



Department of Sustainability & Environment

Forest Audit Program

Module 4 - Operational Planning Audit of DSE

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March 2013

This Report for the Forest Audit Program Module 4 Operational Planning ("*Report*") has been prepared in accordance with Part IXD of the Environmental Protection Act 1970. The report of Environmental Audit represents the Auditor's opinion of the environmental condition of the audited coupes and its suitability for beneficial uses at the date it is signed.

This report:

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The Auditor and GHD have prepared this Report on the basis of information provided by the Department of Sustainability and Environment, which the Auditor and GHD have not independently verified or checked ("*Unverified Information*") beyond the agreed scope of work.

Executive summary

The Department of Sustainability and Environment (DSE) commissioned GHD to undertake an audit under DSE's Forest Audit Program 2011/2012 to assess conformance against control points (*Module 4 Operational Planning*) related to the development of coupe planning documentation (Forest Coupe Plans) such as legislative requirements and regulations and industry guidelines and the effectiveness of these processes for coupes established during the 2010/11 harvesting season.

Module 4 outlines that a Forest Coupe Plan is to be prepared in accordance with the Code, and also be consistent with provisions and prescriptions contained in the relevant Forest Management Plan and other regulatory documents and guidelines. However, specific Forest Coupe Planning compliance elements contained in the Code and other regulatory documents are included in the separate Module 5 Harvesting and Closure audits. Therefore, the Module 4 audit focusses on examining the processes used to prepare a Forest Coupe Plan. It contains no specific compliance elements, but instead measures conformance against control points derived from regulatory documents and industry guidelines as outlined in the workbook. Therefore conformance in a Module 4 audit has been defined as 'Conformance' or 'Area for improvement' for each control point.

The scope for the environmental audit was completed in accordance with the environmental auditor guidelines issued by the Environment Protection Authority (EPA) for the preparation of an environmental audit in relation to the risk of any possible harm or detriment to the environment. The audit scope and method was also developed to meet the specific requirements of the Department of Sustainability and Environment's Forest Audit Program.

Table 1 provides a summary of the audit information in accordance with EPA publication 1147.

Table 1 Summary of Audit Information

Auditor	Mr Andrew Roy
Auditor term of appointment	17 October 2006 to 19 January 2013
Name of person requesting audit	Lee Miezis, Executive Director Forests and Parks, Department of Sustainability and Environment (DSE)
Relationship to premises/location	DSE (Forest and Parks Division) is responsible for the regulation of commercial timber harvesting activities conducted in Victoria's State Forests. This Operational Planning Audit is part of the Forest Audit Program developed by DSE.
Date of request	17/08/2011
Proposed completion date of the audit	30/11/2012
Reason for Audit	An audit under the Department of Sustainability and Environment Forest Audit Program 2011/2012 to assess processes undertaken in the development of coupe planning documentation (Forest Coupe Plans) such as legislative and regulatory requirements and the effectiveness of these processes for coupes established during the 2010/11 harvesting season.

Description of activity to be audited	The systems and processes used by DSE in developing Forest Coupe Plans (FCP), and an assessment of their effectiveness.
EPA Region	State wide
Site/premises name	11 forest coupes across three FMAs
<ul style="list-style-type: none"> • Building/complex sub-unit No. 	N/A
<ul style="list-style-type: none"> • Street/Lot – Lower No. 	N/A
<ul style="list-style-type: none"> • Street/Lot – Upper No. 	N/A
<ul style="list-style-type: none"> • Street Name 	N/A
<ul style="list-style-type: none"> • Street type (road, court, etc.) 	N/A
<ul style="list-style-type: none"> • Street suffix (North, South etc.) 	N/A
<ul style="list-style-type: none"> • Suburb 	N/A
<ul style="list-style-type: none"> • Postcode 	N/A
GIS Coordinate of Site centroid <ul style="list-style-type: none"> • Longitude / Northing (GDA94) • Latitude / Easting (GDA94) 	N/A
	N/A
Proposed members of support team	Vanessa McKenzie, Auditor Assistant
Auditor	Alan Cole, Principal Forester

Audit conclusions

The audit assessed eleven Forest Coupe Plans, located in the Horsham, Bendigo and Mid Murray West Forest Management Areas of Victoria. A low standard of conformance was achieved across most element groups. A good level of conformance was achieved in the elements concerned with consulting with experts in relevant fields.

Eleven areas for improvement were identified from twenty control points. For a detailed account of these control points see Section 4.2 of this report.

In summary, areas for improvement were identified for the following control points:

- 4A-1** Does a process exist to ensure the organisation appropriately prepares/modifies, reviews and endorses a FCP?
- 4A-2** Is the process an accredited management system? Is the accreditation current?
- 4A-4** Who has responsibility and authority for preparing/modifying the FCP? Are adequate organisational resources allocated to the task (financial, personnel)? Are appropriate and competent resources available/involved in the preparation of FCPs? Are procedures in place to ensure that competent person(s) are involved in the FCP development/modification process?
- 4A-6** Is there a formal document control system? What procedures are in place to ensure FCP documentation has been approved and distribution controlled?
- 4A-8** What tools are used to determine coupe boundaries, coupe area, roading requirements? Are they accurate and effective?
- 4A-9** How are relevant coupe values (environmental, social etc), hazards and risks identified? What procedures are in place to ensure that these coupe values are recorded and tracked throughout the planning process and ultimately recorded on the FCP? Is the process accurate and effective? Are the methods defensible?
- 4A-10** Is field measurement and monitoring required for determination of coupe values? How do you know that the data is complete, representative, accurate and precise?
- 4A-11** Are internal/external audits undertaken to assess performance of the process?
- 4A-15** Any special exclusion zones or harvesting modification as specified in the TRP approval is planned for in FCPs?
- 4A-17** Is there evidence that the planning process complies with relevant Action Statements and Regulatory Orders?
- 4A-18** Is there evidence of the precautionary principle having been applied to protect biodiversity values in the planning process?

Recommendations

This report has incorporated a number of recommendations for improvement where it was considered by the auditor that the Forest Coupe Plan preparation and implementation could be improved. These are:

- **Recommendation 1:** DSE review the method of preparation of the FCP to achieve a document that can be electronically reproduced in its final and approved form, adds value to the role of the target audience and clearly communicates necessary information.
- **Recommendation 2:** DSE review the document Forest Coupe Planning Guidelines 2006 on the basis of the findings of this audit and incorporate into this document clear directions on levels of authority and the requirements to prepare, review and approve a FCP prior to distribution.
- **Recommendation 3:** DSE review the document Forest Coupe Planning Guidelines 2006 to ensure that the appendices reflect current CIS generated templates.
- **Recommendation 4:** DSE review all tiers of documentation applicable to the Horsham FMA to ensure a consistent approach to biodiversity conservation and forest management.
- **Recommendation 5:** DSE considers implementing a programme to achieve accreditation in its operational planning management system.
- **Recommendation 6:** DSE review the document *Forest Coupe Planning Guidelines 2006* to ensure that references to other documentation are current.
- **Recommendation 7:** DSE enforce a system of version control into the preparation of FCPs so that is transparent if a document is a draft or final document.
- **Recommendation 8:** All prints of the DSE FCP generated by CIS default to a “draft” watermark, and that it is a selection option for a “final” to be produced.
- **Recommendation 9:** All amendments to the FCP are to be included in an amendment section within the FCP, and require approval.
- **Recommendation 10:** It is recommended that FCP amendments be removed from the role of the Coupe Diary, and that changes are reflected in the FCP.
- **Recommendation 11:** FCPs contain a distribution list identifying the names and roles of individuals to receive the document.
- **Recommendation 12:** DSE standardise the quality of mapping included in the FCP in line with the guidelines to ensure that all the features identified in the WUP and FCP are displayed on operational mapping and that the maps include a detailed legend.
- **Recommendation 13:** DSE review the guidelines in relation to the undertaking of pre-operational coupe inspections and develop a survey template to document this activity.
- **Recommendation 14:** DSE initiates a schedule of regular internal and external auditing and review.
- **Recommendation 15:** DSE include in their guidelines and Management Procedures clear instruction on determining the status of old mine sites as historic sites or operational hazards.
- **Recommendation 16:** DSE incorporates operational controls in the FCP for old mine sites.

- **Recommendation 17:** DSE ensures that the approver of FCPs is charged with the responsibility on ensuring special exclusion zones or harvesting modifications as specified in the WUP approval are planned for in the FCPs.
- **Recommendation 18:** DSE schedule harvest activities to be consistent with the requirements of the biological assets identified in the WUP process.

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Appendix B	FAP Module 2 Audit Process
Appendix C	FAP Module 4 Operational Planning

1. Introduction

1.1 Background

The Department of Sustainability and Environment (DSE) is the regulator of timber harvesting operations on public land in Victoria. Timber harvesting operations and associated activities conducted in State forest must be undertaken in accordance with the *Sustainable Forests (Timber) Act 2004*. This Act is the overarching legislative document for management of commercial harvesting in Victoria, and includes requirements that these operations comply with the *Code of Practice for Timber Production 2007* (the Code). The Code is the key regulatory instrument applicable to commercial timber harvesting in Victoria, and is developed under the *Conservation, Forests and Lands Act 1987*. The *Management Procedures for Timber Harvesting, Roading and Regeneration in Victoria's State Forests 2009* (the Management Procedures) provide additional guidance to DSE and VicForests in meeting requirements of the Code, as well as specify environmental and operational requirements additional to the Code.

In accordance with the *Conservation, Forests and Lands Act 1987* and the Code, the State forests in Victoria are divided into Forest Management Areas (FMAs). For each FMA, a Forest Management Plan (FMP) has been prepared by DSE. The FMAs are either managed by DSE/DPI or VicForests.

1.1.1 DSE/DPI forestry

At the time of commissioning this audit, DSE managed the timber harvesting and commercial firewood operations in State forests across Victoria, apart from East Gippsland, Gippsland, Central and North East FMAs (managed by VicForests). In the areas managed by DSE, three yearly Wood Utilisation Plans (WUPs) were developed annually to provide a list of areas scheduled to be harvested, associated road requirements, details of the locations and approximate timing of timber harvesting, and the details of any associated access roads. The WUPs are prepared in accordance with the relevant FMP and the Code.

The Victorian Department of Primary Industries (DPI) Forestry is now responsible for the management of all timber harvesting on public land in Victoria west of the Hume Highway. This responsibility was transferred from DSE to DPI on 23 December 2011. Commercial timber production east of the Hume Highway will continue to be managed by VicForests, with DPI overseeing VicForests activities. DSE continues to manage domestic firewood collection and native forests on public land for other activities and purposes.

Therefore, components of this report make assessments against processes and instruments that have transferred from DSE to DPI. The recommendations made in this report therefore apply to activities that were conducted by DSE at the time, but are more relevant to DPI's consideration moving forward.

1.2 Forest Coupe Plans

A separate Forest Coupe Plan (FCP) is prepared for each commercial timber harvesting operation undertaken in State Forests, as identified in relevant WUPs or TRPs. Forest Coupe Plans specify operational requirements and utilise a range of reconnaissance information to inform content. This includes mapping and marking boundaries for specific measures taken to establish exclusion zones in proposed forest coupes to protect environmental or cultural values.

It is the system and processes used by DSE in developing FCPs, and an assessment of their effectiveness, that is the focus of this audit.

1.3 Coupe Information System

At the time of this audit, the Coupe Information System (CIS) was being decommissioned and replaced. It is acknowledged that CIS was designed for VicForests harvesting conditions and did not readily transfer to harvesting in the west of the state. Therefore DPI will no longer use CIS and instead develop their own system specifically for use in minor produce harvesting.

1.4 Scope of this report

DSE has commissioned GHD to undertake an audit under the DSE Forest Audit Program 2011/12 to check conformance (*Module 4 Operational Planning*) with the development of coupe planning documentation (Forest Coupe Plans) for the 2010-11 harvesting season.

Table 2 below summarises the appointment details of the auditor.

Table 2 Detail on the Appointment of the Auditor and Site Background

Auditor	Mr Andrew Roy
Auditor term of appointment	17 October 2006 to 19 January 2013
Name of person requesting audit	Lee Miezis, Executive Director Forests and Parks, Department of Sustainability and Environment (DSE)
Relationship to premises/location	DSE (Forest and Parks Division) is responsible for the regulation and management of commercial timber harvesting activities conducted in Victoria's State Forests. This Operational Planning Audit is part of the Forest Audit Program developed by DSE.
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Site/premises name	11 forest coupes across three FMAs
• Building/complex sub-unit No.	N/A
• Street/Lot – Lower No.	N/A
• Street/Lot – Upper No.	N/A
• Street Name	N/A
• Street type (road, court, etc.)	N/A

• Street suffix (North, South etc.)	N/A
• Suburb	N/A
• Postcode	N/A
GIS Coordinate of Site centroid	N/A
• Longitude / Northing (GDA94)	
• Latitude / Easting (GDA94)	
	N/A
Proposed members of support team	Vanessa McKenzie, Auditor Assistant
Auditor	Alan Cole, Principal Forester Melinda Mylek, Forester

1.5 Site description

The areas to be targeted in this audit include coupes established in the following FMAs:

1. Horsham (2 coupes established during 2010/11).
2. Bendigo (27 coupes established during 2010/11).
3. Mid Murray West (4 coupes established during 2010/11).

