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*Practical conservation through certified forestry*

## Forest Management **2006 Annual audit** Report for:

Timbercorp Forestry Ltd.  
in  
Victoria, South Australia and  
Western Australia

Certificate code: SW-FM/CoC-1327

Audit Dates: 28 - 30 November 2006

Report Finalized: 14 June 2007

Auditors: John Tredinnick, Jodie Mason

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# 1. AUDIT PROCESS

## 1.1. Auditors and qualifications:

### John Tredinnick, Ba Forest Science, M Sci

John is a Principal Consultant with URS Forestry in Perth, Australia . He has a Bachelors Degree in Forest Science and a Masters Degree in Science, including specific studies in natural resource economics. John also has some 20 years experience working with the forest industry in Australia and overseas. This experience has included management positions involved with native forestry, plantation development, farm forestry, processing, timber trading and corporate finance. John joined URS in January 2000 and currently manages the Australian operations of URS Forestry as well as being involved with a number of forestry projects. John has been a lead certification assessor for the SmartWood program of the Rainforest Alliance since 2002 and has led several FSC Forest Management audits and scoping assessments.

### Jodie Mason, Ba Forest Science, MBA

Jodie is a Senior Consultant with URS Forestry, based in Perth, Australia. She has 13 years professional experience, primarily in forest management and environmental management systems development and auditing. She has worked in native forest management and hardwood plantation industries in Tasmania, Victoria and Western Australia. She is a RABQSA certified environmental auditor and has undertaken forest management, chain of custody and controlled wood assessments and audits against FSC standards.

## 1.2. Audit schedule

Date	Location /main sites	Main activities
28 November	Hamilton office	Opening meeting, review of CARs and conditions, document review, interviews with staff.
29 November	Field visits (Hamilton region)	Inspections of plantations, including management of waterways and indigenous heritage sites.
30 November	Field visits (Penola region) Penola office	Inspection of plantations, including management of waterways and remnant vegetation. Closing meeting in Penola office.
21-22 December	Draft report	Writing report
Total number of person days used for the audit: 10 = number of auditors participating 2 times total number of days spent for the audit 5.		

## 1.3. Sampling methodology:

Principles 7 and 8 of the Standard were selected by the auditors as the focus of the audit. Priorities for sampling were based on plantation sites that would evidence/test company compliance with these principles and outstanding conditions and CARs. The audit focused on early rotation sites as operations on these sites have the highest potential for environmental and social impacts.

<b>Treefarm audited</b>	<b>Rationale for selection</b>
Yarram Park	Management of indigenous heritage sites / early rotation operations
Calstock	Management of early rotation operations
Cherritta	Management of early rotation operations
Noskes	Management of early rotation operations
Blackjack	Management of early rotation operations
Grayson	Management of early rotation operations
Dowling C	Management of early rotation operations
Callendale Station South	Management of remnant vegetation

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

The initial approach to stakeholder consultation was via email to those stakeholders included in the Timbercorp stakeholder contact list provided prior to the audit, and those who provided input during the 2005 audit. The auditors notified stakeholders of the audit and attached a short survey and a copy of the forest certification standard.

Following notification, six stakeholders replied via the survey form.

The auditors contacted several stakeholders by phone after the audit to follow up issues raised during the audit, or to discuss survey comments.

The table below indicates the types of stakeholder informed and those who provided input through the audit process.

<b>Stakeholder type (NGO, government, local inhabitant etc.)</b>	<b>Number of stakeholders informed</b>	<b>Number of stakeholders consulted or providing input</b>
ENGO	4	
Local government	25	2
State government	1	
Contractors	45	1
Lessors	17	1
Industry and industry groups	1	3
Suppliers	4	
Community	6	3

#### **1.5. Changes to Standards (if applicable)**

No changes to the standard have occurred since the last evaluation. For the conduction of this audit as well as for the conduction of previous audit/assessment the following standard was used:

## **2. AUDIT FINDINGS AND RESULTS**

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

Since the last annual audit, Timbercorp has replaced its individual forest management plans with one generic plan for each geographic region. As a result, the company relies, to a large extent, on treefarm maps to capture treefarm-specific information. While the Company has always relied on maps, along with verbal communication, as the main forms of communication to contractors of site issues and hazards, management plans were also prepared for each property.

