for use in the Strzeleckis, in comparison to other CTR remnants across the State.

These modifications, which were developed to assist with the definition of CTR in the Strzelecki, include:

- 1) the requirement for a number of CTR individuals or a population of a certain species to be present i.e. not just an individual of a certain species;
- 2) the earliest life forms i.e. seedlings are not included; and,
- 3) the presence/absence of CTR cannot be determined at recently disturbed sites and/or grossly modified sites i.e. after a recent fire or a recent gap in the canopy.

Further, several species were added or removed from the species lists for CTR and other forest communities, in order to 'fine tune' the technique for the Strzelecki.

All parties need to be abreast of these modifications and to apply them in a standard manner. Based on an interview with the State Government's CTR expert, if they are applied as instructed during the training, then there should be no discrepancies between any parties for CTR EVC identification and locations of boundaries.

The audit team examined one location within Grey Gum Track 2 where unmapped rainforest was present, and the buffer was greater than the buffer stipulated in the Company's CTR BMP, but not as wide as the HoA minimum buffer width. However, the investigation of one site is not considered a sufficient sample size and therefore no conclusions can be drawn from this examination. It should also be noted that mapped CTR was identified on the harvest plan for Grey Gum Track 2, and the site diary notes that 60 meter CTR buffers were marked in the field. Although the audit team did not examine all the CTR buffers, the site diary does indicate early on that HVP checked the CTR buffers with the Latrobe Shire and they were 'happy'.

In summary, based on submissions to SmartWood during the audit, it is apparent that there are still some significant misunderstandings and disagreements among the parties about details related to the application of the provisions of the HoA for buffers along Cool Temperate Rainforest. This is not unexpected in a draft agreement but will need to be worked out between the parties in the coming months, and will be reviewed in the next annual audit.

Observation 4/07: The audit team recommends that HVP consult with all stakeholders associated with the HoA, prior to removing any mapped CTR from maps in the future, and clearly define potentially contentious issues in the HoA, such as how mapped and unmapped CTR remnants are treated.

4. Assertions about substandard road and drainage construction

During the audit, stakeholders raised concerns about road construction practices, soil erosion, and inadequate drainage in the Strzeleckis. One specific issue involved the coupe referred to as Grey Gum Track 2 in Livingston Plantation within the GRP estate. Of concern was the upgrade of Gray (*note – in some documents this spelling is used. We have used Grey throughout*) Gum Track (which was referred to during the field visit as Snake Back Track), as this is located within the HoA area, which is proposed to become part of the conservation reserve after a one-off harvest (p. 6 HoA).

The stakeholders stated that they were informed by HVP that Grey Gum Track would only be a minor access track, and that it would be closed off. The audit team visited this coupe and found the original track had been upgraded and was now a formed track, sealed with rock and with recently battered slopes. The coupe plan indicates that Grey Gum Track is part of the 'Hardwood Log Delivery Plan', and contrary to the advice provided to stakeholders, the Track has now been upgraded. The stakeholders received different advice and are now claiming that there has been excessive vegetation clearance. HVP's Plantation Road and Construction and Maintenance Standards indicate that primary and secondary roads are graveled and clearing widths are approximately 20 to 25 meters. As referenced in the 'Pre-Harvest Site Hazard Identification and Risk Assessment and Control' document in the Harvest Plan, any unstable road pavements and batters may require rocking to provide grip and stability. Further, in the site diary, reference is made to 'dozer work' on Grey Gum Track (Snake Back) and 'ordering of rock'.

While the audit team were not privy to the discussions between HVP and stakeholders, it is obvious that communication issues are at the crux of this issue, and this common theme has been mentioned several times in past and present audits. It appears that the stakeholders believed the road was to be what HVP would call a tertiary road, and have clearance widths of 10 meters, but in fact the road is either a primary or secondary road, and under HVP's Standards required additional vegetation clearance.

The site diary also notes that the Latrobe City Council visited the site in regards to alleged breaches of the Code of Forest Practice, and while it was deemed the coupe was 'untidy', everything apart from some 'slash and fill' in a gully head, was considered to be within the Code. In addition, the audits undertaken by HVP and

consultants generally indicate high levels of compliance with both the Code of Forest Practice and with HVP's Best Management Practices (BMPs). Based on the above discussion the audit team does not believe that there is any significant non-compliance with FSC requirements related to roads, although poor communications may be reflecting badly on the road construction outcomes.

Also within the coupe Grey Gum Track 2, the location of Grey Gum Track (which was referred to as Snake Back Track in the field) was of concern to some stakeholders at one of the gully crossings. It was believed that the original alignment of Grey Gum Track had not been adhered to, and that a new side cut had been excavated above the old gully crossing. The audit team also visited this site and noted the location of all the tracks at the gully crossing, which indicated there was a cross road, which included the upgraded Grey Gum Track and an 'old track' (this is also indicated on the harvest plan). The track which was believed to be the original alignment, and which is down hill of the new gully crossing, is actually a different track heading off down the hill (this is the 'old track' and is actually called Snake Back Track). The 'old track' was incorrectly thought to be the original alignment of Grey Gum Track at the gully crossing, but is an entirely different track. Therefore, the upgrade of Grey Gum Track does not follow the original alignment of Grey Gum Track.

HVP staff told the audit team that they prepare road construction plans by considering HVP's 'Plantation Road and Construction and Maintenance Standards' and the 'Plantation Roding Environmental Protection Standards', which are aimed at meeting all requirements outlined in the Company's Best Management Practices. The first consideration for plantation roads on HVP land under 'road design' is that existing roads or tracks should be used wherever practicable. Similarly under 'environmental values' the direction in the BMP is to locate roads to avoid steep and unstable slopes, and to avoid disturbance to streams, buffer strips and riparian vegetation. An inspection of the site diary for the coupe Grey Gum Track 2 indicates that several potential road lines were examined within the coupe, but they were all considered too steep for side cuts. In an interview with HVP staff, they also suggested that they were looking for an alternative route to upgrading Grey Gum Track in order to minimise impacts, but the surrounding land and other tracks were all too steep. Therefore, based on discussions with HVP staff, the original alignment was chosen by considering the criteria under 'road design' and 'environmental values'.