Assessment under this audit was required at a desktop strategic level. In order to achieve a strategic desktop level audit, GHD defined the target FMA's and coupes for review as set out in Table 3 below.

Table 3 Number of selected coupes per FMA

FMA	Number of Selected Coupes
1. Horsham	All Coupes (2)
2. Bendigo	5 Coupes (to be randomly selected)
3. Mid Murray West	All Coupes (4)

The Forest Audit Program Environmental Impact Assessment (EIA) tool is not designed to assess the extent, duration or context of planning breaches addressed in coupe planning. Therefore no EIAs were made in this report.

A total of three FMA's were audited, one Workbook 4A was completed for each FMA, and individual coupes were used as reference to verify conformance with the audit control points.

2. Audit scope

2.1 Scope of the audit

The scope for the environmental audit was completed in accordance with the environmental auditor guidelines issued by the Environment Protection Authority (EPA) for the preparation of an environmental audit in relation to the risk of any possible harm or detriment to the environment (EPA Publication 952.2, August 2007). Definition of the scope of the environmental audit is an important step in the process for undertaking a Statutory Environmental Audit conducted in accordance with Part IXD of the *Environment Protection Act 1970*.

EPA Publication 952 “Environmental Auditor Guidelines for the Preparation of Environmental Audit Reports on Risk to the Environment” (EPA Publication 952) provides guidance to environmental auditors undertaking an environmental audit pursuant to section 53V of then *Environment Protection Act 1970*. The auditor has referred to the information contained in this guideline to address the requirements for the scope of the audit.

This audit was undertaken in accordance with the scope specified in the two procedural modules of the FAP: *Module 1 Overview* (Appendix A) and *Module 2 Audit Process* (Appendix B). The scope of the audit is outlined in FAP *Module 4 for auditing of Operational Planning* for selected coupes within the three FMAs. This module has been developed to provide the necessary information and tools to carry out an audit of harvest planning activities, procedures and processes that enable the preparation of Forest Coupe Plans.

Module 4 outlines that a Forest Coupe Plan is to be prepared in accordance with the Code, and also be consistent with provisions and prescriptions contained in the relevant Forest Management Plan and other regulatory documents and guidelines. However, specific Forest Coupe Planning compliance elements contained in the Code and other regulatory documents are included in the separate Module 5 Harvesting and Closure audits. Therefore, the Module 4 audit focusses on examining the processes used to prepare a Forest Coupe Plan. It contains no specific mandatory compliance elements, but instead measures conformance against control points derived from regulatory documents and industry guidelines as outlined in the workbook. Therefore conformance in a Module 4 audit has been defined as ‘Conformance’ or ‘Area for improvement’ for each control point.

The FAP Module 4 Operational Planning and the associated workbook are attached in Appendix C. The workbook defines the ‘Audit Control points’ for which conformance was measured. The audit makes recommendations for the control points that the auditor believes require improvement.

2.2 The objectives of the audit

The objective of the audit was to assess whether the processes undertaken in the development of coupe planning documentation considered relevant legislative and policy requirements and industry guidelines, and the effectiveness of these processes.

2.3 The activities and components of the activities to be considered

FAP Module 1 Overview, FAP Module 2 Audit Process, and FAP Module 4 Operational Planning describe the key audit scope of work as follows:

- A pre-audit meeting with DSE to review and provide comment on the audit plan and discuss any issues raised by the auditee or stakeholders.
- Selection of the 11 audit coupes from the three FMAs.
- A desk-based assessment to review of key audit control points within the Module 4 Operational Planning workbooks. This included a review of legislative requirements, management prescriptions and procedures relating to the planning activities. Complete a workbook for each of the three FMA areas nominated by DSE.
- Collection of further information through a range of interviews with DSE managerial and technical staff.
- Preparation of a draft report consistent with the requirements of EPA Publication No 952.2 (2007) Environmental Auditor Guidelines for Preparation of Environmental Audit Reports on Risk to the Environment.
- Review and provide feedback on matters of fact in the draft audit report by the auditee prior to finalisation of the draft report to make sure all relevant information has been reviewed.
- Preparation and submission of the final audit report.

The outcomes of the audit have involved:

- Development of an audit plan that specified the coupes to be audited and the scheduling of audits.
- Completion of the audit as outlined in the approved plan.
- Development of a draft report.
- Development of a full audit report detailing findings after consultation with DSE.

The audit was restricted to these considerations, and did not consider other activities conducted at the premise or associated with any other land-based operations at the site.

2.4 The segment of the environment to be audited

The geographical extent of the segment of the environment to which the activity may pose a risk is the area within the 11 coupes selected within the three FMAs for coupes established during the 2010/11 harvesting season.

2.5 The elements of the environment to be considered

The elements of the environment (as defined in the *Environment Protection Act 1970*, as set out in FAP Module 1) considered in undertaking the audit are:

- Land
- Surface water
- Groundwater
- Vegetation
- Aesthetics

- Wildlife
- Climate
- Fish

2.6 Beneficial uses of the segment

The actual and potential beneficial uses of the segment of the environment need to be identified before any risk of possible harm or detriment to them can be assessed.

The beneficial uses to be protected for certain segments of the environment are declared in State environment protection policies (SEPP).

In the case of this audit, the following beneficial uses are considered broadly relevant to the FAP (as set out in *FAP Module 1 Overview*):

- Life, health and wellbeing of humans.
- Life, health and wellbeing of other forms of life, including the protection of ecosystems and biodiversity.
- Local amenity and aesthetic enjoyment.

2.7 Exclusions from the scope of works

Section 2.2.1 of *FAP Module 1 Overview* describes the elements that are defined as being beyond the scope of the FAP. These are:

- Compliance with rules, regulations or guidelines that relate to Occupational Health and Safety (OH&S) matters.
- Timber harvesting practices undertaken in plantations or on non-State forest.
- Roading activities conducted in State forests that are not associated with timber production.
- Silvicultural practices conducted in State forests that are not associated with commercial timber production (i.e. fire recovery silviculture and ecological thinning).
- Land use decisions and associated “forest policy”.
- The plantation management planning processes, this exclusion does not relate to the assessment of compliance against relevant prescriptions contained in such planning documents (e.g. those relating to forest operational planning, roading, harvesting and regeneration practices).
- Assessing methods used in the development of the Allocation Order.
- Practices associated with production and collection of domestic forest produce (including firewood) on all land tenures.
- Recreational activities undertaken in State forests.
- Livestock grazing activities undertaken in State forests.
- Apiary activities undertaken in State forests.
- Fire suppression and management practices undertaken in State forests, with the noted exception of post-harvest burning undertaken in State forests.

2.8 Relevant audit control points

The audit control points seek to ensure that the objectives of the audit are met, and have been derived from the *FAP Module 4 Operational Planning* and associated workbook:

- Workbook 4A: Planning and Processes.

As stated in Section 2 of *FAP Module 4 Operational Planning*, there are no specific compliance elements applying to this module, rather the focus of the audit is on examining the processes used to prepare the Forest Coupe Plans (FCPs).

During the audit process, the following was considered:

- Is there a process in place to ensure that issues identified during the development of WUPs are recognised throughout the coupe planning procedure and ultimately represented in Forest Coupe Plans?
- Is this process documented and implemented?
- Is a documented process in place for the approval of Forest Coupe Plans, and is this process followed?

2.9 Auditor team and their roles

The audit was led by:

- Andrew Roy - EPA appointed Environmental Auditor (Natural Resources), GHD

The auditor support team was:

- Vanessa McKenzie – Auditor Assistant, GHD
- Alan Cole – Forestry Consultant

The specific roles of each of the audit team members within the scope of the current audit are described below. Detailed information on the roles and responsibilities of the auditor and audit team, to be followed during this audit, is available in Section 2.4 of FAP Module 2 Audit Process.

Andrew Roy

- Andrew was the Lead Auditor for the Forest Audits.
- He oversaw the audit process, including liaison with DSE and stakeholders, and was responsible for the development of the audit plan and preparing the audit report.

Vanessa McKenzie

- Vanessa provided support to the audit team, including preparation for the audit and project management.

Alan Cole

- Alan was the specialist forester on the audit and was responsible for the audit components of the Operational Planning of the Forest Coupe Plans.

3. Audit approach

The audit approach was developed based on information of the key audit steps and deliverables set out in Modules 1, 2 and 4 of the Forest Audit Program Toolbox.

3.1 Project inception meeting

The auditor (Andrew Roy) and team members Vanessa McKenzie and Alan Cole met with DSE staff at the commencement of the project to confirm the audit scope, identify information needs and key audit contacts, and to confirm and agree timing for key deliverables.

3.2 Information gathering

GHD obtained all available data from DSE. After the project inception meeting, information requests were issued to DSE. Where relevant, additional information requests were made to DSE prior to holding the audit interviews. After the interviews, a final information request was made to DSE.

3.3 Health and safety

GHD set out to comply with DSE occupational health and safety (OHS) standards and was familiar with DSE OHS policy and procedures.

Under GHD's procedures a safety plan was not required as field work was not conducted for this audit.

3.4 Selection of coupes to be audited

Section 4 of *FAP Module 2 Audit Process* describes the method for target selection, with Section 4.2.2 *Target selection for Module 4* being most relevant to this audit.

As discussed in Section 1.5 above, assessment under this audit was required at a desktop strategic level. In order to achieve a strategic desktop level audit, GHD has defined the target FMA's and coupes for review as set out in Table 3 above.

A Master Coupe List for the selected FMA's was supplied by DSE in August 2011. This information was used to randomly select (using the RANDBETWEEN function in excel) the appropriate number of coupes to be audited within the Bendigo FMA. The exceptions are Horsham and Mid Murray West FMAs; these FMAs had a small number of harvested coupes, as such all were included in the current audit.

3.5 Sourcing of relevant information and evidence

During the audit process, information was collected through interviews and the examination of reports and other documents. Information gathered through interviews was verified by acquiring supporting information from independent sources where possible, such as observations, records and results of existing activities or measurements.

Areas for improvement when compared against the specified audit control points were recorded. In some incidences insufficient information was provided. If a sub-sample of evidence was provided, it resulted in a conformance. If it was insufficient to show evidence of the process in question, it resulted in an 'Area for improvement'.

3.6 Audit desk-based assessment

The desk-based assessment involved a review of the key audit control points within the Module 4 Operational Planning workbook. This included a review of legislative requirements, management prescriptions and industry guidelines relating to the planning activities. An electronic workbook was developed and completed for each selected Forest Coupe Plan (FCP).

The procedures for the desk-based assessment included:

- A conformance review of legislative requirements and relevant policies and procedures relating to the conduct of operational planning activities as they relate to conformance elements.
- Review of coupe plans and other documentation for each of the audited coupes.
- Interviews with DSE operational planning staff.

3.7 Environmental impact assessment

The Environmental Impact Assessment Tool does not relate to the FAP *Module 4 Operational Planning*.

3.8 DSE stakeholder consultation

No liaison or consultation with stakeholders is required for the FAP *Module 4 Operational Planning*.

3.9 Environmental audit report

The audit findings and this draft report are consistent with the requirements of *Environment Protection Act 1970* and *EPA Publication No 952.2 (2007) Environmental Auditor Guidelines for Preparation of Environmental Audit Reports on Risk to the Environment*.

This draft report documents positive and negative findings, and all areas for improvement that were detected.

Areas for improvement were reviewed by the auditee prior to finalisation of the draft report to make sure all relevant information has been reviewed.

Evidence has been used to support audit findings in the audit report.

Audit conclusions capture the nature and extent of any harm, or risk of possible harm, to beneficial uses of any segment of the environment, consistent with the *Environment Protection Act, 1970*.

Following issue of the draft report, GHD's Lead Auditor met with DSE to discuss the draft audit report consistent with Module 2.

Following this meeting, a final audit report was prepared consistent with the requirements set out in Module 2.

4. Audit findings

4.1 Operational planning: summary of conformance

Forest Coupe Plans (FCPs) were assessed as being prepared for most operations audited. However there were many areas for improvement identified under the audit control points developed for *Workbook 4A Planning Processes*. The audit workbook addressed control points relating to the embedding of regulatory conditions (including those outlined in the Allocation Order) into the FCP and the *Code of Practice for Timber Production 2007*.

Only one workbook was used for this audit: Workbook 4A Planning Processes. This workbook contained five process components and twenty process control points. This audit was the first audit to be conducted under the DSE Forest Audit Program in Operational Planning using this workbook.

The audit found that the DSE Forest Coupe Plan is compiled from six individual sections (the sixth being the coupe diary), with the majority of the content populated by the Coupe Information System (CIS). Input by locally based staff with detailed knowledge of the sample coupes appeared to be limited to handwritten notations on coupe mapping. The FCP is typically ten to twelve pages in size and does not contain an index to locate document content. Page numbers are allocated to sections; not across the entire document. Locating content within the document cannot be done by reference to an index and document page. Much of the content of the FCP is CIS generated references to standard procedures or confirmation that a hazard or value is not present. It is the auditor's opinion that in its current form the FCP is of limited value to the role of operational staff.

The FCPs appear to lack version control. It was not readily apparent if all the sections of the FCPs provided for the audit were copies of previous FCPs, the final approved FCP or incomplete CIS generated versions or sections of that document.