The Company now produces its own treefarm maps, rather than outsourcing them, due to a decline in service from the mapping provider. Maps are now produced at the Company's Albany office. Mapping procedures have been updated to incorporate specific buffer/filter widths for various classes of waterways within plantations, including the requirement to have a 10m buffer for a 50m length along a waterway prior to it leaving the property or entering a permanent waterway. During the audit, some inconsistencies were found between the documented procedures and their implementation.

The Company conducted a large-scale fox-baiting program across part of the Green Triangle for the first time during 2006, in response to a large number of complaints from stakeholders about fox numbers. Neighbours were invited to participate.

Timbercorp has made some key staffing changes in the time since the last annual audit. John Kiely's position has been expanded to the management of stakeholder communications at a national level, with staff reporting to him in the Albany and Green Triangle regions. John has also been given responsibility for managing a new division of Timbercorp Forestry, called the Environmental Management Unit (EMU), which undertakes environmental enhancement projects on behalf of Timbercorp Forestry. EMU has its own budget and enables comparison and prioritization of all proposed environmental projects.

Caroline McDonald and Krystina Kny have been designated part time responsibilities for special values management and FSC compliance in the Green Triangle and WA respectively. They will provide operational support to Kevin O'Grady in developing and implementing programs to comply with FSC requirements.

Angela Toohey, Environment and Systems Co-ordinator, reporting to Kevin O'Grady, has left the company and will be replaced by Janet Fraser.

## **2.2. Stakeholder issues**

A range of stakeholders was consulted during the audit, the majority of who reside in the Green Triangle region. The issues raised during the consultations are summarized below.

- All stakeholders consulted reported positive relationships with the Company, and many commented on a marked improvement in ease of dealing with the Company in recent years.
- Neighbours were complimentary of the Company's responsiveness and manner of dealing with issues. Comments common to several neighbours were that they found the Company very open, receptive to ideas, and easy to deal with. One neighbour commented that about 18 months ago communications from the Company suddenly improved, and have been good since.
- An emergency services organization commented that operational and middle management were very supportive, responsive, efficient and available for meetings, however senior management has been more difficult to work with, particularly historically. Contact with senior management has been limited in recent times.
- An issue of concern raised by one neighbour was that he felt the blue gum industry was expanding with no control by local government over where new plantations were established and were taking up good quality land that should be used for agriculture.
- One community member questioned the economic viability of the Managed Investment Scheme industry, of which the Company is part.
- An industry member reported that he has a very good working relationship with the Company's Albany staff members with whom he has most contact. They have established good relationships with landowners and are thorough in their work. Improvements have been made to road construction and use, including dust suppression and care of public roads. The respondent commented that the relationship he has with the Company is very dependent on the particular individuals involved, and staff tend to move around regularly. The current incumbents are contributing to a positive relationship. The respondent also commented that senior management has not been responsive in advising of decisions and finalizing agreements, which affects the respondent's business.

Overall, the Company is viewed favourably by all stakeholders from which feedback was gained.

### 2.3. Compliance with applicable corrective actions

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in noncompliances being upgraded from minor to major noncompliances with compliance required within 3 months or face suspension or termination of the SmartWood certificate. The following classification is used to indicate the status of the CAR:

CAR Status Categories	Explanation
<b>Closed</b>	Certified operation has successfully met the CAR and addressed the underlying noncompliance.
<b>Open</b>	Certified operation has <u>not met</u> the CAR; underlying noncompliance is still present. CAR becomes a Major CAR with a 3 month deadline for compliance

2004 Condition 6	Reference Standard #: 4.4.4
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	<p>There is widespread concern both in the Green Triangle and in the south west of Western Australia that plantation forestry is contributing to increased land and property prices, movement of people away from the land and consequent decline in demand for health, education and other community services.</p> <p>The community sponsorship program appeared to achieve sub-optimal outcomes for the Company and its host communities. There was a degree of public cynicism about the purposes of the sponsorship program and, in one reported instance, a reluctance to accept support because of fear that it would imply some future obligation to the Company. The Company needs to focus its community support more closely on meeting identified community needs and demonstrating a serious commitment to contributing to improvements in local quality of life.</p> <p>The Company does not report publicly on its social performance. The Company's reputation and community relations capacity would be enhanced by the development of key social performance indicators – and publicly reporting against them. Recognising the large and complex range of issues related to employment, regional business and economic development, community sponsorship, community consultation, social impact management, research and OH&amp;S – and by the publication of performance data and commitment to continuous improvement could positively impact on public perception of the Company.</p>
Corrective Action Request: Within two years of the issuance of a certificate, the Company shall address	

community concerns about the social impacts of its operations including the long-term viability of the industry; its impacts on landscape and the environment; and its effects on regional populations, community facilities and service provision. The company shall develop social performance indicators relevant to its business objectives and operations and report publicly on its social objectives and performance.