Observation 5/07: The audit team recommends that HVP consult with all stakeholders associated with the HoA prior to upgrading any tracks in the HoA area, particularly tracks being upgraded to primary or secondary tracks

Following the field portion of the audit, the team received two e-mails containing assertions about widespread sub-standard road construction, soil erosion and inadequate drainage in the Strzeleckis (outside the HoA agreement area), and associated non-compliance with the Code of Forest Practice and FSC requirements. In this audit, and in past audits, the team has visited coupes throughout the HVP estate. In this audit, field observations were made in coupes in the Strzeleckis, south-west district, and the Otways, as identified in Section 1.3. As in past audits, the team observed occasional localized road problems but did not observe any significant or systemic non-compliance with FSC requirements.

Partly in response to these assertions, the team reviewed the coupe audits undertaken by independent consultants and HVP in 2006 in three shires in Gippsland and in 5 shires in Ballarat. These audits indicate generally high levels of compliance with both the Code of Forest Practice and with HVP's Best Management Practices (BMPs). In Gippsland, a total of 23 coupes were audited in 2006. Compliances with indicators for roads and tracks were typically in the 90 – 100% range. The average compliance with Code requirements for roads in all coupes was 96.4%. Compliance with HVP BMPs was 87.9%. For extraction tracks, compliance was 95.7% with the Code and 95.8% with BMPs.

In Ballarat, a total of 11 coupes were audited in 2006. For roads, compliance was 97% with Code requirements and 90% with BMPs. For extraction tracks, it was 88% with Code requirements and 91% with BMPs.

Of all the coupe audits reviewed in these two regions (where more road related problems are expected to occur), only two coupes scored below 70% for roads or tracks. In the first coupe (Wellington shire), the extraction tracks had a 58% compliance with Code requirements and were noted to have “significant areas of bared soil and no attempts to install cross drainage”. In the second coupe (Surf Coast shire), the extraction tracks had a 50% compliance with the HVP BMPs. In this coupe, the auditor considered the slope too steep for an extraction track and there was erosion and soil movement on the track. In a number of coupes with high compliance scores, auditors made comments about isolated road drainage or surface erosion concerns.

HVP also provided the team with a summary for all the independent coupe audits conducted in all regions in 2006. Across the whole estate, compliance of roads with Code requirements was 97.9%; compliance with BMPs was 90.0%. For extraction tracks, compliance with Code was 93%; compliance with BMPs was 95%. These compliance rates were slightly higher than 2005 and 2004.

The findings of these independent coupe audits are consistent with the audit teams' observations across the estate of generally good road construction and road drainage with occasional localized problems. HVP reviews the audit results closely and the audit team has observed prompt reaction to the problems that are identified in the independent audits. The audit team does not believe that there is any significant non-compliance with FSC requirements related to roads, although there are occasional instances of poor practices reflecting poor decisions or poor work. Continuing diligence by HVP is required in the Strzeleckis and the Otways, given the high rainfall, sensitive soils and steep slopes in those areas.

5. Concerns about HVP management of industrial vehicle traffic on public roads and response to public concerns.

Given the amount of HVP's logging traffic that occurs on narrow public roads with many other users and in close proximity to residences, it is inevitable that interactions with residents and user groups will arise on a regular basis. Concerns about this interaction were identified in the original assessment report and described in the 2005 and 2006 audit reports. CAR 2-2005 was imposed in the 2005 report. It is evaluated and closed in Section 2.3, below.

During this annual audit, the team spoke with a representative of one residents association who felt that HVP does a good job of addressing concerns of various residences and user groups. Following the field portion of the audit, the team conducted one phone interview and received two e-mails from residents expressing concern about logging truck traffic and other heavy vehicle traffic (tip trucks, machinery floats, and service vehicles) associated with forestry activities. The phone interview and first e-mail were from an individual on Jeeralang West Road in the Strzeleckis, complained that “trucks show no consideration for other road users, pedestrian, cyclist or motorist”. His concerns involved speed, dust, roadkill of native wildlife, use of exhaust brakes and damage to the road. He said that although many local people have raised these concerns with GRP representatives, and received assurances from them, there has been no substantial change or resolution to the conflict.

The second e-mail submission was from 22 residents of Roberts Road and Bulga Park Road at Macks Creek who state they have the support of 200 residents. Their concerns were primarily related to an application from GRP to the Wellington shire to commence using a local road for log hauling at a rate of 22 trucks a day for 5 years. They stated that the use of Roberts Road for log hauling would pose a significant safety risk to residents and visitors and would have a significant economic impact on tourism-dependent businesses along the road. Since this proposal had not been approved at the time of the audit, the team advised the writers to contact HVP directly with their concerns.

Criteria 4.4 and 4.5 of the FSC standard require that HVP consult with people and groups directly affected by operations, seek to resolve grievances and disputes and take measures to avoid loss or damage. These requirements, and the indicators in these Criteria apply to logging traffic situations described above. The team recommends that an evaluation of Principle 4 be undertaken in the 2008 annual audit and that it should consider the specific concerns on Roberts Road and Jeeralang West Road.

Note 2 for the 2008 Annual Audit: The team recommends that the concerns about road use and HVP’s response to residents concerns, particularly in the Strzeleckis, should be addressed in the Criterion-level evaluation of Principle 4 to be undertaken during the 2008 annual audit.

6. Other concerns from stakeholders

One stakeholder complained that planted native trees at three sites in the Strzeleckis had recently been killed by roadside weed control. The same stakeholder also had concerns about shooting of wallabies, destruction of koala habitat, feral goats, unnecessary destruction of native vegetation, cable logging on steep slopes and the secrecy of the Cores and Links HoA agreement. He concluded that, in his area, HVP’s “environmental performance is unacceptable” and that “the continued escalation of logging activities within the Strzelecki’s is obviously environmentally unsustainable”. His concerns were provided by e-mail after the field portion of the audit, and have not been addressed directly. However, with the exception of wallaby control and feral goats, HVP’s practices related to weed control, koala habitat, native vegetation, cable logging and the

Cores and Links agreement have all been reviewed in past annual audits or elsewhere in this audit report.

Another resident living amongst GRP's logging coupes in the Jeeralang area wrote as follows:

"I have been appalled by GRP and their total disregard for all and any forestry guidelines or regulations. Their continued destruction of native vegetation and wasteful logging practices, which contravene the conditions of their certification, plus the fact despite warnings and conditions applied for previous infringements nothing has changed. GRP's continued certification cannot be justified."