DSE did not appear to maintain electronic versions of a final, complete and approved FCP. This is the current industry practice as it enables copies of the document to be electronically supplied to contractors, contractor staff and stakeholders. It appears that reproductions of the final approved FCP can only be sourced by photocopying file records maintained in district offices.

The quality of the FCPs presented to the auditor was poor, and did not achieve an acceptable industry standard.

Recommendation 1: DSE review the method of preparation of the FCP to achieve a document that can be electronically reproduced in its final and approved form, adds value to the role of the target audience and clearly communicates necessary information.

Table 4 summarises the conformance findings for the DSE Operational Planning against the Audit control points.

Table 4 Summary of conformance findings for Operational Planning audit control points

Conformance Level	Operational Planning
Conformance	9
Area for improvement	11

4.2 Detailed audit findings

This section specifically covers the audit findings relating to DSE's conformance with the individual control points and is provided to document details of the audit findings.

Process component 1

A process is in place to ensure a proposed Forest Coupe Plan (FCP) complies with all relevant legislation, including the Allocation Order, Codes of Practice and current approved TRP or WUP in the harvesting and selling of timber resources.

4.2.1 4A-1 Process control point

Does a process exist to ensure the organisation appropriately prepares/modifies, reviews and endorses a FCP?

Audit Findings: Area for improvement

Only two FCPs provided to the auditor had been approved. Both however had been approved by the author. Six of the supplied FCPs were incomplete, with sections of the document not being provided to the auditor.

The auditor was advised by DSE that the FCPs are not approved until harvesting in the coupe is intended. Nonetheless, it became evident during the audit that DSE does not have the ability to readily reproduce electronic versions of completed and approved FCPs.

The auditor notes that the FCP document can be made available to the public, and yet the document *Forest Coupe Planning Guidelines 2006* (the guidelines) does not give clear instructions on who has the authority to prepare and approve a FCP. The guidelines only stipulate that the Licensee and Harvesting Team Leader signatures must be obtained before the FCP is released for distribution:

"Before harvesting can commence, the following signatures must be obtained on the master hard copy of Coupe Declarations:

- a) *The Licensee and the Harvesting Team Leader must sign that they have received a copy of the Forest Coupe Plan*"

However the direction to obtain DSE staff signatures is less specific:

"Each part of the Forest Coupe Plan may be printed out and the relevant signatures obtained."

The appendices of the guidelines include examples of the component sections of the FCP; however these appendices do not reflect the current CIS generated FCP sections.

The auditor was advised by DSE during interviews that two of the Horsham FCPs were never finalised due to storm damage providing an alternative firewood resource.

Whilst acknowledging that the Horsham FMA sample FCPs had not been finalised or implemented, a number of discrepancies were noted between the three tiers of documentation provided. The Horsham FMP refers to the endangered Red Tailed Black Cockatoo and outlines management strategies of protecting habitat trees to support this species, yet the FCP states that there are no biodiversity issues relevant to DSE contractors or licensees. It is understood that information about biodiversity issues is only required to be addressed on the FCP if the species habitat was present in the coupe during the WUP process. However, the FCP mentions Special Management Zones and Habitat Trees, so it is assumed that habitat is present in the coupe. A further discrepancy was noted with regard to the retained basal area. The two forest planning documents (the Horsham FMA WUP and the relevant Management Plan) refer to a minimal retained basal area after harvest (10 m² and 8-10 m² respectively), and yet the FCPs refer to a lower and different retained basal area figure (8 m² and 6 m² respectively).

A process to ensure the organisation appropriately prepares/modifies, reviews and endorses a FCP is not clear due to the lack of obvious version control. The FCP is made up of six separate “parts” (refer Table 1 of the *Forest Coupe Planning Guidelines 2006*); four of those “parts” or sections are generated by the CIS. Anyone who has access to CIS can reproduce individual sections of the FCP. Note: only a DSE officer can print all parts of the FCP or those parts relevant to the Licensee. Whilst a draft water mark is available, unless this is selected sections of the FCP can only be distinguished from the “approved” document by print date. It was not clear if the sections of the FCP presented for audit are pre-approval copies, copies of the “approved” version or post “approval” versions, as the date of the FCP distribution may not be known and the status of the reproduction is not declared.

Therefore it was concluded that, given the lack of *process to ensure the organisation appropriately prepares/modifies, reviews and endorses a FCP*, this process control point is an area for improvement.

Recommendation 2: DSE review the document *Forest Coupe Planning Guidelines 2006* on the basis of the findings of this audit and incorporate into this document clear directions on levels of authority and the requirements to prepare, review and approve a FCP prior to distribution.

Recommendation 3: DSE review the document *Forest Coupe Planning Guidelines 2006* to ensure that the appendixes reflect current CIS generated templates.

Recommendation 4: DSE review all tiers of documentation applicable to the Horsham FMA to ensure a consistent approach to biodiversity conservation and forest management.

4.2.2 4A-2 Process control point

Is the process an accredited management system? Is the accreditation current?

Audit Findings: Area for improvement

No evidence was provided to the auditor to confirm that DSE have achieved accreditation for the operational planning management system.

Therefore it was concluded that, given the lack of *an accredited management system*, this process control point is an area for improvement.

Recommendation 5: DSE considers implementing a programme to achieve accreditation in its operational planning management system.

4.2.3 4A-3 Process control point

Is there a manual, procedure or guidance describing the process?

Audit Findings: Conformance

A series of documents are available to provide procedures and guidance in the operational planning. These documents include but are not limited to the *Code of Practice for timber production 2007*, regional Wood Utilisation Plans (WUP's), *Regional Forest Management Plans*, *Management Procedures for timber harvesting, roading and regeneration in Victoria's State Forests 2009* and the *Forest Coupe Planning Guidelines 2006*.

Some of these documents are over five years old and in need of review, for example the guidelines refer to sections of the *Management Procedures for timber harvesting, roading and regeneration in Victoria's State Forests 2009* that do not exist.

Recommendation 6: DSE review the document *Forest Coupe Planning Guidelines 2006* to ensure that references to other documentation are current.

4.2.4 4A-4 Process control point

Who has responsibility and authority for preparing/modifying the FCP?

Are adequate organisational resources allocated to the task (financial, personnel)?

Are appropriate and competent resources available/involved in the preparation of FCPs?

Are procedures in place to ensure that competent person(s) are involved in the FCP development/modification process?

Audit Findings: Area for improvement

The DSE guidelines do not make clear who has responsibility for preparing the FCP or what level of competence they should have. Many of the FCPs submitted for the audit were unsigned. As previously stated there is no clear requirement in the guidelines for the FCP document to be signed or approved prior to distribution; the only clear requirement is for the “Harvesting commencement declaration”.

The auditor could not make a determination on “*if adequate organisational resources are available or if appropriate and competent resources are involved in the preparation of FCPs*” as many of the FCPs submitted had not been signed, and the two signed FCPs were approved by the author.

Variations, amendments or additional instructions to standard operational procedures are documented in Section 3 of the FCP. This is a CIS generated section of the FCP, so for a variation to be captured in the final FCP the CIS needs to be updated prior to approval.

Modifications to the FCP after the operational commencement are documented in the Coupe Diary. According to the guidelines the Coupe Diary is a formal part of the FCP (part 6 of Table 1 pp 3), yet it is a physically separate document intended to capture day to day events. Amendments to the FCP documented in the Coupe Diary must be made by a DSE Officer, but they do not require review or approval. This procedure does not ensure that competent persons are involved in the modification process of the FCPs. A more robust industry practice is for an amendment section to be included in the FCP, with any amendments requiring the approval. The role of the Coupe Diaries should be seen as separate and distinct from the FCP.

Therefore it was concluded that this process control point is an area for improvement.

Recommendation 7: DSE enforces a system of version control into the preparation of FCPs so that is transparent if a document is a draft or final document.

Recommendation 8: All prints of the DSE FCP generated by CIS default to a “draft” watermark, and that it is a selection option for a “final” to be produced.

Recommendation 9: All amendments to the FCP are to be included in an amendment section within the FCP, and require approval.

Recommendation 10: It is recommended that FCP amendments be removed from the role of the Coupe Diary, and that changes are reflected in the FCP.

4.2.5 4A-5 Process control point

Do those personnel preparing or modifying a FCP have access to experts in relevant fields (i.e. forestry, Aboriginal cultural heritage, ecology etc)?

Audit Findings: Conformance

Evidence was provided to the auditor to confirm that DSE has access to experts in relevant fields such as forestry, Aboriginal cultural heritage and ecology both internally and externally. It was noted that consultation with experts in their fields also occurs during the WUP/TRP process prior to the preparation of FCPs.

4.2.6 4A-6 Process control point

Is there a formal document control system? What procedures are in place to ensure FCP documentation has been approved and distribution controlled.

Audit Findings: Area for improvement

As discussed in Process control point 4A-4 many of the FCPs submitted for the audit were not approved for distribution, in fact the Auditor was advised that the FCP does not get approved until harvesting is intended. There is no clear requirement in the guidelines for the FCP document to be signed or approved prior to distribution. There are no guidelines outlining level of authorities to approve the FCP.

The guideline does outline a process to control the distribution to the licensee and general public and describes where the coupe plan is to be available, however the document does not contain a distribution list identifying individuals who will receive the document.

Therefore it was concluded that, given the lack of *a formal document control system and procedures in place to ensure FCP documentation has been approved and distribution controlled*, this process control point is an area for improvement.

Recommendation 11: The Auditor was advised by DSE that the FCPs contain distribution information, however the FCPs provided for this audit did not contain details of controlled distribution. Therefore, it is recommended that all FCPs contain a distribution list identifying the names and roles of individuals that are to receive the document.

4.2.7 4A-7 Process control point

Is there a change management procedure? How are FCP issues included in the analysis of proposed changes?

Audit Findings: Conformance

At a CIS and FCP level a change management procedure is in place. As a minimum the CIS is updated following the initial coupe reconnaissance, and the details of the Licensee, the Contractor and the DSE officer must be entered into CIS within three days of the FCP being signed by the Licensee. A more common industry practice however is for the identity of the Licensee and the harvesting contractor to be included in the FCP prior to finalisation.

Under the guidelines the Coupe diary forms part of the FCP, and amendments to the FCP are acknowledged in coupe diary, and any additional amendments to maps are notated on the maps.

The limitation with this approach is that the role and authority of the FCP is diluted by the use of a coupe diary and notations to maps. Amendments to the FCP via the coupe diary or map notations do not require peer review or approval from a senior forest officer.

At a procedural level it is not clear if a change management procedure is in place. The Forest Coupe Planning Guidelines were last revised in May 2006, and the scheduled review date is listed as “as required”. No evidence of internal or external systems review or auditing has been provided.

4.2.8 4A-8 Process control point

What tools are used to determine coupe boundaries, coupe area, roading requirements? Are they accurate and effective?

Audit Findings: Area for improvement

The guidelines give clear instructions on what tools are available to create FCP mapping (CIS mapping and ArcView) and what features must be included. The effective deployment of these tools would enable accurate and effective determination of coupe boundaries, areas and roading requirements. None of the mapping observed complied fully with the guideline's directions as to what must be included in a FCP map. The recommended mapping tools were not universally applied in the production of FCP maps.

Draft copies of the FCP mapping was provided for two of the FCPs. Whilst the mapping in the Bendigo region included a CIS mapping overview, the operational maps were based on topographic maps with hand drawn notations and did not provide a legend. The mapping from the Mid Murray West region was of a higher standard. One map provided detail on biodiversity, archaeological sites and a legend. However the Section 1 of this FCP was not provided, as a consequence the auditor could not determine if all the FCP features had been captured in the mapping. The map one FCP in the Mid Murray West region did not identify the WUP value of Sedgy Riverine Forest identified in this coupe.

Therefore it was concluded that, given the lack of *accurate and effective tools used to determine coupe boundaries, coupe area, roading requirements*, this process control point is an area for improvement.

Recommendation 12: DSE standardise the quality of mapping included in the FCP in line with the guidelines to ensure that all the features identified in the WUP and FCP are displayed on operational mapping and that the maps include a detailed legend.

4.2.9 4A-9 Process control point

How are relevant coupe values (environmental, social etc), hazards and risks identified? What procedures are in place to ensure that these coupe values are recorded and tracked throughout the planning process and ultimately recorded on the FCP? Is the process accurate and effective? Are the methods defensible?

Audit Findings: Area for improvement

Whilst procedures are in place to identify relevant coupe values, such as the coupe reconnaissance, CIS downloads, the WUP consultation process and the inclusion of values in WUP listing, the process does not appear to be effectively transposed into the FCP. The result being the ineffective identification of relevant coupe values in the FCP and a potential failure to communicate these values to operational staff.

Specifically the Bendigo FMA WUP lists a “large old tree site” in a coupe; but this value is not shown on the FCP mapping. The Auditor was advised that the tree is displayed on the map as an SMZ, however the map provided for the audit did not have the SMZ present. The Mid Murray West FMA WUP lists a Sedgy Riverine Forest in River Spur but this value cannot be identified on the mapping as the mapping has no legend. Also the Mid Murray West FMA WUP lists a Wetland in the Iron Punt coupe, however the FCP does not list this as a biodiversity asset in Section 1 nor can it be identified on the FCP map.