Timeline for Compliance: Within two years of the issuance of the certificate.

Audit findings: The Company has developed a *Stakeholder Communication and Consultation Strategy* for the Green Triangle, which describes how and when the Company will interact with stakeholders and the media. It also contains a list of key local stakeholders other than neighbours.

The Company has commenced implementation of the strategy by tracking emerging issues, recording and resolving complaints and communicating more closely with neighbours regarding operations. The effort to improve communications with neighbours was reflected in positive feedback from neighbours during the audit. The Green Triangle Community Liaison Officer's position has been expanded to become a national role, with additional responsibility delegated to two staff. These positions, one in Hamilton (Lorraine Lyons) and one in Albany (Felicity Pollard), report to the National Communications Manager. The auditors understand that the Company intends to adapt the Stakeholder Communication and Consultation Strategy for the Albany region and implement similar practices there, however this has not yet occurred.

The Company has been active in contacting groups and individuals in the Green Triangle region who have publicly expressed concern about the Company's operations and has offered information about its operations, including chemical use. The Company has held field days for various interested local groups. The Company has responded to media reports that have expressed concern about the social impacts of the plantation industry, with the provision of figures such as local school student numbers and Company house rental figures. The Company undertook a large-scale fox-baiting program in response to ongoing community complaints about plantations providing harbour for foxes.

The National Communications Manager has been discussing future harvesting plans with local councils in the Green Triangle and is developing haulage management plans, which include provisions for sharing roads with school buses, contractor management and speed limitations for haulage vehicles.

The Company has revised its sponsorship program, developed a policy and guidelines and has amalgamated regional programs under one national sponsorship committee to facilitate alignment of purpose. The Company has formed an Environmental Management Unit (EMU), with its own budget, in order to co-ordinate and prioritize all potential environmental projects, and implement appropriate projects, on behalf of the Company.

The Company has developed some social performance indicators and generic measures of success. There are, however, no specific objectives or targets against which the Company can measure progress or achievement of the indicators. The Company has not yet reported publicly on these indicators nor has it indicated how it intends to report on them.

Status: OPEN. As this CAR has not been met within the specified timeline it has been up-graded to a major CAR and given a three month timeline.

Follow-up Action: Within 3 months from finalization of this audit report, the Company shall develop targets for its social performance indicators as it considers are appropriate. It shall develop an appropriate method of reporting on its indicators publicly.  
See also Observation 2/2006.

2004 Condition 16	Reference Standard #: 8.2
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	<p>There is no active monitoring of flora and fauna condition in remnant bushland and wetland contained within the treefarms.</p> <p>Stakeholders raised concerns that treefarms may be impacting on groundwater through excessive consumption both at a regional scale (Penola region of South Australia) and on a local scale eg small damplands and wetlands.</p> <p>The audit team was concerned about the possible drawdown of the local water table in seasonal damplands and the effect this may have on the long-term viability of such wetlands. These damplands are known to be important to a number of threatened species including the Brolga in Victoria and Muirs Corella in Western Australia.</p> <p>Further to Principle 6, there is insufficient baseline information about non-plantation areas for nearly all treefarms to be used in an effective monitoring program.</p> <p>The potential chemical contamination (by pesticides, herbicides and fertilizers) of waterbodies both within and adjacent to treefarms was seen as a significant issue by a number of stakeholders. Whilst the Company minimizes the use of these chemicals across its estate, there is no monitoring for these in any potentially affected water bodies.</p>
<p>Corrective Action Request: Within two years of the issuance of a certificate, the Company shall have developed and started to implement plans for the on-site and off-site monitoring of its operations on:</p> <ul style="list-style-type: none"> <li>• genetic pollution, including wildings;</li> <li>• spread of dieback,</li> <li>• wetlands (including but not limited to pollution and drawdown) and wetland dependent communities;</li> <li>• groundwater and groundwater dependent communities.</li> </ul> <p>The Company will consider opportunities to undertake the monitoring program in conjunction with local authorities and NGOs. Results will be reflected in a process of adaptive management.</p>	
<p>Timeline for Compliance: Within two years of the issuance of the certificate.</p>	