During this years field visits the audit team focused on concerns raised by stakeholders before the annual audit, which in general were 'in coupe' issues. Issues raised after the field visit were not examined in the field. Assertions of damaged native vegetation have been examined in the past, and SW has concluded that HVP is generally diligent in trying to protect the remnant patches where they occur. Thus the audit findings are that while the above resident may have those impressions of GRP operations, SmartWood can find no evidence that supports these assertions.

2.3. Compliance with applicable corrective actions

This section presents audit findings and a description of the current status of conformance with each one of a total of 9 Conditions and Corrective Action Requests (CARs) established in previous assessments and audits as follows:

- One Condition to be met "By the end of Year 3 of Certification" – February, 2007. This Condition (3.1.1) was established at the time of certification in the Final SmartWood Certification Assessment Report, (Forest Management Public Summary, January 2004) posted on the SmartWood website (www.smartwood.org).
- One Condition to be met "Throughout the certification period". This Condition (6.6.1) was established at the time of certification in the Final SmartWood Certification Assessment Report, (Forest Management Public Summary, January 2004) posted on the SmartWood website.

These Conditions from the original assessment are now referred to as Corrective Action Requests (CARs) and that terminology is used throughout this annual audit.

- Two CARs to be met "By the annual audit in 2007". These CARs were established in the 2005 annual audit report (Forest Management Annual Audit Report, 2005) which is posted on the SmartWood website.
- Five MAJOR CARs to be met "Within five months of the finalization of this (2006) annual audit". These CARs were established in the 2006 annual audit report (Forest Management Annual Audit Report, 2006) which is also posted on the SmartWood website.

HVP's activities to address each of these 9 CARs are described in the section below.

For each CAR, a finding is presented along with the current status of the CAR. The following classification, required by FSC and SmartWood, is used to indicate the status of each CAR reviewed in this audit:

CAR Status Categories	Explanation
Closed	Certified operation has successfully met the CAR and addressed the underlying noncompliance.
Open	Certified operation has <u>not met</u> the Condition or CAR; underlying non-conformance is still present. The Condition or CAR normally becomes a Major CAR with a 3-month deadline for conformance. Longer timelines may be given in exceptional circumstances.

Conditions from Assessment Report 2004 (2 of them):

Condition 3.2.1	Reference Standard #: Criterion 3.1 and 3.2
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of Non-compliance: "HVP has only recently begun the process of establishing liaison with aboriginal communities – in the south west. It is anticipated that once a system of liaison and dialogue has been established in the various regions, input to management and operations will be sought. HVP does not yet have significant input from aboriginal communities to management planning and decision-making." Assessment report, 2004.
Corrective Action Request: 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. (Criterion 3.1.)	
Timeline for Compliance: By the end of Year 3.	

<p>Audit findings: Compliance with this CAR is difficult to assess for several reasons.</p> <p>First, in order to meet the CAR, HVP requires an active response from aboriginal groups in order to be able to identify interest groups and establish an appropriate system for consultation. To date, this has not occurred. Several people with different interests told the auditor that there were numerous reasons for this. Most of the HVP lands are within a well-established pine plantation landscape on lands cleared for agriculture and with a long history of cultivation that has removed most evidence of aboriginal values. In addition, the capacity of aboriginal groups to deal with forestry issues is limited and for most aboriginal groups, there are much higher priorities to occupy their limited staff and resources than pine plantations on former agriculture land. For these and other reasons, HVP has had little response from aboriginal groups to the initiatives it has taken to try and meet this CAR. After some initial success, an attempt to establish a pilot project in south-west district failed. An attempt to initiate communication with a native title claimant group in the Bendigo area was also not successful.</p> <p>Second, the interpretation of what constitutes a "native title claimant" has changed because of court decisions since 2002. There is also a new Aboriginal Heritage Act, 2006 and the administrative structures of both aboriginal groups and state government have changed significantly since the original assessment in 2002. At present there is another re-organization underway. Cultural Heritage Offices in some communities have been closed. All these factors have made "finalizing" a system of liaison and consultation difficult.</p>

Finally, the key requirement of the CAR was for HVP to “finalize its system for liaison and consultation with relevant native title claimant groups and aboriginal communities”. That was written in 2002. Much has changed since the assessment and in this fluid environment, the team does not believe that HVP can or should “finalize” a system. The system should adapt to changing circumstances and the needs of aboriginal groups when those can be identified.

During the audit, HVP provided the audit team with a detailed submission outlining the native title process and the various court decisions that have occurred since the assessment in 2002. HVP demonstrated a familiarity with the legal developments and participated in a federal court mediation process in late 2005. HVP also provided a description of several attempts to initiate communication with local claimant groups.

In 2005, HVP developed an Aboriginal Cultural Heritage Management Policy and Procedure (version 2, 2006). It was distributed for comment but only one response was received. During this audit, HVP gave the team an Operating Standard for Aboriginal Cultural Heritage Management (version of 17/02/2007). This Operating Standard lists four regional contacts and proposes to provide copies of the annual timber harvest plan to these contacts as the basis to initiate discussion and consultation. However, the contact offices are now closed or closing as part of the Aboriginal Affairs Victoria (AAV) re-organization in anticipation of the implementation of the new Aboriginal Heritage Act. Establishment of new contacts will have to wait for that.

A Manager of Aboriginal Heritage at AAV told the auditor that it would have been difficult for HVP to establish liaison in the past years. However, he said that with the passing of the Aboriginal Heritage Act in 2006 and with Regulations to bring this Act into effect anticipated by mid-2007, there will be new opportunities to establish liaison and communication. At the present time, AAV is establishing permanent regional offices in 4 communities – Wangarata, Bendigo, Ballarat and Bairnsdale. There will be a much better opportunity to use these offices to assist in establishing a working relationship with aboriginal groups than has existed in the past.