It was concluded that, while *procedures are in place to ensure that these coupe values are recorded and tracked throughout the planning process and ultimately recorded on the FCP*, the process does not appear to be transposed into the FCP, and therefore this process control point is considered an area for improvement.

4.2.10 4A-10 Process control point

Is field measurement and monitoring required for determination of coupe values? How do you know that the data is complete, representative, accurate and precise?

Audit Findings: Area for improvement

No evidence was provided to demonstrate that field measurement and monitoring to determine coupe values had taken place.

Initial coupe reconnaissance including desktop, office based data collection and field assessment is undertaken during the WUP development process and entered into the CIS. The harvest operation would normally take place within three years of a coupe being listed on the WUP.

In developing the FCP the guidelines state:

“Features and values identified during the coupe reconnaissance and WUP preparation must be confirmed and accurately located in the field before being specified in the Forest Coupe Plan.”

The guidelines however do not refer to any form or template that should be used to capture information observed during a pre-operational inspection to confirm and accurately locate in the field features and values identified in the WUP preparation. The Auditor was advised by DSE that a template does exist, however this was not provided as evidence through the audit process.

Therefore it was concluded that, given the lack of *field measurement and monitoring required for determination of coupe values, or evidence that the data is complete, representative, accurate and precise*, this process control point is an area for improvement.

Recommendation 13: DSE review the guidelines in relation to the undertaking of pre-operational coupe inspections and develop a survey template to document this activity.

4.2.11 4A-11 Process control point

Are internal/external audits undertaken to assess performance of the process? What were the results?

Audit Findings: Area for improvement

No evidence was provided to demonstrate that internal or external audits have been undertaken.

Internal and external audits and reviews are useful tools to ensure that systems and processes are robust, synchronised and current.

Recommendation 14: DSE initiates a schedule of regular internal and external auditing and review.

4.2.12 4A-12 Process control point

Soil erosion hazard or class is included in planning process? Maximum slope to be harvested is specified and assessed in planning?

Audit Findings: Conformance

Eight of eleven FCPs conformed to this control point.

Section 1 of the FCP describes the soil and slope values. The auditor was not provided with Section 1 of three out of the eleven FCPs. Section 1 was provided for one FCP, however the soil and slope assessment was not undertaken. These features should normally be assessed during the coupe reconnaissance process and recorded in CIS.

4.2.13 4A-13 Process control point

Historic and archaeological values identified in planning process using a robust methodology? Have appropriate controls been proposed?

Audit Findings: Conformance

Eight of eleven FCPs conformed with this control point by including Section 1 of the FCP which describes the *historic and archaeological values identified in planning process*.

The auditor was not provided with Section 1 of two FCPs. Section 1 was provided for one FCP, however a historical issue was identified but not described. For example, a 50 metre buffer was prescribed, however neither the historic site nor buffer were shown on the operational mapping. In two coupes in the Bendigo region old mine sites were listed in the operational hazard section but not in the historical assets section. The FCP does not make clear if these old mine sites had been assessed for historic heritage and no controls were documented for these sites for either heritage or workplace health and safety.

Recommendation 15: DSE include in their guidelines and Management Procedures clear instruction on determining the status of old mine sites as historic sites or operational hazards.

Recommendation 16: It is understood that old mine sites are protected and depicted through the SMZ process of the FCP maps, however it is recommended for clarity that DSE incorporates the details of the operational controls in the FCP.

4.2.14 4A-14 Process control point

Has the requirements for consultation and Cultural Heritage Management Plans been considered?

Audit Findings: Conformance

Eight of eleven FCPs conformed to this control point by including Section 1 of the FCP which describes the *requirements for consultation and Cultural Heritage Management Plans*. In the FCPs where Section 1 was provided either no issues were identified or consultation had been initiated to establish the nature and any controls needed to manage the asset

4.2.15 4A-15 Process control point

Any special exclusion zones or harvesting modification as specified in the WUP approval is planned for in FCPs?

Audit Findings: Area for improvement

As discussed in 4A-9 the Bendigo FMA WUP lists a “large old tree site” in for one coupe and this value is not shown on the FCP mapping. The Mid Murray West FMA WUP lists a Sedgy Riverine Forest in River Spur but this value cannot be identified on the mapping as the mapping has no legend. Also in the Mid Murray West FMA WUP a Wetland is listed in a coupe, however the FCP does not list this as a biodiversity asset in Section 1, nor can it be identified on the FCP map.

In the Horsham FMA WUP, a coupe is listed as a Group Selection silvicultural system, but the FCP prescribes a Single Tree selection.

Therefore it was concluded that, given the lack of *any special exclusion zones or harvesting modification as specified in the WUP approval being planned for in FCPs*, this process control point is an area for improvement.

Recommendation 17: DSE ensures that the approver of FCPs is charged with the responsibility of ensuring special exclusion zones or harvesting modifications as specified in the WUP approval are planned for in the FCPs.

4.2.16 4A-16 Process control point

Seasonal closures/ restrictions considered in planning?

Audit Findings: Conformance

Section 1 of the FCP also describes seasonal closures and restrictions considered in planning. The auditor was not provided with Section 1 of three FCPs.

In three of the FCPs supplied to the auditor the recommended harvesting period is listed as 2008-2009, and one coupe listed as 2009-2010; outside the audit period for coupes established during the 2010/11 harvesting season.

As eight of eleven FCPs included Section 1 of the FCP which describes the *seasonal closures/ restrictions considered*, it was concluded that there was conformance against this audit control point.

Recommendation 18: DSE schedule harvest activities to be consistent with the requirements of the biological assets identified in the WUP process.

Process component 2

Outline directive/requirement from legal or other obligation Forest management planning must comply with measures specified in relevant Flora and Fauna Guarantee Action Statements and Flora and Fauna Guarantee Orders.

4.2.17 4A-17 Process control point

Is there evidence that the planning process complies with relevant Action Statements and Regulatory Orders?

Audit Findings: Area for improvement

The auditor was not provided with Section 1 of three FCPs, this section describes biodiversity assets to be managed in the FCP.

In the FCPs where Section 1 was provided the auditor observed some irregularities with the FCPs in the Horsham FMA. The FCPs do not list any biodiversity issues relevant to DSE contractors, whilst the Horsham Forest Management Plan describes management activities to enhance the habitat of birds and animals such as the endangered Red-tailed Black Cockatoo. As discussed in a previous control point, it is understood that information about biodiversity issues is only required to be addressed in the FCP if the species habitat was present in the coupe during the WUP process. However, there seems to be a number of discrepancies as in one of the FCPs, CIS statements list the coupe as a Powerful Owl habitat, and yet this fact is not disclosed in the FCP or the map. And in another the FCP mentions Special Management Zones and Habitat Trees, yet it states that there are no biodiversity issues found or relevant to the contractor.

Even though eight of eleven FCPs included Section 1 of the FCP, it is the opinion of the auditor that these were not in line with the WUP documents and did not provide *evidence that the planning process complies with relevant Action Statements and Regulatory Orders*, and is therefore considered an area for improvement.

Process component 3

To facilitate the protection of biodiversity values, application of the precautionary principle to the conservation of biodiversity values, consistent with monitoring and research to improve understanding of the effects of forest management on forest ecology and conservation values; must be addressed when developing and reviewing plans.

4.2.18 4A-18 Process control point

Is there evidence of the precautionary principle having been applied to protect biodiversity values in the planning process?

Audit Findings: Area for improvement

The auditor was not provided with Section 1 of three FCPs, this section describes biodiversity assets to be managed in relation to the precautionary principal in the FCP.

In the FCPs where Section 1 was provided the auditor noted that the Nuggerty coupe diary describes marking out an SPZ, and yet this SPZ is not listed in the FCP or shown on the map. In the Days Lane Nth 1 FCP the large old tree site and Powerful Owl habitat is not shown on any mapping.

Other examples of a failure to adopt a precautionary principal have been discussed in 4A 15, 16 and 17 above.

A precautionary approach would also be facilitated by documented pre-operational site inspections with a focus on biodiversity values. Whilst site inspections are required for the WUP preparation, three years can lapse between this process and the harvest operation, and biodiversity values can change in that time. Seasonal factors can also influence the presence or absence of biodiversity values.

Even though eight of eleven FCPs included Section 1 of the FCP, it is the opinion of the auditor that there was little *evidence of the precautionary principle having been applied to protect biodiversity values in the planning process s*, and is therefore considered an area for improvement.

Process component: *To facilitate the protection of biodiversity values, consideration of the advice of relevant experts and relevant research in conservation biology and flora and fauna management at all stages of planning and operations must be addressed when developing and reviewing plans.*

4.2.19 4A-19 Process control point

Relevant experts have been consulted.

Audit Findings: Conformance

Consultation with specialists to determine management prescriptions takes place at WUP development.

Process component 4

To facilitate the protection of biodiversity values, use of wildlife corridors, comprising appropriate widths of retained forest, to facilitate animal movement between patches of forest of varying ages and stages of development, and contributing to a linked system of reserves must be addressed when developing and reviewing plans.

4.2.20 4A-20 Process control point

Protection measures for biodiversity values have been provided.

Audit Findings: Conformance

The zoning scheme and the nature of the silvicultural systems practiced by DSE such as single tree selection, group selection, thinning from above and below is considered by the auditor to facilitate retained forest and wildlife linkages.

DSE advised they consider that the application of Special Protection and Special Management Zones; following the requirements of the *Code of Practice for timber production 2007*; and the application of buffers in the development of the WUP, effectively ensures that protection measures for biodiversity values have been provided. The auditor accepts this position.

5. Audit implementation and workbook

4A: planning processes

It became clear during the audit that DSE do not have the ability to readily reproduce electronic versions of completed and approved FCPs. The intended scope of this audit was that it would be conducted as a desktop study with documentation provided to the auditor for review. Under the current documentation processes a more effective audit approach would be for the auditor to visit selected forest management area offices to witness file copies of FCPs and supporting documentation.

6. Conclusions and recommendations

6.1 Audit conclusions

The audit objective was to assess whether the processes undertaken in the development of coupe planning documentation (Forest Coupe Plans) are compliant with legislative and regulatory requirements, and the effectiveness of these processes for the coupes established during the 2010/11 harvesting season. This audit was the first of its type utilising the audit control point developed for *Workbook 4A Planning Processes*.

The audit assessed eleven Forest Coupe Plans, located in the Horsham, Bendigo and Mid Murray West Forest Management Areas of Victoria. A low standard of conformance was achieved across most element groups. A good level of conformance was achieved in the elements concerned with consulting with experts in relevant fields.

Eleven 'Areas for improvement' were identified from twenty control points. While a total of eleven areas for improvement were identified, these related to poor documentation or inadequate management control measures in the development of forest coupe plans.

For a detailed account of these control points see Section 4.2 of this report.

In summary, the areas for improvement were identified for the following control points:

- 4A-1** Does a process exist to ensure the organisation appropriately prepares/modifies, reviews and endorses a FCP?
- 4A-2** Is the process an accredited management system? Is the accreditation current?
- 4A-4** Who has responsibility and authority for preparing/modifying the FCP? Are adequate organisational resources allocated to the task (financial, personnel)? Are appropriate and competent resources available/involved in the preparation of FCPs? Are procedures in place to ensure that competent person(s) are involved in the FCP development/modification process?
- 4A-6** Is there a formal document control system? What procedures are in place to ensure FCP documentation has been approved and distribution controlled?
- 4A-8** What tools are used to determine coupe boundaries, coupe area, roading requirements? Are they accurate and effective?
- 4A-9** How are relevant coupe values (environmental, social etc), hazards and risks identified? What procedures are in place to ensure that these coupe values are recorded and tracked throughout the planning process and ultimately recorded on the FCP? Is the process accurate and effective? Are the methods defensible?
- 4A-10** Is field measurement and monitoring required for determination of coupe values? How do you know that the data is complete, representative, accurate and precise?
- 4A-11** Are internal/external audits undertaken to assess performance of the process?
- 4A-15** Any special exclusion zones or harvesting modification as specified in the TRP approval is planned for in FCPs?
- 4A-17** Is there evidence that the planning process complies with relevant Action Statements and Regulatory Orders?
- 4A-18** Is there evidence of the precautionary principle having been applied to protect biodiversity values in the planning process?

6.1.1 Risks to beneficial uses

The audit did not identify any imminent environmental hazards or unacceptable risk to the beneficial uses relevant to this audit, being:

- Life, health and wellbeing of humans.
- Life, health and wellbeing of other forms of life, including the protection of ecosystems and biodiversity.
- Local amenity and aesthetic enjoyment.