<p>Audit findings:</p> <ul style="list-style-type: none"> <li>• Genetic pollution, including wildings – The Company has compiled relevant available research studies on genetic pollution and is participating in a joint Australian Research Council study titled “<i>Assessing the risk of genetic pollution from Eucalyptus globulus and Corymbia plantations</i>”. Operations staff reported that they notify the Company’s Tree Improvement Manager when they see plantation trees flowering, on their general treefarm visits. The presence of wildlings however is not yet being monitored in a systematic manner.</li> <li>• Spread of dieback – The Company has arranged for general awareness training on dieback issues and practices to minimize spread. The training is to be carried out for Albany region staff during December 2006, however at the time of the audit this had not yet been done. No further documentation of decisions in relation to managing the threat of dieback for treefarms or native vegetation has occurred.</li> <li>• Wetlands (including but not limited to pollution and drawdown) and wetland dependent communities – The Company has developed a procedure for the collection of baseline data from wetlands, including monitoring protocols and checklists. However, the monitoring has not yet been implemented, as the Company has advised that all wetlands have dried out as a result of</li> </ul>
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<p>the current drought.</p> <ul style="list-style-type: none"> <li>Groundwater and groundwater dependent communities – The Company has been participating in stakeholder consultation for changes to groundwater management legislation in South Australia. One outcome of this involvement is that monitoring of groundwater use by plantations is now being undertaken by a plantation industry group. Therefore the auditors consider that the current requirement for the Company to monitor groundwater usage can be removed from this CAR. The monitoring of groundwater dependent communities however has not yet commenced. The auditors consider that monitoring of plant species associated with groundwater dependent communities could have been undertaken in the current dry conditions.</li> </ul>
<p>Status: OPEN. As this CAR has not been met within the specified timeline it has been up-graded to a major CAR and given a three month timeline.</p>
<p>Follow-up Action (if applicable): Within 3 months from finalization of this audit report the Company shall:</p> <ul style="list-style-type: none"> <li>Formalise and begin implementing procedures for the monitoring of wildlings.</li> <li>Assess the risk of on-site and off-site movement of dieback from its operations prior to developing and implementing appropriate procedures for monitoring and managing the risk of spread.</li> <li>Begin implementing monitoring procedures for wetlands and wetland dependent communities.</li> <li>Begin implementing monitoring procedures for groundwater dependent communities.</li> </ul>

CAR # 01/05:	Reference Standard #4.4:
<p>Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/></p>	<p>A lack of dialogue with ENGOs and local community groups is leading to perceptions about the Company’s operations that paint the organisation in a negative light. Regardless of the merits of some of these complaints, the Company’s image and reputation is being impacted and it highlights the need for a much more proactive and effective strategy for community engagement and liaison.</p>
<p>Corrective Action Request: The Company shall include a clear and effective approach to engagement with the communities in which it operates within the Community and Stakeholder Relations Strategy. It will improve the quality of its stakeholder information with respect to ENGOs and concerned members of the community by establishing and continuously updating records of their concerns and the actions of the Company to address these concerns.</p>	
<p>Timeline for Compliance: Within 3 Months</p>	

Audit findings: As discussed in Audit Findings of Condition 6 in this report, the Company has developed a *Stakeholder Communication and Consultation Strategy* for the Green Triangle, which describes how and when the Company will interact with stakeholders and the media. The Company has commenced implementation of the strategy by tracking emerging issues, recording and resolving complaints and communicating more closely with neighbours regarding operations. The effort to improve communications with neighbours was reflected in positive feedback from neighbours during the audit. The Green Triangle Community Liaison Officer’s position has been expanded to become a national role, with additional responsibility delegated to two staff.

The auditors understand that the Company intends to adapt the Stakeholder Communication and Consultation Strategy for the Albany region and implement similar practices there; however this has not yet occurred.