The team concluded that HVP is aware of its obligations under FSC requirements and state law. HVP has made an attempt to develop a system for communication with aboriginal groups, as required by the CAR and tried to deal with the underlying non-compliance identified in 2002. Little real consultation with aboriginal groups appears to have actually occurred. However, the CAR as conceived and written in 2002 is not relevant to the current situations. Thus, the team has closed the CAR and recommends that Principle 3 be re-evaluated in the 2008 annual audit. This gives HVP a year to consult with AAV, adjust or amend its' Operating Standard as necessary, and put a system for consultation and liaison with aboriginal groups functionally in place. The manager at AAV suggested that HVP could retain a heritage consultant to assist with this process, and said that precedents for this are being established with other forest companies who are establishing blue gum plantations. The manager at AAV also suggested that a heritage audit could be undertaken on a sample of HVP coupes and would provide useful information

The audit team notes that there has been no indication that there is any present concern about a lack of consultation with aboriginal groups and there is no indication that HVP has damaged any sites of archaeological significance. HVP field staff and managers have demonstrated an awareness of the types of sites they need to be aware of as operations proceed. HVP has provided training in this area and it has been very well received. Additional training is planned.

Status: Closed.

Follow-up Action:

Note 3 for the 2008 annual audit: The audit team recommends that compliance with Principle 3 should be re-evaluated in 2008 annual audit.

Condition 6.6.1	Reference Standard #: Criterion 6.6
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of Non-compliance: "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." Assessment Report, 2004:
Corrective Action Request: Throughout the certification period, HVP is to abide by the requirements of the November 3, 2003 derogation from FSC on the use of Simazine.	
Timeline for Compliance: Throughout the certification period.	

<p>Audit findings: The Nov 3, 2003 derogation allowed HVP to use Simazine for the control of grass and broadleaved weeds in eucalypt plantation establishment until September 2006 provided 7 requirements were met.</p> <p>HVP had ceased using Simazine prior to the derogation and, as reported in each annual audit since, has never implemented it. Thus, from 2003 to the present time, HVP has not used Simazine in its certified operations. This Condition has never been applicable and the derogation has now expired. Thus, consistent with the direction from FSC and SmartWood that "Throughout the life" conditions should be closed when possible, this CAR is closed.</p> <p>If a new derogation is granted by FSC, and if HVP elects to start using Simazine again, compliance with the derogation should be evaluated in future annual audits.</p> <p>Status: Closed.</p> <p>Follow-up Action: Note 4 for the 2008 annual audit: The audit team recommends that the status of the List of Highly Hazardous Chemicals should be reviewed in the 2008 annual audit and, if the list is finalized by 2008, the team should determine whether HVP has derogations in place for any chemicals it is using that are on the approved List of Highly Hazardous Chemicals, and is in compliance with those derogations.</p>

CARs from Annual Audit 2005 (2 of them):

CAR 4-2005	Reference Standard #: Criterion 4.1, 4.4, 7.3
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of Non-compliance: "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." Annual audit, 2005
Corrective Action Request: 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: By the annual audit in 2007.	

<p>Audit findings: HVP continued to offer training programs in 2006 – 4 were scheduled; 3 were completed. Specifically, the training program related to dealing proactively with stakeholder communication and liaison was completed in March 2006. A 2-day program at that time was attended by senior staff who had missed the previous training or who had joined HVP since the previous training. A 1-day program was provided to more junior staff. The training that was not completed was re-scheduled because of the fire season.</p> <p>Additional training in communication with people outside the company was put on for company managers in all districts in July 2006. Training in presentation skills was also provided to several company staff that makes presentations to external audiences.</p> <p>The follow-up assessment is described in MAJOR CAR 1-2006.</p>
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Status: Closed.
Follow-up Action: None.

CAR 5-2005	Reference Standard #: 4.4
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of Non-compliance: "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." Annual audit, 2005
Corrective Action Request: 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: By the annual audit in 2007.	

Audit findings:	
<p>HVP had expanded the Guidelines for Planning and Conducting Road Haulage and adapted them for all its districts as required by the CAR. An Appendix to the Guidelines identifies the specific measures in place on specific roads in each of its districts. Similarly HVP has added indicators related to road haulage plans to its monitoring register and these are reviewed in the coupe audits.</p> <p>HVP sends the Shires an annual harvest plan that identifies all coupes and all roads to be used for log hauling and is routinely engaged in discussion with the shire representative about use of roads for log haulage. Interviews with the Glenelg Shire in the Southwest District and South Gippsland Shire Council and Latrobe City Council in Gippsland indicate that shires are satisfied with the arrangements.</p> <p>Coupe plans reviewed in this audit did include a "Log Delivery Plan" as described in the guidelines and road haul routes from the coupe were clearly marked. Speed limits and any other special measures were described in the Plan. In the Otways, operations are restricted to the months of October to May (roughly) to reduce road wear and the deposition of mud on roads. The team concluded that HVP meets this CAR and is applying its Guidelines for Planning and Conducting Road Haulage across all districts as required. The CAR is closed.</p> <p>During the audit, the team received two submissions outlining concerns about log haulage and road use. These are described in Section 2.2, above. Similar issues were raised in previous annual audits. The team recommends that compliance with Criteria 4.4 and 4.5 be evaluated in the 2008 annual audit.</p>	
Status: Closed.	
Follow-up Action: See Note 2 for the 2008 annual audit.	

MAJOR CARs from Annual Audit 2006 (5 of them):

CAR 1-2006	Reference Standard #: 2.3 and 4.4.
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	Description of Non-compliance: "HVP does not exemplify a "proactive and positive" working relationship with some key stakeholders as required by Indicators for Criterion 4.4, or demonstrate that conflicts with some of the other resource users are "resolved, or being addressed in a proactive, systematic manner" as required by indicators for Criterion 2.3. There is lack of effective "consultation with affected stakeholders and adjoining landowners before, during and after forest management planning" as required by Indicators for Criterion 4.4." Annual Audit Report, 2006.
Corrective Action Request: HVP shall:	
<ul style="list-style-type: none"> Engage an independent evaluation of the effectiveness of its communication and its relationship 	

<p>with interest groups, organizations, regulatory authorities as identified in its Communications Strategy, at all levels of the organization, including an analysis of any root causes of poor relationships and recommendations for improvement; and,</p> <ul style="list-style-type: none"> • Provide an action plan for implementing the results of the evaluation.
<p>Timeline for Compliance: Within five months of the finalization of this annual audit.</p>