6.1.2 Recommendations

This report has incorporated a number of recommendations for improvement where it was considered by the auditor that the Forest Coupe Plan preparation and implementation could be improved. These are:

- **Recommendation 1:** DSE review the method of preparation of the FCP to achieve a document that can be electronically reproduced in its final and approved form, adds value to the role of the target audience and clearly communicates necessary information.
- **Recommendation 2:** DSE review the document Forest Coupe Planning Guidelines 2006 on the basis of the findings of this audit and incorporate into this document clear directions on levels of authority and the requirements to prepare, review and approve a FCP prior to distribution.
- **Recommendation 3:** DSE review the document Forest Coupe Planning Guidelines 2006 to ensure that the appendices reflect current CIS generated templates.
- **Recommendation 4:** DSE review all tiers of documentation applicable to the Horsham FMA to ensure a consistent approach to biodiversity conservation and forest management.
- **Recommendation 5:** DSE considers implementing a programme to achieve accreditation in its operational planning management system.
- **Recommendation 6:** DSE review the document *Forest Coupe Planning Guidelines 2006* to ensure that references to other documentation are current.
- **Recommendation 7:** DSE enforce a system of version control into the preparation of FCPs so that is transparent if a document is a draft or final document.
- **Recommendation 8:** All prints of the DSE FCP generated by CIS default to a “draft” watermark, and that it is a selection option for a “final” to be produced.
- **Recommendation 9:** All amendments to the FCP are to be included in an amendment section within the FCP, and require approval.
- **Recommendation 10:** It is recommended that FCP amendments be removed from the role of the Coupe Diary, and that changes are reflected in the FCP.
- **Recommendation 11:** FCPs contain a distribution list identifying the names and roles of individuals to receive the document.
- **Recommendation 12:** DSE standardise the quality of mapping included in the FCP in line with the guidelines to ensure that all the features identified in the WUP and FCP are displayed on operational mapping and that the maps include a detailed legend.
- **Recommendation 13:** DSE review the guidelines in relation to the undertaking of pre-operational coupe inspections and develop a survey template to document this activity.

- **Recommendation 14:** DSE initiates a schedule of regular internal and external auditing and review.
- **Recommendation 15:** DSE include in their guidelines and Management Procedures clear instruction on determining the status of old mine sites as historic sites or operational hazards.
- **Recommendation 16:** DSE incorporates operational controls in the FCP for old mine sites.
- **Recommendation 17:** DSE ensures that the approver of FCPs is charged with the responsibility on ensuring special exclusion zones or harvesting modifications as specified in the WUP approval are planned for in the FCPs.
- **Recommendation 18:** DSE schedule harvest activities to be consistent with the requirements of the biological assets identified in the WUP process.

Appendices

Appendix A FAP Module 1 Overview

Module 1

Overview



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FOREST AUDIT PROGRAM TOOLBOX



Module 1 Overview



Module 2 Audit Process



Module 3 Tactical Planning



Module 4 Operational Planning



Module 5 Harvesting and Closure



Module 6 Harvesting Performance



Module 7 Regeneration and Finalisation



1 MODULE 1 – OVERVIEW

1.1 BACKGROUND

The Department of Sustainability and Environment (DSE) is the regulator of timber harvesting operations on public land in Victoria. VicForests is responsible for the management of commercial harvest and sale of timber from State forest within the east of the State, while other parts of the State are overseen and managed by DSE, see *Figure 1.1*. Timber harvesting operations and associated activities conducted in State forest must be undertaken in accordance with the *Sustainable Forests (Timber) Act 2004* (the Act). The Act includes requirements that these operations comply with the *Code of Practice for Timber Production 2007* (the Code).

Following a review of the previous forest auditing programs that was administered by the Environment Protection Authority (EPA), the Minister for Environment and Climate Change announced that a new Forest Audit Program would be established by DSE and would ensure that timber harvesting practices in State forests are open and transparent. The Minister also directed DSE to ensure that the new Forest Audit Program (FAP) retained key features from the previous program, including the statutory environmental audit framework, stakeholder consultation and public reporting. These compulsory requirements have been included in the design of the new FAP.

The FAP will apply to commercial timber harvesting conducted in State forests. The audits will provide an objective and independent assessment of risk of harm to the environment, status of compliance with the relevant regulatory framework, and assist DSE and VicForests to pursue their objectives for continual improvement. Audit reports detailing compliance with the regulatory framework will assist in informing members of the community about harvesting performance.

The aim of the new FAP can be summarised in three points:

- To assess the performance of timber harvesting operations against the compliance framework,
- To review the effectiveness of the regulator.
- To review the effectiveness of the regulatory framework.

Environmental Resource Management Australia (ERM) was commissioned by DSE to assist in designing the new audit program.

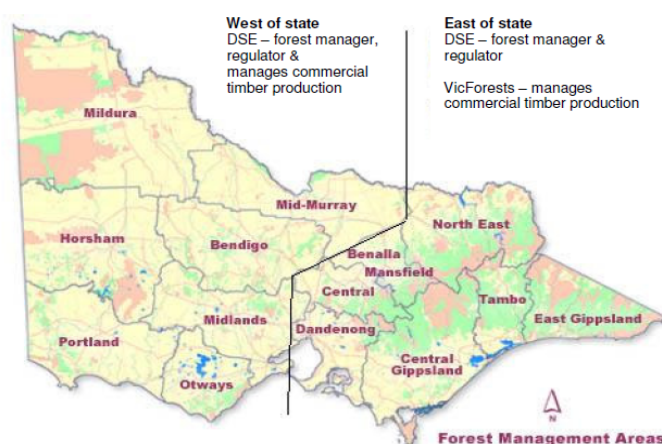


Figure 1.1 DSE/VicForests management roles in Victoria's State forests (DSE 2008)

1.2 OVERVIEW OF VICTORIA'S ENVIRONMENTAL AUDIT SYSTEM

The *Environment Protection Act 1970* provides for the statutory appointment of environmental auditors and their responsibilities to ensure that high quality, rigorous environmental audits are conducted by appropriately qualified professionals. The Environmental Audit System currently has three well-established applications that cover contaminated land, industrial facilities and natural resources.

The *Environment Protection Act 1970* defines two forms of environmental audit. Section 53V provides for environmental audits that are carried out on risk of harm to the environment caused by industrial processes or activity, waste, substance or noise (EPA, 2007) and section 53X provides for audits of a segment of the environment.

Audits conducted as part of the FAP are conducted under section 53V of the *Environment Protection Act 1970*.

An environmental audit is an assessment of the nature and extent of harm (or risk of harm) to the environment posed by an industrial process or activity, waste, substance or noise. An environmental audit must be able to deliver authoritative advice, upon which individuals and organisations are able to rely in making decisions which affect the future of the community.

An environmental audit therefore must be:

- Independent;
- Objective;
- Credible; and
- Transparent.

1.3 INTENDED USERS

It is intended that the FAP Toolkit and supporting Modules will be used by Auditors appointed pursuant to the *Environment Protection Act 1970*, and their supporting staff, engaged by DSE to implement the annual FAP.



2 OBJECTIVES AND SCOPE OF THE FOREST AUDIT PROGRAM

2.1 AUDIT PROGRAM OBJECTIVES

It is intended that the FAP will support continual improvement in sustainable timber production processes over time. This will be driven by the primary objective of the FAP, in assessing and monitoring compliance of timber harvesting operations with the relevant environmental legislation and regulatory framework (as updated over time).

The framework relating to sustainable timber production in Victoria's State forest is summarised below.

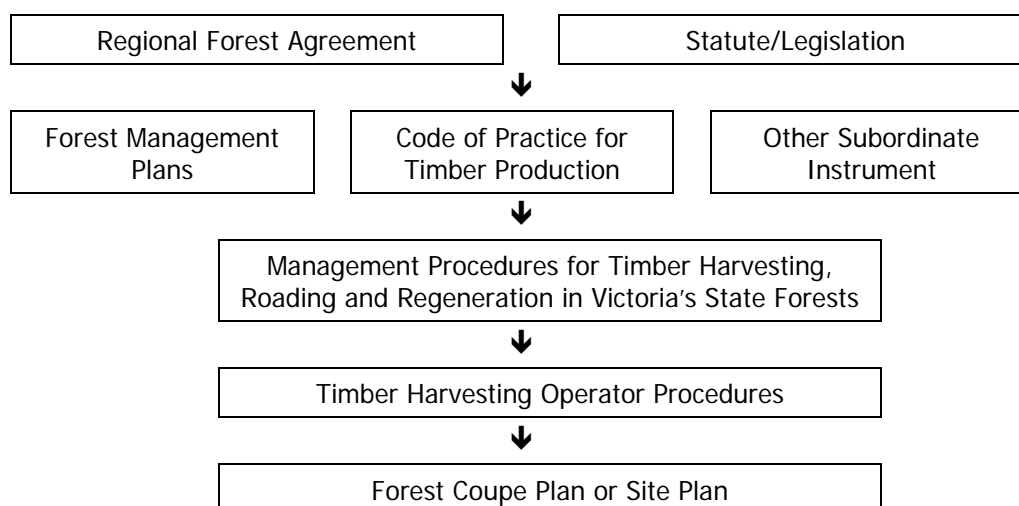


Figure 2.1 Regulatory Hierarchy (generalised)

Additional objectives include the following elements:

- Assessing the consistency of the planning framework for sustainable timber production with the regulatory and legislative environment;
- Assessing the compliance of operational timber harvesting planning with the tactical planning framework provided by the Allocation Order, Timber Release Plans and/or Wood Utilisation Plans; and
- Assessing the performance of timber harvesting conducted in State forest.

The outcomes of the FAP are intended to benefit DSE as the environmental regulator, the Victorian forestry industry, catchment managers and the community. The public reporting of audit findings will inform members of the community and improve transparency.

2.2 AUDIT PROGRAM SCOPE

The audit program applies to the management of forests for timber production on State forests across all of Victoria. This includes commercial timber harvesting operations undertaken by VicForests in eastern Victoria and by DSE in other parts of the State.

The scope of the FAP is built upon the forest harvesting lifecycle and includes:

- Forest planning and reconnaissance;
- Coupe planning;
- Harvesting and closure; and
- Regeneration, monitoring and finalisation.

Figure 2.2 below represents the forest harvesting lifecycle.

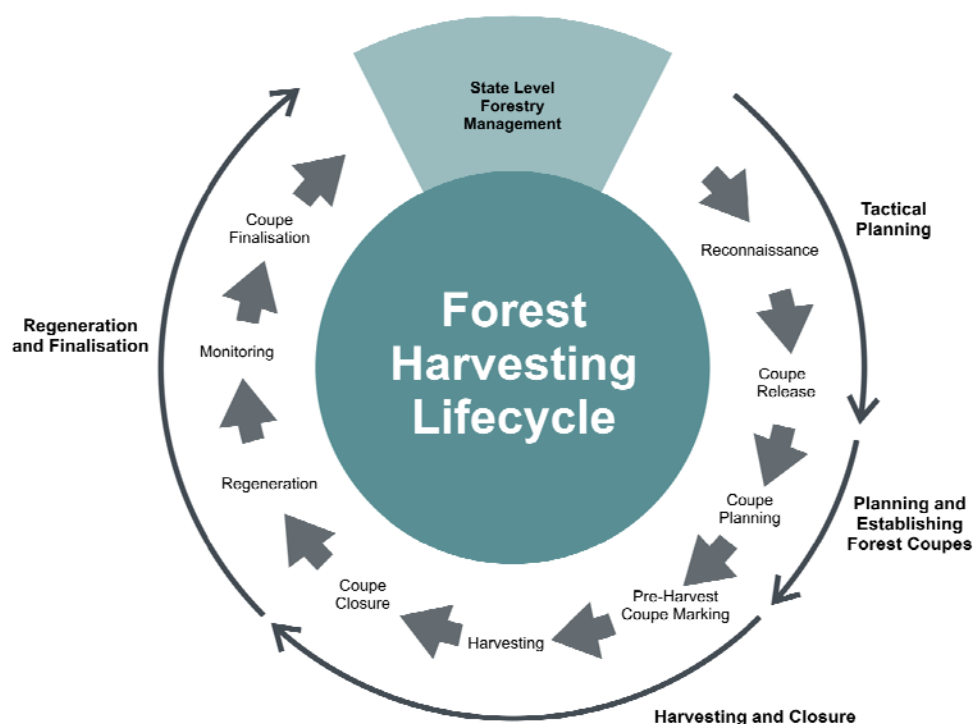


Figure 2.2 Forest Harvesting Lifecycle

2.2.1 Out of scope elements

The following elements have been defined as beyond the scope of the FAP:

- Compliance with rules, regulations or guidelines that relate to Occupational Health and Safety (OH+S) matters;



- Timber harvesting practices undertaken in plantations or on non-State forest;
- Roding activities conducted in State forests that are not associated with timber production;
- Silvicultural practices conducted in State forests that are not associated with commercial timber production (i.e. fire recovery silviculture and ecological thinning);
- Land use decisions and associated “forest policy”;
- The forest management planning processes (such as the establishment of forest management plans), this exclusion does not relate to the assessment of compliance against relevant prescriptions contained in such planning documents (e.g. those relating to forest operational planning, roding, harvesting and regeneration practices);
- Assessing methods used in the development of the Allocation Order;
- Practices associated with production and collection of domestic forest produce (including firewood) on all land tenures;
- Recreational activities undertaken in State forests;
- Livestock grazing activities undertaken in State forests;
- Apiary activities undertaken in State forests; and
- Fire suppression and management practices undertaken in State forests (e.g. fuel reduction burning and habitat enhancement burning), with the noted exception of post harvest burning undertaken in State forests.

2.2.2 Selecting targets for the Forest Audit Program

Section 2.3.1 of this module outlines how the FAP toolbox has been divided into different audit modules based on groups of related management and harvesting activities that are aligned with different stages of the forest lifecycle (see Figure 2.2). It is important to consider this modular approach in the selection of audit targets across the FAP, given that audit methods change for different audit modules.