The Company has been active in contacting groups and individuals in the Green Triangle region who have publicly expressed concern about the Company’s operations and has offered information about its

operations, including chemical use. The Company has held field days for various interested local groups. The Company has responded to media reports that have expressed concern about the social impacts of the plantation industry, with the provision of figures such as local school student numbers and Company house rental figures. The Company undertook a large-scale fox-baiting program in response to ongoing community complaints about plantations providing harbour for foxes.
Status: CLOSED.
Follow-up Action: See Observation 02/06.

CAR #: 02/05	Reference Standard #: 6.1, 6.4, 9.1
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	<ul style="list-style-type: none"> <li>The company has not prioritized when and where it must go to gather relevant biological information, through more in-depth field work, for its newly acquired tree-farms.</li> <li>The company has not firmly decided upon a framework for prioritizing when, where, with who, and how further flora and fauna surveys of remnant vegetation would take place.</li> <li>The company has not implemented a documented strategy to prioritize the identification of HCVs, which would permit the management and monitoring of HCVFs across the estate.</li> </ul>
<p>Corrective Action Request: The company shall develop a documented strategy to prioritize when, where, and with what resources to conduct more in-depth biological surveys of remnant vegetation and wetlands. The company shall implement this strategy, as evidenced by:</p> <ul style="list-style-type: none"> <li>prioritization of the forest areas where in-depth surveys will take place, particularly for identification of HCVs and the management and monitoring of HCVF;</li> <li>a timetable for conducting such surveys;</li> <li>a requirement for all areas supporting these values to be clearly identified on maps;</li> <li>clear processes for collating data on rare, threatened and endangered species encountered;</li> <li>precautionary approaches to operational management where HCVF data is absent.</li> </ul>	
Timeline for Compliance: Within 3 months	

<p>Audit findings: The Company has begun a programme of assessing areas of remnant vegetation for conservation value by engaging the services of Greening Australia. As part of these services, Greening Australia is collecting data and reporting on rare, threatened and endangered species.</p> <p>Forest areas have been prioritized according to scale and the probability of HCVF being present. A timetable has been established for assessing the high priority areas and a number of the areas were assessed during 2006. A precautionary management regime is being used for the remaining remnant vegetation. This regime includes the removal of stock, control of weeds and vermin, and protection from fire.</p> <p>All plantations now have an Environment &amp; Hazard Map which details the environmental and safety sensitive areas and the control mechanisms required.</p>	
Status: CLOSED	
Follow-up Action (if applicable): N/A	

CAR #: 03/05	Reference Standard #: 6.5
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Off-plantation impacts of harvesting operations still need some further consideration, particularly where the plantation is adjacent to a National Park or other areas that clearly have special values (Eg Conservation reserves).
<p>Corrective Action Request: The Company shall place an increased emphasis on potential impacts to off-plantation areas identified as conservation zones and/or areas that are otherwise recognised as sensitive during the planning phase.</p>	
Timeline for Compliance: Within 12 months	

<p>Audit findings: The Company has developed a procedure for identifying the potential impact of its operations on off-plantation conservation values. Potentially significant values are identified by the Harvest Planner, who has responsibility for contacting the management agency (eg Government or NGO). When the nature of any value has been identified, it is recorded on the Environmental and Hazard Map for the Treefarm. Harvesting operators are made aware of the values and any control measures required during the pre-harvest induction process.</p>	
<p>Status: CLOSED.</p>	
<p>Follow-up Action: N/A.</p>	

CAR #: 04/05	Reference Standard #: 7.1
<p>Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/></p>	<p>A schedule has been developed for the amendment of previous plans at the treefarm level that is based on reasonable priorities, but this schedule has not yet been implemented.</p>
<p>Corrective Action Request: The Company shall begin implementing the schedule it has developed for amending all previous treefarm management plans to comply with the guidelines under Criterion 7.1. This schedule requires twelve management plans to be updated by the end of February 2006.</p> <p>The Company is also encouraged to develop an alternative approach to management planning that satisfies Criterion 7.1. This may include an overarching document that references relevant components of regional management plans, site specific operational plans and functional management such as annual fertilizer application or insect pest management.</p>	
<p>Timeline for Compliance: Within 3 Months</p>	