<p>Audit findings: In late 2006, HVP retained an independent consultant to conduct an evaluation of the effectiveness of its communication and relationships with stakeholders. The consultant’s evaluation included interviews with HVP and GRP staff, environmental officers and roading managers in several shires, members of the Strzelecki Working Group, Friends of Gippsland Bush, Trust for Nature and Balook District Residents Association and a review of HVP’s monitoring and reporting register and its various communication tools and procedures.</p> <p>Based on the results of the evaluation and the consultant’s recommendations, HVP developed an Action Plan for improving external communication and relationships.</p> <p>The scope of this evaluation is narrower and more limited than the audit team envisioned when the CAR was written and the consultant used a definition of “stakeholder” in the evaluation that is much different than the FSC definition of “stakeholder”. Nevertheless, the team finds that HVP did meet the CAR by conducting the evaluation and providing an Action Plan for implementing the results. The CAR is met and closed.</p> <p>Status: Closed.</p> <p>Follow-up Action: None.</p>
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<p>CAR 2-2006</p>	<p>Reference Standard #: 9.1</p>
<p>Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/></p>	<p>Description of Non-compliance: “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.” Annual Audit Report, 2006.</p>
<p>Corrective Action Request: HVP shall demonstrate the following:</p> <ul style="list-style-type: none"> • A technically rigorous and thorough revision of the current Rainforest BMP has been completed; this revision should incorporate the specific recommendations of the peer review and other technically sound inputs gathered through public review, and, where applicable, a clear rationale as to why specific recommendations proposed by peer review or other inputs have not been accepted by HVP; • A revised BMP is provided to all HVP staff and contractors involved in their implementation; • Full implementation of the revised BMP has formally started; and, • A specific monitoring programme related to the Rainforest BMP is in place that will be able to provide systematic information on HVP performance in attaining Rainforest BMP conformance. 	
<p>Timeline for Compliance: Within five months of the finalization of this annual audit.</p>	

<p>Audit findings: At the beginning of this annual audit, HVP gave the audit team a revised Rainforest BMP (policy and procedures, and operating standards) along with a Rainforest BMP rationale, a Field Determination of the Boundary of Rainforest document, the peer review and HVP response, an eight page document which details how the Corrective Action Request (CAR) has been addressed, and several sheets detailing the preliminary results of the rainforest monitoring.</p> <p>In regards to the first dot point of this CAR, HVP engaged two rainforest experts in 2005 to peer review the companies’ draft Rainforest BMP. This peer review report was submitted in October of that year. This review was a lengthy and detailed analysis of the draft Rainforest BMP, and generally concluded that the Companies’ protection measures for rainforest were inadequate. HVP responded to the peer review in early November 2005, and during October 2005 and April 2006 minor amendments were</p>

made to the peer review, but the Rainforest BMP was not completed. Thus this MAJOR CAR was imposed.

During this audit, the audit team interviewed one of the authors of the peer review report and HVP staff involved with the Rainforest BMP, and confirmed that no further revisions in response to the peer review had been discussed with the authors of the peer review since April 2006. However, HVP have now produced a revised Rainforest BMP, which has incorporated some of the comments from the peer review (e.g. monitoring and some buffer widths) and where HVP deemed these comments to be inappropriate, they have provided a 'clear rationale' (e.g. measuring 30 meter buffer widths for most regional/local remnants of rainforest, from the mid point of the ecotone and other operational procedures). There is also evidence that several stakeholders were sent the draft Rainforest BMP and responses were provided, although it is stated in a document provided to the audit team that 'no information which had not already been considered was received'. HVP also provided evidence that approximately 40% of the Rainforest on Company land will be buffered by a conservation reserve if the Cores and Links agreement progresses and a further 30% of Rainforest interface with Custodial Land.

Therefore, the first requirement of the CAR has been met, as a revision of the Rainforest BMP has been completed and some comments incorporated from the peer review. Where comments from the peer reviewers have not been incorporated, a rationale has been provided. Further, in a letter dated the 16th October 2006, the revised Rainforest BMP has been reviewed by staff (not one of the peer review authors) from the Department of Sustainability and Environment (DSE), and HVP's approach to the management of rainforest has been endorsed by DSE as "being consistent with the outcomes sought in the draft Rainforest Action Statement".

The audit team has some technical concerns with the revised BMP. These include how buffer widths are measured (i.e. are they measured in the horizontal plane?), how buffer widths are determined for steep terrain and the adequacy of the buffers for some stands of rainforest. At the time of the audit, there are no references to the first two issues in either the BMP Rationale or the Operating Standard, and buffer widths are still considered "inadequate" by the experts who conducted the peer review.

These issues are particularly pertinent when considering the 'precautionary approach' of Principle 9, and both the nature of rainforest remnants in the Strzeleckis and the steep topography of the Strzeleckis. Consideration of these points would also make the Company's rainforest rationale become more aligned with rainforest management strategies for public land, and definitions under the Application of the Code – Plantations, as described in the Code of Forest Practice for Timber Production, Draft for Public Comment, February (DSE 2006). The audit team concluded that the first requirement of this MAJOR CAR has been met but the Rainforest BMP and the requirements of Criterion 6.2 are further discussed in Appendix III. CAR 2/07 is imposed there.

In regards to the second dot point of the CAR, the revised Rainforest BMP has been distributed to all HVP staff, but not yet physically to contractors. HVP provided two valid reasons for this. They wish to progress the BMP further before distributing it to contractors and, operationally, contractors only require the coupe plans, which are supervised by HVP staff. During this supervision any information related to the Rainforest BMP are relayed by HVP staff to the contractors. The team concluded that this was sufficient to close this part of the CAR. However, the audit team believes that the requirement to distribute the Rainforest BMP to contractors has merit and should be undertaken in the near future. This has been included as Observation 8/07.

In regards to the third dot point of the CAR, interviews with HVP staff, both in Melbourne and in Gippsland, indicates that the implementation of the revised BMP has formally started.

In regards to the fourth dot point of the CAR, the audit team was informed by HVP staff that monitoring had begun on two coupes with remnant CTR present. This had been undertaken in June 2006 and February 2007. One is the Tarra-Bulga coupe and the other is Pattinson Road coupe. Parameters being assessed include buffer disturbance/integrity and the incidence of Myrtle Wilt, as per the recommendations of the peer review.