The selection of audit targets across the FAP can potentially span the majority of the lifecycle of Victoria’s State forests. This is a large and complex process and will need to take into consideration commercial factors (such as the cost of engaging independent environmental auditors) and the resources that are available to DSE in any given year.

The modular design of the FAP will allow for greater flexibility in the selection of audit targets, based on annual priorities. DSE has identified priority areas that are likely to be included as recurrent audit targets. Other factors have also been highlighted that may be considered in determining annual audit priorities, and may be considered in target selection.

Priority areas include:

- Allocation Order and Timber Release Plans;
- Wood Utilisation Plans;
- Planning of timber harvesting operations;
- The performance of timber harvesting operations against the Code and other relevant regulatory requirements;
- Regeneration and coupe finalisation.

Other factors that may also need to be considered in selecting audit targets include:

- Geographical regions;
- Forest types;
- Site specific issues, such as:
 - Flora values (eg rainforest);
 - Fauna values (eg threatened species);
 - Fire salvage operations;
 - Catchments; and
 - Cultural values.

There may also be times, when it is appropriate under the statutory environmental audit framework for environmental auditors to investigate activities and/or events or conditions outside the scope of the audit that present an imminent hazard to the environment or impacts on beneficial uses. Auditors are expected to pursue such investigations where professional judgement leads to the conclusion that to do so complies with their obligations as an appointed auditor under the *Environment Protection Act 1970* and would likely provide a materially enhanced understanding of the management of the forest.

2.2.3 Environmental Values

In assessing the risk of harm or detriment to the environment, the following beneficial uses are considered broadly relevant to the FAP:

- Life, health and wellbeing of humans;
- Life, health and wellbeing of other forms of life, including the protection of ecosystems and biodiversity; and
- Local amenity and aesthetic enjoyment.



2.2.4 Segments and Elements of the Environment Covered by the FAP

The segment of the environment covered by the FAP are defined as that portion of Victoria in which timber is harvested from State forest. The following elements of the environment (as defined in the *Environment Protection Act 1970*) are relevant to the audit program scope:

- Land;
- Surface water;
- Groundwater;
- Vegetation;
- Aesthetics;
- Wildlife;
- Climate; and
- Fish.

2.3 FOREST AUDIT PROGRAM TOOLBOX

2.3.1 Toolbox Modules

The FAP Toolbox comprises seven modules that are based around the forest harvesting lifecycle. This association of the modules is illustrated in Figure 2.3.

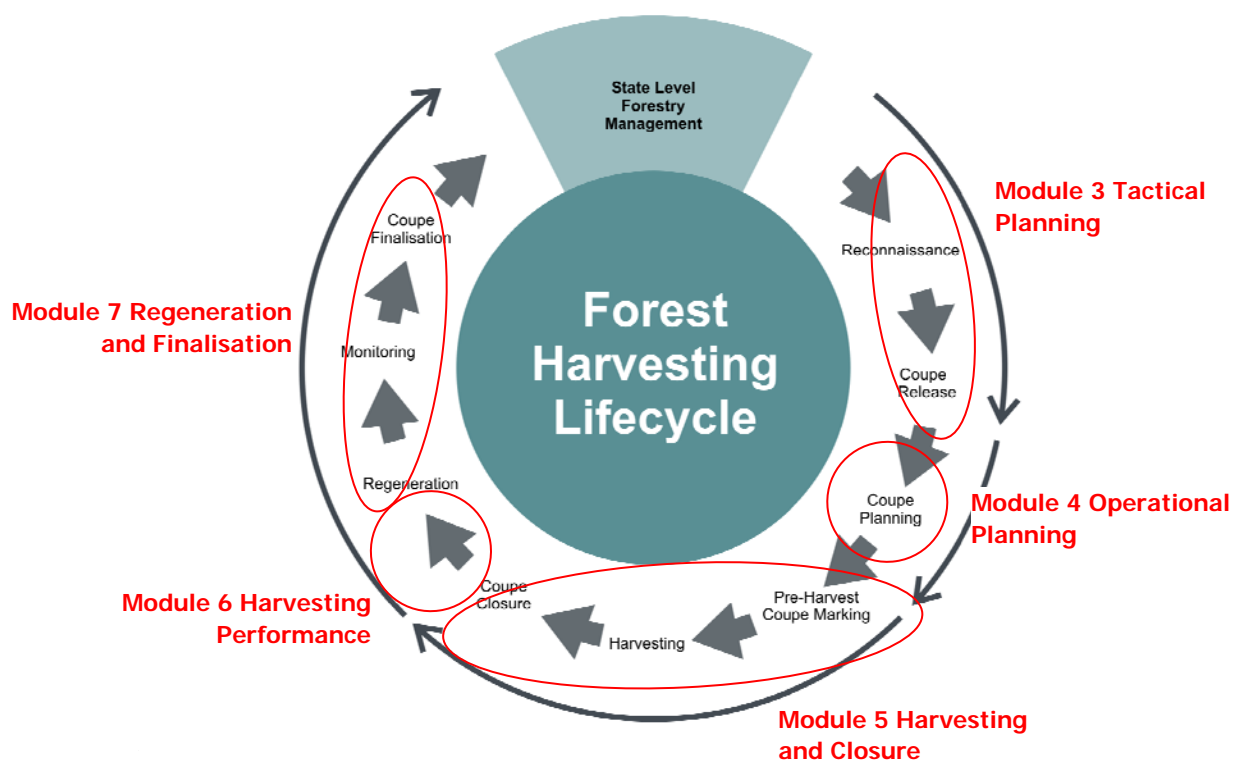


Figure 2.3 Audit Program Modules

An overview of each module is provided as follows:



Module 1 Overview *(this module)*

Module 1 provides an outline of the Forest Audit Program, its objectives, scope and statutory obligations.



Module 2 Audit Process

Module 2 provides a description of the audit process including the procurement and selection of auditors, selection of audit targets and other considerations for auditors.



Module 3 Tactical Planning

Module 3 outlines the scope and preferred method for assessing compliance with the tactical planning compliance elements and associated criteria, including the guidelines and approval process for Timber Release Plans (TRPs) and Wood Utilisation Plans (WUPs).



Module 4 Operational Planning

Module 4 outlines the scope and preferred method for assessing compliance related to management processes implemented to identify, assess and manage environment and sustainability risks during coupe establishment.



Module 5 Harvesting and Closure

Module 5 outlines the scope and preferred method for assessing compliance related to harvesting and closure. It includes assessment of roading and environmental values as part of harvesting operations including closure.



Module 6 Harvesting Performance

Module 6 outlines the scope and preferred method for assessing compliance related to monitoring of annual harvest performance and compliance with the Allocation Order (AO), TRPs and WUPs.



Module 7 Regeneration and Finalisation

Module 7 outlines the scope and preferred method for assessing compliance related to regeneration and finalisation. This includes regeneration, stocking, tending and general forest health.



2.3.2 Module Compliance Elements

Audits should include assessment against applicable criteria that have been identified in the audit workbooks in Modules 3 – 7 of this toolbox. Compliance with the applicable criteria and procedures will determine whether the principles of forest sustainability are being met.

The workbooks included in the modules correspond to the assessment of defined compliance elements as follows:

Module 3 – Tactical Planning

- TRP/WUP development and approval process

Module 4 - Operational Planning

- No specific compliance element exists, however this module includes a process audit to review linkages between TRP/WUP approvals and operational planning systems (including, but not limited to, consideration of heritage, exclusion zones, silviculture, hazard identification, soil erosivity).

Module 5 – Harvesting and Closure

- Forest Coupe Plans, including a sub element on Exclusion Zones
- Operational Provisions, (ie. weather, seasonal provisions)
- Water Quality, River Health and Soil Protection, including sub-elements:
 - Waterways
 - Buffers
 - Filters
 - Slopes
 - Camp Maintenance, Fuel Storage & Waste Disposal
 - Water Catchments
- Biodiversity Conservation including sub-elements:
 - Habitat Trees
 - Rainforest
 - Forest Health

- Roothing including sub-elements:
 - Road Planning
 - Road Design
 - Road Construction
 - Road Maintenance
 - Suspension of Cartage
 - Road Closure
- Coupe Infrastructure Provisions, including sub-elements:
 - Log Landings and Dumps
 - Snig and Forwarding Tracks
 - Boundary Trails

Module 6 – Harvesting Performance

- Compliance with Wood Utilisation Plans (WUPs)
- Compliance with the Allocation (including thinning) Order
- Compliance with Timber Release Plans (TRPs)
- Cumulative harvest limits in Melbourne's water catchments
- Cumulative harvest limits in Special Management Zones.

Module 7 – Regeneration and Finalisation

- Coupe Regeneration Provisions
- Stocking Assessment Provisions (ie. species diversity and forest density)
- Tending and Forest Health Provisions including pest control, seed crop monitoring and coupe maintenance.



3 STATUTORY OVERVIEW

The following key legislation is considered relevant to the Forest Audit Program. It is important to note that the regulatory publications employed to assess compliance of timber harvesting operations must be relevant to the date of harvest. A number of coupes may have been harvested or regenerated under old prescriptions.

A comprehensive list of legislation, guidelines and other general references considered applicable to auditing of the compliance elements within each module (modules 3–7), are listed in Section 4 of the relevant module booklet. Additional legislation, policy and guidance notes relevant to forest management for timber production are also listed in Appendix A and Appendix B of the Code of Practice for Timber Production 2007.

3.1 SUSTAINABLE FORESTS (TIMBER) ACT 2004

The *Sustainable Forests (Timber) Act 2004* (the Act) is the overarching legislative document for the management of commercial timber harvesting within Victoria. The Act describes the obligations for persons undertaking timber harvesting in State forest, including complying with the Code. The Act establishes a framework for the sustainable management of Victoria's State forests and provides for the development of a Sustainability Charter to establish criteria and indicators to monitor and report on performance. The Sustainability Charter was subsequently published by DSE (2006) and specifies objectives around maintaining items such as biodiversity, ecosystems, and managing disturbance.

The Act enables the allocation of timber resources to VicForests for commercial forestry operations. It also defines VicForests' reporting and performance obligations. Section 96 of the Act provides for the development of regulations governing the licensing of commercial timber harvesting operations. This includes establishment of a Timber Harvesting Operator Licence system and prescribes an enforcement and penalty regime for breaches of specified environmental requirements.

3.1.1 Sustainability Charter

The Act provides for the development of a Sustainability Charter. The Act states that the Sustainability Charter must set out objectives, consistent with the National Principles of Ecologically Sustainable Development, for both the sustainability of forests and the sustainability of the timber harvesting industry.

The Charter sets the direction for sustainable forest management in Victoria. It commits DSE and VicForests to support the objectives set out in the Charter. VicForests will respond to the Government's sustainability agenda by developing initiatives and targets to progress the objectives of the Charter. It will include these in its statement of corporate intent and report on the outcomes of these initiatives as part of its normal business reporting. Subsequently, both DSE and VicForests are working to achieve sustainable forest management.

3.2 ENVIRONMENT PROTECTION ACT 1970

The *Environment Protection Act 1970* (the EP Act) seeks to prevent pollution and environmental damage by setting environmental quality objectives and establishing programs to meet them. The EP Act has been amended over time to reflect the growing interest in best practice in environment protection regulation and to meet the needs of the community.

Key aims of the EP Act include sustainable use and holistic management of the environment, ensuring consultative processes are adopted so that community input is a key driver of environment protection goals and programs and encouraging a co-operative approach to environment protection.

It is under Section 53S of the EP Act, that the EPA appoints environmental auditors to undertake environmental audits, including audits commissioned under this FAP.

3.2.1 EPA Environmental Auditor Guidelines

Whilst DSE will commission environmental audits under the FAP, the EPA administers Victoria's environmental audit system. The following guidelines provide important standards that apply to the conduct of independent environmental audits undertaken in accordance with Part IXD of the EP Act.

- Publication No. 865.7: Appointment and Conduct, October 2008 - these guidelines also set out the processes followed by EPA when making, suspending and revoking appointments as environmental auditors.
- Publication No. 953.2: Conducting Environmental Audits, August 2007 - these guidelines have been issued primarily to assist environmental auditors to conduct environmental audits. The guidelines may also be useful for audit clients, auditees and the community.
- Publication No. 1147: Provision of Environmental Audit Reports, Certificates and Statements, September 2007 - these guidelines provide guidance on the provision of paper and electronic versions of completed environmental audit reports, statements and certificates to the EPA.
- Publication No. 952.2: Preparation of Environmental Audit Reports on Risk to the Environment, August 2007 - these guidelines provide guidance on the provision of paper and electronic versions of completed environmental audit reports on risk to the environment to the EPA.

3.3 CATCHMENT AND LAND PROTECTION ACT 1994

Measures to reduce the impact of timber harvesting on water quality and river health must take account of other requirements set out in Special Area Plans made under the *Catchment and Land Protection Act 1994*. Further, this Act requires all landholders to control pest animals and noxious weeds on their property.



3.4 FLORA AND FAUNA GUARANTEE ACT 1988

The Flora and Fauna Guarantee Act 1988 (the FFG Act) provides for the listing of Victoria's threatened plant and animal species, ecological communities and potentially threatening processes.