<p>Audit findings: The Company has developed a new format for its management plans, whereby it plans to have one generic management plan for each state (Victoria, South Australia and Western Australia). Hyperlinks are provided for further detail in Company operational procedures or websites. A management plan has been developed for the Green Triangle region and found to be consistent with the requirements of Criterion 7.1 of the Standard, with the minor exception that emergency plans have not been linked to the management plans. The South Australian and Western Australian management plans have not yet been developed.</p>	
<p>Status: CLOSED</p>	
<p>Follow-up Action: A new CAR was issued in relation to the development of individual management plans. See CAR 05/06: by the time of the next annual audit, the Company shall develop management plans for Western Australia and South Australia in the Company's new format.</p>	

CAR #: 05/05	Reference Standard #: 7.2
<p>Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/></p>	<p>The Company has not yet put in place a process to ensure that management plans are systematically updated in accordance with criterion 4.7.2.</p>
<p>Corrective Action Request: The Company shall put in place a process to ensure that the management plans are systematically updated in accordance with criterion 7.2. The plans will have provision to include the monitoring program that is to be developed as part of Condition 16.</p>	
<p>Timeline for Compliance: Within 3 months</p>	

<p>Audit findings: A process for updating management plans has been advised, including staff members with responsibility for updates (John Kiely). Although changes to operational procedures have been introduced, some of these changes have not been documented. This issue was identified by the Company during an internal audit.</p>	
<p>Status: CLOSED.</p>	
<p>Follow-up Action: See CAR 01/06.</p>	

CAR #: 6/2005	Reference Standard #: 6.7
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	The Company has made a commercial decision to use simazine during 2005, despite the fact that a PAG has not been formed, as required by FSC-POL-30-601 Addendum 2 Simazine derogation.  The Company has not developed guidelines for buffers, which are required under the derogation and even nominal setbacks have been ignored in the field, with the result that the chemical appears to have been applied across a marked drainage line.
Corrective Action Request: Effective immediately, the Company shall stop application of simazine until such time as FSC International rules that the chemical can be applied. Within 3 months, a protocol for the application of simazine shall be developed that is consistent with conditions of the document FSC-POL-30-601 Addendum 2 Simazine derogation.	
Timeline for Compliance: Effective immediately for cessation of simazine use; within 3 months for development of simazine procedures.	

Audit findings: The Company ceased the use of simazine until the derogation was issued on 16 January 2006. The derogation had an expiry date of September 2006. There has been some inconsistency in the implementation of guidelines for the use of buffers around natural and man-made waterways, however the intent of the Standard to exclude chemicals from waterways is being met. The Company has developed new guidelines, which are implemented at the planning phase. The new guidelines have not yet been implemented in the field. The auditor acknowledges that there has been little guidance available for FSC certificate-holders on the use of Simazine as the Pesticides Advisory Group has not yet been formed.	
Status: CLOSED.	
Follow-up Action: See CAR 02/06	

CAR #: 7/2005	Reference Standard #: 8.3
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	At PPT, the "Certificate of Quality" did not include the requirements of the SmartWood standard 5.4. Absent on this document were the certified product description, FSC percent content, and the FSC certification code for Timbercorp.
Corrective Action Request: The Company shall include on the Certificate of Quality a certified product description, FSC percent content, quantity/ volume of each item, and the company's FSC certificate code.	
Timeline for Compliance: Within 3 months.	

Audit findings: Based on a further review of procedures, it is not considered mandatory that the "Certificate of Quality" contains all FSC information. The invoice is the critical document and a review of documents indicates that the invoice contains all the relevant information.	
Status: CLOSED.	
Follow-up Action N/A.	

## 2.4. Current corrective actions and new corrective actions issued as a result of this audit

CAR #: 06/04	Reference Standard #: 4.4.4
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	Audit findings: The Company has developed some social performance indicators and generic measures of success regarding social performance. There are, however, no specific objectives or targets against which the Company can measure progress or achievement of the indicators. The Company has not yet reported publicly on these indicators nor has it indicated how it intends to report on them.
Corrective Action Request: Within three month from the finalization of the Annual Audit report the Company shall develop targets for its social performance indicators as it considers are appropriate. It shall develop an appropriate method of reporting on its indicators publicly.	
See also Observation 02/06.	
Timeline for Compliance: Within 3 months of receiving final audit report.	