In summary, the audit team does not agree with all the suggested rationales where HVP has not accepted suggestions or comments of the peer reviewers, and feels that the recommendations from the peer review should be incorporated further into the BMP (including how buffer widths are measured, how buffer widths are determined for steep terrain, and the adequacy of buffer widths. These are discussed further in Principle 6 and CAR 2/07 is imposed there). However, it is evident that HVP have met the key objectives of this MAJOR CAR i.e. they have undertaken the peer review, they have provided a rationale where they differ, and they have begun a monitoring program. Therefore the audit team has concluded MAJOR CAR 2-2006 is met and closed.

Status: Closed

Follow-up Action:

See Observation 8/07

See CAR 2/07 and rationale in Criterion 6.2 in Appendix III.

CAR 3-2006	Reference Standard #: 9.1
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	Description of Non-compliance: "Myrtle beech is an important attribute defining the cool temperate rainforest that is of high conservation value. Principle 9 requires that management measures in high conservation value forests shall maintain or enhance the attributes that define those forests, including myrtle beech. Monitoring of myrtle wilt is required to ensure that management measures are adequate to maintain and enhance the presence of myrtle beech in these high conservation value forests". Annual Audit Report, 2006.
Corrective Action Request: HVP shall complete and report on an initial broad scale survey for Myrtle Wilt in the Strzelecki Ranges.	
Timeline for Compliance: Within five months of the finalization of this annual audit.	

Audit findings:

HVP has completed a "Survey of the incidence of Myrtle Wilt in *Nothofagus cunninghamii* (Myrtle Beech) in the Strzelecki Ranges, January 2007". The aerial reconnaissance field work was undertaken in mid-January by four personnel including a rainforest expert, two HVP staff and the pilot. The majority of the known remnants of Cool Temperate Rainforest (CTR) on HVP land were assessed for the incidence of Myrtle Wilt, although some small sites, such as CTR in the Traralgon Creek Catchment were not assessed and are proposed to be inspected on foot. Additionally, areas of Tarra-Bulga National Park which were known to contain unmapped areas of CTR were also assessed.

Approximately 1000 hectares of CTR were examined over an entire area of approximately 18,000 hectares, and based on interviews with HVP and the rainforest expert, the data collected is considered to be good. HVP have filled one of the knowledge gaps in the incidence of Myrtle Wilt in the State, and the results obtained were consistent with previous surveys. In the Central Highlands and Otways older stands of CTR have a higher incidence of Myrtle Wilt. Within the HVP estate, the relatively young stands of CTR had a lower incidence of Myrtle Wilt.

Issues about the timing of the surveys (survey needs to coincide with the 'expression' of Myrtle Wilt), the personnel involved (different team to the original Central Highlands survey) and logistics of survey effort (budget issues jeopardising health and safety) were raised by stakeholders, but the rainforest expert considers that the survey results are sufficiently accurate and no evidence was found that supported the stakeholder concerns raised. Overall, the initial survey has been completed well. However, follow-up Myrtle Wilt surveys, as HVP have nominated these surveys as one of their indicators to monitor ecosystem health in the Strzeleckis, should consider eliminating those three issues.

Even though some good results have been achieved, the audit team considers that the report, particularly the discussion, should have been reviewed by the rainforest expert who participated in the work, as the report refers to this in the acknowledgements. At the time of this annual audit the rainforest expert had not reviewed the work. The audit team also feels that the findings of the report may benefit from the review of statements such as 'The data from this survey indicates that these (Company management) practices appear adequate to mitigate the risk of damage to Myrtle Beech and hence

disease incidence'. This could be put into perspective as it is more likely that the relatively low level of Myrtle Wilt is related to the age class of the CTR than HVP's management practices. Finally, the reporting of results should be consistent with the presentation formats of earlier studies.

The survey meets the requirement of the MAJOR CAR and it is closed.

Status: Closed

Follow-up Action: None.

CAR 4-2006	Reference Standard #: 9.4
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	Description of Non-compliance: "HVP does not have a monitoring program to assess the effectiveness of the measures it employs to maintain conservation attributes in the Strzelecki Ranges and Gippsland Plain. Criterion 9.4 requires this monitoring." Annual Audit Report, 2006.
Corrective Action Request: HVP is to determine, 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.	
Timeline for Compliance: Within five months of the finalization of this annual audit.	

Audit findings:

HVP provided a report entitled 'Monitoring Biodiversity and Ecosystem Health for the Company Estate within the Strzelecki and Gippsland Plain Bioregions' (December 2006).

At around the time of the previous audit, HVP began to communicate with staff at DSE, Australian Koala Foundation (AKF), Monash University and others, asking for advice about species and monitoring programs that would meet this CAR. Questions were raised about the objective of monitoring and about species that could be monitored practically to meet those objectives. Some good discussion and ideas were generated and resulted in a list of species suitable for monitoring that could complement the work that was already taking place.

As noted in an interview with HVP staff, the rationale for the determination of the appropriate species was based on the species being able to be detected at reasonable frequencies within the bioregion, in order to monitor changes over time and to be able to achieve some sense of reliability and meaning from the data, which could be attributable to a certain management regime. Further it was also based on the land holdings, as there are large contiguous areas within the Strzelecki Ranges Bioregion but in the Gippsland Plain there are small fragmented areas.

Within the Strzelecki Ranges Bioregion, HVP initially suggested three species that they felt could serve as indicator species and that would partly meet this CAR. These proposals were partly based on on-going or proposed work with these species. The three species are:

- Koala, based on the developing HVP work with AKF. This work includes mapping of vegetation and koala habitat and development of a management plan, largely in response to community concerns for genetic integrity and population diversity. Permanent monitoring plots have also been established to monitor the presence and activity of the Koala.
- Myrtle beech, is one of the key elements in the monitoring plan and includes the permanent Myrtle Wilt monitoring plots on Company land which forms part of a statewide Government program, the initial regional Myrtle Wilt survey in January 2007 (which will be repeated every 5 years), and the established rainforest monitoring program conducted at the interface of rainforest and plantations;
- Macro-invertebrates, as indices of water quality and habitat condition, and have been widely used in Australia and overseas. Sampling has occurred in 2002 and 2003 in 13 catchments at points where HVP is the major land owner.

In order to determine if large forest owls in the Strzeleckis were suitable as indicators, based on the

adopted rationale, HVP commissioned a study in July 2006. The numbers of owls recorded were low, but the audit team was informed that this still might continue, as the survey technique is relatively straight forward.