Action Statements are prepared for threatened plant and animal species under Section 19 of the FFG Act. These documents may contain prescriptions relating to the planning and conduct of harvesting operations that are relevant to the FAP.

3.5 SUSTAINABLE FORESTS (TIMBER HARVESTING) REGULATIONS 2006

The *Sustainable Forest (Timber Harvesting) Regulations 2006* (the Regulations) provide further detail on the Timber Harvesting Operator Licence system and the enforcement rules for individual timber harvesting operators. Under the Regulations, penalties may apply to individuals if their conduct is not compliant with the Code.

3.6 ALLOCATION ORDER

Resource allocation to VicForests is made through an Allocation Order (AO), which is prepared by DSE. The AO identifies the area available in particular forest stands for each of three five-year periods, together with the full extent of those forest stands. Section 9 of the Act, requires that VicForests monitor and report on operations authorised under this Act.

The conditions of the Allocation Order to which VicForests must comply are included in the following documents:

- Sustainability Charter for Victoria's State forests;
- Code of Practice for Timber Production 2007 (supersedes the 1996 code);
- Code of Practice for Fire Management on Public Land 2006, (supersedes the 1995 code);
- Various management guidelines as specified in Forest Management Plans relevant to the Allocation Order;
- Management procedures for timber harvesting and associated activities in State forests in Victoria; and
- Fire Salvage Harvesting Prescriptions.

3.7 CODE OF PRACTICE FOR TIMBER PRODUCTION 2007 (AS AMENDED)

The Code of Practice for Timber Production 2007 (the Code) is a key regulatory instrument that applies to commercial timber production in both public and private native forests and plantations in Victoria. It is a statutory document prepared under Part 5 of the *Conservation, Forests and Lands Act 1987*. Compliance with the Code is required under the Act, and this is achieved through its incorporation into the Victoria Planning Provisions.

The Code lays down state wide goals and guidelines that apply to timber harvesting, timber extraction, roads, regeneration, and reforestation in native forests as well as to the planning, establishment and management of softwood and hardwood plantations.

The purpose of the Code is to provide direction and guidance to forest managers and operators to deliver sound environmental performance when undertaking commercial timber growing and harvesting operations, that:

- Permits an economically viable, internationally competitive, sustainable timber industry;
- Is compatible with the conservation of the wide range of environmental, social and cultural values associated with timber production forests;
- Provides for the ecologically sustainable management of native forests proposed for continuous timber production; and
- Enhances public confidence in the management of Victoria's forests and plantations for timber production.

Subsequently, the Code establishes goals and guidelines in environmental care for all commercial timber production activities in the state.

The Code provides some key state-wide requirements for timber harvesting operations conducted on public land (for example, width of streamside buffers and grades of roads), which act as minimum allowable local standards. The additional requirements are documented within a range of subordinate prescriptions, management plans and procedures of which some are summarized below. These requirements are tailored at a local level for the specific characteristics of forests and harvesting conditions that vary within each region across the State.

3.7.1 Fire Salvage Harvesting Prescriptions 2009 (as amended)

The Fire Salvage Harvesting Prescriptions 2009 (Salvage Prescriptions) apply to timber harvesting operations conducted within bushfire affected areas. Timber harvesting operations conducted in burnt environments (salvage operations) require different management to conventional harvesting operations to ensure timber recovery is expedited and that salvage operations, as a second major disturbance to a forest in a short period, do not necessarily compound any environmental impacts caused by the bushfire. Salvage operations have the potential to adversely impact on the ecosystem following bushfire, through removal of habitat refuges and structures, damage to regenerating plants, distribution of weeds, and sedimentation.



The Fire Salvage Harvesting Prescriptions apply to burnt areas up to 3 years after a fire event. Conditions applied to approved coupes, in conjunction with the Fire Salvage Harvesting Prescriptions 2009 constitute the 'Special Plans' required by the Code.

The 2009 prescriptions were issued on the 6 October 2009 and commenced on 6 October 2009. The prescriptions replace the Fire Salvage Harvesting Prescriptions, Revision 2.0, previously issued 3 March 2008. Additional revision history can be found in Appendix 2 of the current prescriptions.

3.7.2 Management Procedures for Timber Harvesting, Roding and Regeneration in Victoria's State Forests 2009 (as amended)

The Management Procedures provide additional guidance to DSE and VicForests staff in meeting the requirements of the Code, and specify environmental and operational requirements additional to those of the Code.

The objectives of the Management Procedures are to:

- Standardise, where appropriate, the management of timber harvesting operations and associated activities in all Victorian State forests;
- Provide instruction on operational and administrative procedures;
- Form part of the regulatory framework for timber harvesting operations and associated activities;
- Provide a framework for consistent administrative arrangements between DSE and VicForests at an operation level; and
- Provide a framework for VicForests and DSE to prepare subsidiary operational procedures for staff, contractors and timber harvesting operators.

The 2009 procedures were issued on the 12 October 2009 and commenced on 19 October 2009. The procedures replace the Management Procedures for timber harvesting operations and associated activities in State forests in Victoria, previously issued October 2007.

3.7.3 Coupe Finalisation Procedures

The Coupe Finalisation Procedures (CFPs) describe the process by which DSE will resume full management responsibility of coupes following the completion of timber harvesting operations, rehabilitation and regeneration activities. The CFPs are only relevant to coupes harvested by VicForests.

The CFPs set out:

- Minimum regeneration and rehabilitation standards for even aged and uneven aged coupes harvested after 31 July 2004 and thinned coupes of ash or mixed species;

- Timelines and responsibilities for VicForests with respect to the regeneration of standard coupes, salvage coupes and road line coupes; and
- Required action, responsibilities and completion dates for the review of coupes nominated for finalisation including desktop and field based verification of stocking levels and data accuracy.

The 2008 procedures were issued on the 2 October 2008 and commenced on 6 October 2008. The procedures replace the Coupe Finalisation Procedures previously issued August 2007.

3.7.4 Native Forest Silviculture Guideline Series

Reference should also be made to the Native Forest Silviculture Guideline (NFSG) series (1993-2006), as amended, which provide standards and guidance around silvicultural and regeneration activities.



4 GLOSSARY

Auditee	An auditee is a person or organisation being audited. DSE administers audits of organisations or individuals whose activities relate to Victorian timber harvesting in State forest. Relevant timber harvesting operations include those managed by VicForests in eastern-Victoria, as well as those managed by DSE in other parts of the State
Auditor	A highly qualified and skilled individual with extensive experience in environmental science and or engineering, as well as environmental auditing appointed pursuant to the EP Act to conduct an independent and objective assessment of the nature and extent of harm (or risk of harm) to the environment posed by a process or activity, waste, substance or noise.
Biodiversity	The natural diversity of all life: the sum of all our native species of flora and fauna, the genetic variation within them, their habitats, and the ecosystems of which they are an integral part.
Compliance Element	The subject, activity or operational component being assessed for compliance against the regulatory framework. Generally referred to as 'focus areas' in the former audit program operated under EPA.
Compliance Theme	Topics and/or issues deemed to overlap a number of compliance elements and/or auditing modules that may require additional focus on a recurring basis. Themes can be seasonal or regional, associated with biodiversity, coupe or forest type and/or other special prescriptions.
Clear-felling	Silvicultural method of harvesting a coupe whereby all merchantable trees, apart from those to be retained for wildlife habitat, are removed.
Coupe	An area of forest of variable size, shape and orientation from which logs for sawmilling or other industrial processing are harvested.
Erosion risk	The likelihood of erosion occurring due to soil erodibility, rainfall erosivity, slope and soil disturbance.
Forest Coupe Plan	A plan that must be prepared for each harvesting operation in public native forest and will contain a map identifying the area and a schedule incorporating the specifications and conditions under which the operation is to be administered and controlled.
Forest Management Area (FMA)	Basic units for forest planning and management in Victoria. Currently Victoria is divided into 15 Forest Management Areas as defined in the Forests Act 1958.

Forest Management Plan (FMP)	Forest Management Plans are produced by DSE to address the full range of values and uses in FMAs, which have been designated as the units for planning forest management activities.
General Management Zone (GMZ)	A zone within a State forest defined as an area of land that will be managed for the sustainable production of timber and other forest products.
Habitat Tree	A tree identified and protected from harvesting to provide habitat or future habitat for wildlife. A habitat tree may be living or dead, and often contains hollows that are suitable shelter and/or nesting sites for animals such as possums and parrots.
Regeneration	The renewal or re-establishment of native forest flora by natural or artificial means following disturbance such as timber harvesting or fire.
Rehabilitation	The restoration and revegetation of a site of disturbance usually associated with landings and other within-coupe infrastructure.
Regulator	A government agency, typically a statutory authority. In the context of the FAP, DSE as the regulator is responsible for ensuring that commercial timber harvesting activities Victoria's State forests are compliant with Victoria's regulatory framework. This includes compliance with relevant legislation, regulations and guidelines, including those specified in the Code of Practice for Timber Production 2007.
River health	An ecologically healthy river is one where the major natural features, biodiversity and/or functions of the river are still present and will continue into the future. Some change from the natural state may have occurred to provide for human use.
Special Management Zone (SMZ)	A zone within a State forest defined as a zone which will be managed to conserve specific features, while catering for timber production under certain conditions. Areas included cover a range of natural or cultural values, the protection or enhancement of which require modification to timber harvesting or other land-use practices rather than their exclusion. The zone contributes substantially to the conservation of important species, particularly fauna.
Special Protection Zone (SPZ)	A zone within a State forest defined as a zone which will be managed for conservation, and timber harvesting will be excluded.
Special Water Supply Catchment	A catchment that has been officially declared under Schedule 5 of the <i>Catchment and Land Protection Act 1994</i> .



State Forest	As defined in Section 3 of the <i>Forests Act 1958</i> , State forest comprises publicly owned land which is managed for the conservation of flora and fauna; for the protection of water catchments and water quality; for the provision of timber and other forest products on a sustainable basis; for the protection of landscape, archaeological, historical and other cultural values; and to provide recreational and educational opportunities.
Thinning	The removal of part of a forest stand or crop, with the aims of increasing the growth rate and/or health of retained trees and, in commercial thinning, obtaining timber from trees that would otherwise eventually die before final harvest.
Timber Release Plan (TRP)	<p>The Timber Release Plan (TRP) is prepared by VicForests in accordance with Part 5 of the <i>Sustainable Forests (Timber) Act 2004</i>.</p> <p>The TRP provides a schedule of coupes selected for timber harvesting and associated access road requirements; identifies the location and approximate timing of timber harvesting in the proposed coupes; and identifies the location of any associated access roads. It includes coupe details and maps.</p> <p>VicForests prepares TRPs that cover a rolling five-year period.</p>
Water supply catchment	A catchment from which water is used for domestic water supply purposes.
Waterway	A permanent stream, temporary stream, drainage line, pool or wetland as defined in the Code of Practice for Timber Production 2007 (as amended).
Wood Utilisation Plan (WUP)	<p>A Wood Utilisation Plan (WUP) is prepared by DSE to detail the type and quantity of wood to be produced in the state and to allocate wood to processors in western Victoria. The plan is prepared annually and covers a rolling three-year period, with detailed specifications for the first year and indicative specifications for the following two years.</p> <p>A WUP may also apply to some coupes managed by VicForests in the east of the state.</p>

Further definitions relevant to harvesting and regeneration activities are available in the Code of Practice for Timber Production 2007 (as amended).

5 ACCRONYMS

AO	Allocation to VicForests Order 2004 (as amended) – generally referred to as the “Allocation Order”
ARR	Absolute Risk Rating
CAP	Corrective Action Plan
CFP	Coupe Finalisation Procedures
CIS	Coupe Information System
DSE	Department of Sustainability and Environment
EIA	Environmental Impact Assessment
EIAP	Environmental Independent Advisory Panel
EMS	Environmental Management System
EPA	Environment Protection Authority
FAP	Forest Audit Program
FCP	Forest Coupe Plan
FFG Act	<i>Flora and Fauna Guarantee Act 1988</i>
FMA	Forest Management Area
FMP	Forest Management Plan
FMZ	Forest Management Zone
FRU	Forest Reporting Unit
FTE	Full-Time Equivalent
GMZ	General Management Zone
GPS	Global Positioning System
HSE	Health, Safety and Environment
JSA	Job Safety Analysis
LHV	Logging History Verification
MRU	Monitoring and Reporting Unit
NFSG	National Forest Silviculture Guideline



NGO	Non Government Organisation
OA	Operations Area (term used by VicForests)
SAP	Special Area Plan
SFMS	Sustainable Forests Management System
SFRI	State-wide Forest Resource Inventory
SMZ	Special Management Zone
SOP	Standard Operating Procedure
SPZ	Special Protection Zone
STRP	Sustainable Timber Resource Planners
SWSC	Special Water Supply Catchment Area
TRP	Timber Release Plan
WUP	Wood Utilisation Plan
The Act	<i>The Sustainable Forests (Timber) Act 2004</i>
The EP Act	<i>The Environment Protection Act 1970</i>



Annex A

Electronic Toolbox CD

Prepared by Environmental Resources Management
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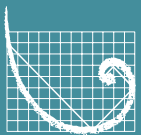
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ERM

Appendix B FAP Module 2 Audit Process



Forest Audit Program Toolbox

Module 2

Audit Process



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FOREST AUDIT PROGRAM TOOLBOX



Module 1
Overview



Module 2
Audit Process



Module 3
Tactical Planning



Module 4
Operational Planning



Module 5
Harvesting and Closure



Module 6
Harvesting Performance



Module 7
Regeneration and Finalisation



1 MODULE 2 - AUDIT PROCESS

1.1 OVERVIEW

To summarise the information provided in *Module 1*, the Forest Audit Program (FAP) has been designed to allow objective and independent assessment of timber harvesting operation's compliance with relevant forestry legislation and the associated regulatory framework.