CAR #: 16/04	Reference Standard #: 4.8.2
Non-compliance: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	<p>Audit findings:</p> <ul style="list-style-type: none"> <li>• The presence of wildings is not yet being monitored in a systematic manner.</li> <li>• Training in dieback management had not been completed by the time of the audit and procedures for monitoring and managing the threat of dieback in treefarms or adjacent native vegetation have not been prepared.</li> <li>• Monitoring of wetlands and wetland dependent communities has not yet been implemented, however opportunities to do so have been restricted by the ongoing drought within areas of operation. This is likely to continue in the short term.</li> <li>• The monitoring of groundwater dependent communities has not yet commenced.</li> </ul>
<p>Corrective Action Request: The Company shall:</p> <ul style="list-style-type: none"> <li>• Formalise and begin implementing procedures for the monitoring of wildings.</li> <li>• Assess the risk of on-site and off-site movement of dieback from its operations prior to developing and implementing appropriate procedures for monitoring and managing the risk of spread.</li> <li>• Begin implementing monitoring procedures for wetlands and wetland dependent communities.</li> <li>• Begin implementing monitoring procedures for groundwater dependent communities.</li> </ul>	
<p>Timeline for Compliance:</p> <ul style="list-style-type: none"> <li>• For the monitoring of wildings, dieback, and groundwater dependent communities: Within 3 months of receiving final audit report.</li> <li>• For the monitoring of wetlands and wetland dependent communities: Within six months of receiving final audit report, or as soon as possible acknowledging the current drought conditions.</li> </ul>	

CAR #: 01/06	Reference Standard #: 7.2, 8.4
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Changes to the process for updating management plans have been introduced; however some of these changes have not been documented.
Corrective Action Request: The Company shall document its process for updating management plans, including responsibilities.	
Timeline for Compliance: By the time of the 2007 annual audit.	

CAR #: 02/06	Reference Standard #: 6.6
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	There are some inconsistencies in the implementation of the guidelines for buffers to be used during spraying operations; however the intent of the Standard to exclude chemicals from waterways is being met.
Corrective Action Request: The Company shall ensure that there is consistency between documented buffers to be used during spraying operations and those that are implemented in the field.	
Timeline for Compliance: By the time of the 2007 annual audit.	

CAR #: 03/06	Reference Standard #: 7.3
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	The Company has a central list of skills required by treefarm supervisors, however there is no formal training plan for individuals that prioritizes and schedules training. In some cases it appeared that training has been completed but records have not been updated.
Corrective Action Request: The Company shall develop and implement a formal training plan that prioritizes and schedules training required for each position, and includes methods for assessing the effectiveness of training.	
Timeline for Compliance: By the time of the 2007 annual audit.	

CAR #: 04/06	Reference Standard #: 8.1
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Routine treefarm monitoring is not being undertaken to the current procedure, and as such, frequency of inspections, issues checked and results have not been recorded, except where remedial action is required.
Corrective Action Request: The Company shall develop and implement a monitoring procedure in accordance with requirements of the Standard, such that it provides sufficient, timely, accurate and technically sound information, and is auditable.	
Timeline for Compliance: By the time of the 2007 annual audit.	

CAR #: 05/06	Reference Standard #: 7.1
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Audit findings: The Company has developed a new format for its management plans, whereby it plans to have one generic management plan for each state (Victoria, South Australia and Western Australia). A management plan has been developed for the Green Triangle region and found to be consistent with the requirements of Criterion 7.1 of the Standard. The South Australian and Western Australian management plans have not yet been developed.
Corrective Action Request: The Company shall develop management plans for Western Australia and South Australia in the Company's new format.	
Timeline for Compliance: By the time of the 2007 annual audit	

## 2.5. Audit observations

Observation	Reference Std #
Observation 01/06 – The long term protection of scar trees from future activities, such as harvesting, could be improved by using a more permanent and visible method of marking them in the field, such that the marking can be seen when approaching from any direction.	3.3
Observation 02/06 - The Company should adapt and implement the Stakeholder Communication and Consultation Strategy for the Albany region.	4.4.4
Observation 03/06 – The Company’s emergency plans should be linked to the management plans.	7.1

## 2.6. Audit decision

Based on the findings of this audit, the SmartWood auditors recommend that the company maintain its active certification status. The company is expected to work to address areas of weakness through attention to the CARs that were not closed during this audit and remain for the upcoming annual audit. Of particular importance is to ensure completion of the Major CARs issued in the audit. The company should also pay attention to those observations indicated in the report.