Within the Gippsland Plain Bioregion, HVP informed the audit team that correspondence with relevant parties such as DSE and others, suggested that diurnal birds are likely to be good indicators of ecosystem health. The 20 minute bird survey is the key monitoring tool in these environments and includes 7 specific bird species as indicators of 'good patch quality' and 4 specific bird species indicating 'poor patch quality'. Further, Sugar Gliders are also nominated as an indicator of ecosystem health. Assessments for these species were undertaken in October 2006 by independent consultants at 11 permanent monitoring plots.

In summary, HVP have provided a shortlist of species that can be realistically and practically monitored as an index of diversity and ecosystem health in HVP's custodial lands. The results of the monitoring are not being provided to SmartWood on an annual basis, although reports of faunal surveys done in the GRP area were available to the audit team. For this audit that is understandable since the monitoring activities had only began in January but the annual summary will be required in future audits.

Status: Closed

Follow-up Action: None.

CAR # 5-2006	Reference Standard #: 10.7
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	Description of Non-compliance: "HVP has not undertaken a strategic estate wide analysis of weed management options and does not have a strategic plan that minimizes weed infestations and promotes biological controls as required by Criterion 10.7." Annual audit report, 2006
Corrective Action Request: 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.)	
Timeline for Compliance: Within five months of the finalization of this annual audit.	

Audit findings:

HVP has completed a "Strategic estate-wide analysis of weed management options" (September 2006). This is a good analysis of the company weed control strategy, the types of commercial and environmental weeds, the control options, and the factors that determine control priorities. It includes a good outline of the various control options – physical (equipment or manual), cultural (through site prep, silviculture to maximize tree growth, or planting of competing grasses), biological, and chemical. Two appendices describe, for each of the GRP regions, the specific commercial and environmental weeds encountered, the priority for control, and the reasons for control.

In the section on chemical control, the analysis identifies the limitations on aerial application. There is an explicit statement about preference to ground-based applications. For commercial weed control, there is a separate attachment providing a region-by-region analysis. Control options and prescriptions are provided for each region. Guidance is given about type of situations when aerial application can be considered. In general aerial applications are used when ground-based operations are unlikely to be effective. There is also a thorough description of the non-chemical control treatment options and the situations in which they should be used in each district. The availability of biological controls is limited and there are not yet operational situations where biological controls are used.

A stream monitoring program is not included within this analysis. However, HVP has a separate BMP covering "Water Sampling Procedures for Chemical Residues" following aerial application of herbicides. That procedure was reviewed in the 2006 annual audit.

The analysis meets the requirement of the MAJOR CAR and it is closed.

The audit team notes that this analysis appears to be confined to the plantation lands within the HVP estate. Although pine and other wildlings are mentioned, there is no mention of programs to control them in the areas of native vegetation within the estate. In this audit and in past audits, HVP programs to remove wildlings from areas of native vegetation have been viewed in the field and this is an important weed control program. This is further discussed in Appendix III in the review of Criterion 6.9 and CAR 4-2007 is imposed there. It is anticipated that weed control may be a part of the management strategy that will be implemented in areas of native vegetation that are identified as having High Conservation Value

Similarly, there is no mention of roadside weed control program, even though this is also a part of weed control programs in most districts and is of concern to some stakeholders. The audit team recommends that the Weed Management Strategy document be expanded to describe the priorities and control programs for weed control in areas of native vegetation and on roadsides.

Status: Closed

Follow-up Action:
See CAR 4/07.

2.4. New corrective actions issued as a result of this audit

Eight new CARs are identified in this annual audit. They are described in detail in Appendix III Criterion Level Evaluation of Compliance.

CAR 1/07	Reference Standard #: 6.2.1
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of non-compliance: HVP does not presently have a complete listing of the rare or threatened (including vulnerable, endangered and critically endangered) species on the estate and therefore does not have safeguards in place to protect all of these species, as required to meet this criterion and its indicators.
Corrective Action Request: HVP shall: <ul style="list-style-type: none"> Expand the list of rare and threatened species (considering all conservation categories) that are known to or likely to occur on its estate to include species from the DSE (2005) <i>Advisory list of rare or threatened plants in Victoria – 2005</i> and DSE (2003) <i>Advisory list of threatened vertebrate fauna in Victoria- 2003</i> and revise the Threatened Species BMP to expand its scope of species covered; Develop and begin implementing a plan to identify protection areas or protection measures for all of these species in a revised Threatened Species BMP; and Have the revised lists and revised BMP externally reviewed by experts in botany and zoology. 	
Timeline for Compliance: By the 2008 annual audit.	

CAR 2/07	Reference Standard #: 6.2.3
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of non-compliance: The current rainforest BMP does not measure buffer widths on horizontal distance and does not account for additional width on steep slopes. Currently, HVP are proposing a minimum rainforest buffer width of 30 metres (20 metres on smaller remnants). The audit team concluded, as did previous audits and the expert review, that these buffer widths are inadequate and do not meet the requirement of Indicator 6.2.3 that they be based on “technically sound requirements”.
Corrective Action Request: HVP shall revise the Rainforest BMP to <ul style="list-style-type: none"> Provide that buffer width is based on horizontal measurement, not slope distance; Increase buffer width according to slope and average height of tallest stratum; and 	

<ul style="list-style-type: none"> Increase buffer width according to the latest tiered approach to rainforest protection on public land. <p>The revised Rainforest BMP shall be provided to SW and endorsed by either two Councils (CEO) who administer GRP operations or DSE (Secretary).</p> <p>Timeline for Compliance: By the 2008 annual audit.</p>
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CAR 3/07	Reference Standard #: 6.6.3
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of non-compliance: HVP has not provided information in regard to its chemical use in nurseries and does not fully meet the requirement of Indicator 6.6.3.
Corrective Action Request: HVP shall provide SmartWood with a complete listing of all chemicals used in its nurseries and include the information set out in FSC Guidance Document 30-001 and cease using those chemicals on the FSC prohibited list until such time as derogation is obtained.	
Timeline for Compliance: Within six months of the finalization of this audit.	

CAR 4/07	Reference Standard #: 6.9.2
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of non-compliance: The “Strategic estate-wide analysis of weed management options” appears to be confined to the plantation lands within the HVP estate and does not specifically identify measures to address pine wildling escape into adjacent native vegetation or wildings on roadsides..
Corrective Action Request: HVP shall prepare a strategy for wildling control in remnant native vegetation and on roadsides across the estate, or revise the strategic analysis of weed management options.	
Timeline for Compliance: By the 2008 annual audit.	

CAR 5/07	Reference Standard #: 8.3, COC 2, 4 and 5
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of non-compliance: GRP has been working under the assumption that all wood delivered by them to the mill is certified, when in fact, they also deliver logs from small farmers that are not included within the scope of the certificate.
Corrective Action Request: HVP shall review and revise their CoC procedures to address the need to ensure that all loads of logs sold as certified are physically identified as certified and such information is included on all documentation relating to sale and shipping of these logs.	
Timeline for Compliance: Within one month from the finalization of this report.	

CAR 6/07	Reference Standard #: 9.1.1, 9.1.2, 9.2
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of non-compliance: HVP’s current approach to high conservation value forests does not address all four categories of HCV or provide a written assessment or propose strategies for their protection. HVP has not consulted with stakeholders in assessing the four categories of HCVF.
Corrective Action Request: HVP shall: <ul style="list-style-type: none"> produce a written HCVF assessment that identifies all High Conservation Value Forests in the four categories defined in the glossary in each of HVP’s regions, and propose strategies to ensure their protection; consult with stakeholders during the assessment and development of strategies, and take actions in response to the consultation; develop and begin conducting a credible independent review of the assessment and proposed strategies; and, demonstrate that actions are being taken to implement those strategies. 	
Timeline for Compliance: By the 2008 annual audit.	

CAR 7/07	Reference Standard #: 9.3.1, 9.3.2
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of non-compliance: Since the HCVF assessment has not been completed, measures to protect HCVs are also not in place. There is no system for continuous monitoring of the HCVF values.
Corrective Action Request: HVP shall develop a written management plan, with specific monitoring measures, for High Conservation Value Forests within its entire estate.	
Timeline for Compliance: By the second annual audit (2009).	

CAR 8/07	Reference Standard #: COC 9
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Description of non-compliance: While HVP has in place a system for gaining approval for use of the FSC trademark, observations in the field indicate shirts for employees were made using the FSC trademark without getting approval for such use.
Corrective Action Request: HVP shall review, and where appropriate revise their procedure for getting approval for use of the FSC/SW trademarks and will be prepared to indicate how they will ensure all use will be submitted for approval in the future.	
Timeline for Compliance: By the 2008 annual audit.	

2.5. Audit observations

Observations are minor problems or the early stages of a problem that does not of itself constitute non-compliance, but which the audit team considers may lead to a future non-compliance if not addressed by HVP.

Observation	Reference Std #
Observation 1/07: HVP should put controls and procedures in place to keep logs from the 25 ha of Yarrowee land that HVP has sold separate from its' certified logs.	8.3
Observation 2/07: HVP should ensure that SmartWood is advised of significant issues that potentially relate to meeting the standards of the FSC P&C or involve high-profile controversial issues to ensure they are evaluated in a timely manner.	
Observation 3/07: The audit team recommends that, in future, HVP establish a robust working relationship with all relevant responsible authorities, in order to 'meet and call' first in regards to potential concerns.	4.4
Observation 4/07: The audit team recommends that HVP consult with all stakeholders associated with the HoA, prior to removing any mapped CTR from maps in the future, and clearly define potentially contentious issues in the HoA, such as how mapped and unmapped CTR remnants are treated.	4.4
Observation 5/07: The audit team recommends that HVP consult with all stakeholders associated with the HoA prior to upgrading any tracks in the HoA area, particularly tracks being upgraded to primary or secondary tracks.	4.4
Observation 6/07: HVP should consider whether a BMP should be prepared to address how new plantations are established on sites where trees were originally planted across streams, and whether buffers of native vegetation should be established along the different classes of those streams, as identified in the Site Preparation BMP.	6.5
Observation 7/07: HVP should ensure that requirements to collect and dispose of all containers and liquid and solid non-organic waste products are implemented.	6.7
Observation 8/07: HVP should ensure that to distribute the Rainforest BMP to all contractors in the near future.	9.1

2.6. Notes for the 2008 Annual Audit

Note 1 for the 2008 annual audit: The team recommends that HVP's relationships with stakeholder groups should be revisited and re-evaluated as part of the Criterion-level evaluation of Principle 4 to be undertaken in the 2008 annual audit.

Note 2 for the 2008 Annual Audit: The team recommends that the concerns about road use and HVP's response to residents' concerns, particularly in the Strzelecki, should be addressed in the Criterion-level evaluation of Principle 4 to be undertaken during the 2008 annual audit.

Note 3 for the 2008 annual audit: The audit team recommends that compliance with Principle 3 should be re-evaluated in 2008 annual audit.

Note 4 for the 2008 annual audit: The audit team recommends that the status of the List of Highly Hazardous Chemicals should be reviewed in the 2008 annual audit and, if the list is finalized by 2008, the team should determine whether HVP has derogations in place for any chemicals it is using that are on the approved List of Highly Hazardous Chemicals, and is in compliance with those derogations.

2.7. Audit decision

The audit team has found that HVP has maintained certifiable performance and adequately addressed Conditions and CARS imposed in previous annual audits. A total of 9 CARS and Conditions were audited. All were closed. Five notes from the 2006 annual audit were reviewed. Seven new CARS are identified following an evaluation of Criteria 6, 8 and 9 as described in Appendix III.

APPENDIX V: SmartWood Database Update Form

Is current Fact Sheet accurate and up-to-date? YES NO
 (if yes, leave section below blank)

CLIENT INFORMATION (contact info for *SmartWood* and *FSC* website listings)

Organization name	No changes		
Primary Contact		Title	
Primary Address		Telephone	
		Fax	
Email		Webpage www.hvp.com.au	

FORESTS

Change to Group Certificate	<input type="checkbox"/> yes <input type="checkbox"/> No	Change in # of parcels in group:	total members
Total certified area: Reduced by 3 ha in 2006		246,114 Hectares	Acres

SPECIES (note if item to be added or deleted)

Scientific name	Common name	Add/Delete
No change		

PRODUCTS

Product type	Description	Add/Delete
Logs	Radiata pine, Eucalyptus species	3,000,000