Public reporting of audit results will inform members of the community and assist the Department of Sustainability and Environment (DSE) and VicForests to pursue their objectives of continual improvement.

The FAP incorporates:

- An audit process meeting the statutory requirements of Section 53V of the *Environment Protection Act 1970*;
- A assessment scope that includes the forest planning, harvesting, regeneration and finalisation elements of the forest harvesting lifecycle;
- Audit compliance elements that are intended to be assessed over time;
- A robust process for conducting independent audits;
- Provision for Special Purpose Audits to be conducted as either statutory or non-statutory audits, that can be initiated by DSE on a needs basis to examine problematic issues or alleged serious breaches of the regulatory framework; and
- Scope for the participation of interested community members as observers in the conduct of audits.

1.2 METHODOLOGY FOR CONDUCTING THE AUDIT

1.2.1 Schedule of Activities

An indicative schedule for the annual audit cycle is provided herein, and will be pursued by DSE in the implementation of the FAP. Under the proposed schedule, DSE will aim to have audit reports completed and ready for publication as soon as possible following the completion of contracted audits.

Specific timeframes set out in the following schedule may vary from year to year, however the overall timing and sequencing of these steps is expected to remain consistent.

For timber harvesting conducted during any given financial year:

Relevant logging history data provided	October
Relevant coupe finalisation data provided	October
Logging history verified by DSE	January (following year)
DSE issue request for proposal	January (following year)
Receive and evaluate proposals	February (following year)
Selection of Auditor(s)	February (following year)
Auditor orientation	March (following year)
Preparation of Audit Plan	March (following year)
Desktop Audits	March – August (following year)
Field Audits	April – July (following year)
Draft Audit Report	September (following year)
Final Audit Report	October (following year)
Publication	As soon as possible after finalisation

It is envisaged that DSE and/or VicForests will then develop a response to Audit Report findings and recommendations. This may include the preparation of corrective action plans, as deemed appropriate, so that they can be implemented as soon as practicable in the following harvest year.

1.2.2 Preparing for an Audit

Orientation

The DSE will, as necessary, hold annual Auditor orientation sessions. A general overview of what is required in the FAP will be outlined in the orientation sessions. Audit team members conducting audits should also attend the Auditor orientation session.

Information Gathering

DSE will provide contracted Auditors with all available data that is required to perform the requested audit.



When required, contracted Auditors will also be provided with electronic access to the DSE/VicForests Coupe Information System (CIS) to enable analysis of coupe-specific information.

The Auditor will contact the auditee(s) after being awarded a contract by DSE, and will clarify specific documentation needs for audit sites, and anticipated project timelines.

If requested by an Auditor, an information package will be prepared by the auditee containing information on forest management activities which have been planned and/or carried out, the history of operations on the site, survey records, relevant maps, identified hazards, procedures, inspection reports and records of silvicultural treatments. This will provide the audit team with a practical reference source for each selected audit target.

During audits, Auditors are to gather additional information through interviews, examination of documents and observation of activities and conditions in the field. Indications of non-conformity to the audit criteria should be recorded.

Information gathered through interviews should be verified by the Auditor, by acquiring supporting information from independent sources where possible, such as observations, records and results of existing measurements.

Information collected by the Auditor should relate to and cover the specified audit period specified in the contract.

The following non-exhaustive list outlines audit information that may be requested (as applicable), during an audit process:

- Contacts list (auditees, NGOs, Aboriginal communities etc);
- Organisational charts;
- Forest coupe plans;
- Copies of coupe diaries;
- Monitoring records;
- Public notices;
- Key maps and aerial photographs;
- Harvest records;
- Fire occurrences;
- Reports (pesticide/herbicide application reports, environmental surveys etc); and
- Relevant intra- and inter- agency correspondence.

Health and Safety

Auditors undertaking audits on behalf of DSE will be working as contractors. Auditors contracted to undertake audits will, as a minimum, be expected to comply with DSE occupational health and safety standards.

Auditors will need to become familiar with DSE OHS policy and procedures and how they apply to the work being performed by the Auditor including:

- DSE OH&S *SafeTCare* Policy;
- DSE OH&S Risk Management Procedures; and
- DSE Job Safety Analysis (JSA) Procedures.

Before undertaking audit activities, the Auditor will be required to provide DSE with a copy of their Health, Safety and Environment Plan (HSE Plan). This information should also form part of the Audit Plan (see below for more information). In preparing the HSE Plan, the Auditor should address the following matters:

- Indicative audit schedule and scope of works;
- Competency of personnel and supervision of audit team members;
- Information, instruction and training procedures;
- Assessment and engagement of suitable contractors/sub-contractors and the management of their HSE performance;
- Personnel protective equipment (PPE) requirements, first aid equipment, and any other safety equipment requirements;
- Risk/hazard procedures, including assessment, control and specific safe working method statements (or equivalent) including:
 - Identification of hazards and available controls;
 - Consideration of coupe and office based activities;
 - Travel to/from field locations, including vehicle operation and safety guidelines; and
 - Guidelines around the abandonment of field visits (i.e. Weather conditions such as high winds, snow);
- Incident reporting responsibilities and procedures, including procedures to report relevant incidents or claims to DSE; and
- Emergency response management.

Auditors will be expected to use documented systems of work, plant and equipment that are safe and that do not pose unacceptable risks to health. Auditors must employ



safety systems in which there has been adequate information, instruction, training, and supervision in the key health, safety and environmental aspects of the proposed work.

The Auditor will be responsible for making the ultimate judgement on when to abandon site visits (i.e. for safety concerns) for members of the audit team.

In coupes where active harvesting is occurring, the Auditor will need to be aware of and meet the specific requirements for entry and induction by the harvesting contractor.

Audit Plan

An audit plan must be developed by the Auditor in consultation with DSE and relevant auditees. The plan should be flexible enough to permit changes in emphasis based on information gathered during the audit, and to permit effective use of resources.

The plan must include:

- Outline of target compliance elements.
- Audit schedule:
 - The dates and places where audits are to be conducted;
 - The expected time and duration for major field audit activities;
 - The schedule, location and format of key meetings;
 - Expected date of issue and distribution of the draft and final audit reports.
- A HSE Plan, outlining the health, safety and environmental procedures and requirements.
- Identification of audit team members and their roles. Each audit team member will be assigned specific areas to audit and be instructed on the audit procedure to follow. Such assignments are made by the Auditor in consultation with the audit team members concerned. During the audit, the Auditor may make changes to the work assignment to ensure the optimal achievement of the audit objectives.
- Contact information for the audit team, and key contacts in the DSE, auditee organisations plus other relevant parties.
- Methodology for public consultation (refer to Section 2.4.7 herein).
- Identification of the functions and/or individuals within the auditee's organisations having significant direct responsibilities regarding the subject matter of the audit.
- Identification of electives of the auditee's systems or activities that will be reviewed for that year.

- Confirmation that the audit report will be prepared, distributed and reviewed in accordance with the FAP and EPA Victoria requirements.
- Planned sampling intensities and evidence-gathering methodologies (in accordance with this toolbox) and the proposed field site inspection plan.

A draft of the audit plan will be discussed and reviewed with DSE prior at the pre-audit meeting.

1.2.3 Pre-Audit Meeting

After receiving the audit plan, DSE will meet with the appointed Auditor. The purpose of this meeting is to:

- Provide an overview of the FAP and associated Toolbox of audit process and protocols;
- Review the audit plan, and make necessary adjustments;
- Review the HSE plan and hazards associated with any required field work;
- Review the status of any relevant Corrective Action Plans prepared in response to previous audits;
- Discuss relevant compliance issues raised by auditees;
- Discuss issues identified by members of the public relating to audit element priorities and audit targets; and
- Discuss the process and plan for public participation in the field component of Module 5 (also refer to Section 2.4.7).

1.2.4 Conducting Audits

Desk-based Assessment

Audits conducted under Modules 3 – 7 may require a desk-based assessment of tactical, operational and coupe planning; harvesting performance; regeneration; and coupe finalisation. Such audits should comprise a review of documentary evidence and records, and interviews with representatives from auditees .

The procedures for the desk-based audit will be determined by the Auditor, but would typically include:

- Review of relevant legislation;
- Examination of compliance elements, and familiarisation with review of management prescriptions and procedures relating to the audit period;



- Review of documentation relating to compliance with relevant procedures and processes;
- Review of relevant intra- and inter- agency correspondence;
- Assessment of data relating to compliance elements;
- Review of previous auditee incidents relating to the compliance audits being assessed;
- Interviews, where appropriate, with DSE and VicForests managerial and technical staff.

Field Assessment

Field assessment will be required for audits conducted under Modules 5 and 7, and may also be required as part of any Special Purpose Audits.

The procedures for the field assessment will be determined by the Auditor, but the following guidance is provided as a preferred process.

Before commencing the field visits, the Auditor would hold an opening meeting in each region being audited. The aim of this meeting would be to:

- Introduce the members of the audit team to the auditee's key personnel;
- Review the scope, objectives, audit plan and confirm the audit timetable;
- Provide a short summary of the methods and procedures to be used to conduct the audit;
- Ensure that the communication links between the audit team and the auditee are established;
- Confirm that the resources and facilities needed by the audit team are available;
- Confirm the times and dates for the interim end-of-day meetings and the closing meeting;
- Promote active participation by the auditee; and
- Allow the auditee to invite the relevant forest operator/contractor to observe field assessments undertaken at sites that they have harvested;
- Induct the audit team with regard to site specific health, safety and emergency procedures.

The DSE contract manager will reserve the right to attend any field audits undertaken under the FAP to monitor the performance of the audit team with respect to quality control and health and safety elements outlined in the audit plan.

The procedures for field activities should include:

- Examination in the field of operations that have been planned and carried out over the period that is the focus of the audit. The target sites sampled should be the same as those identified at the time of the pre-audit meeting. It may be necessary to sample additional sites as a result of operational issues, or in following up findings at the pre-selected sites, but any such field operations should first be discussed with the auditee.
- Follow-up examination (as required) related to observations or queries.
- Review of information made available to the audit team at the field audit stage.

Observations of conditions noted during the site visits should be documented by the Auditor at the time of field assessment, and will form the support for the conclusions of the audit. Auditors will be required to store and maintain copies of such records.

Auditors should discuss any notable items that they observe during the field assessment with the auditee's representative. This should be undertaken at the closing meeting, but may be conducted by telephone if it is not possible to undertake this discussion at the time of audit.

If time and resources allow, Auditors may also hold on-site meetings with the auditee's representative(s) to discuss audit findings and non-conformance issues, and to review plans for the remainder of the relevant audit activities. However, such meetings are not compulsory if time and resources are limited.

Auditors should also observe the forest when travelling between audit locations noting whether or not the observed conditions are reflected in maps or other documents. Inconsistencies, or observations suggesting negative impacts should be noted and may be followed up in subsequent investigations.

Auditors are expected to provide necessary vehicles to transport the audit team during the field work. Vehicles used in audit field work must be capable of travel on forest roads, as outlined in the HSE Plan. Auditee personnel participating in the audit process may travel with the audit team if feasible, but will be responsible for providing their own transportation during site visits.

Where logistical issues limit the numbers of people that can be transported on site to take part in the field assessments, the Auditor should ensure that highest priority is given to the audit team members and the auditee personnel that are most relevant to the sites being examined. Other individuals will be accommodated where possible, to the extent that space allows.

After completion of the field assessments within each region, the audit team will hold a closing meeting with the auditee and DSE. The main purpose of these meetings is to present preliminary audit findings in such a manner as to ensure that the factual basis of the findings is clearly understood.

Disagreements on factual information presented at these meetings should be resolved (if possible). It is preferable that any resolution occur before the Auditor issues the



draft Audit Report. Final decisions on the descriptions and significance of findings ultimately rest with the Auditor. Auditees will have the ability to prepare a response to such findings to present alternative points of view.

1.2.5 Audit Reports

Audit Findings and Draft Report

The focal point of the audit is the process through which the audit team investigates, analyses, assesses and reassembles the facts, and finally reaches a decision on the findings to be reported. Depending on the scope of work commissioned by DSE, separate audits made under Modules 3 - 7 (and therefore audit reports) may be prepared in any given year.

The Auditor will prepare a complete draft Audit Report consistent with the requirements of EPA Publication No. 952.2 (2007) *Environmental Auditor Guidelines for Preparation of Environmental Audit Reports on Risk to the Environment*. Reporting requirements are discussed further in Section 5 herein.

The audit report should identify both positive and negative findings, and all non-compliances that are detected during the audit process. Findings of non-compliance should be reviewed with the auditee prior to the production of the draft report to ensure that the Auditor has obtained all the relevant evidence, and with a view to obtaining acknowledgment of such findings.

The audit team should ensure that findings are documented in a clear, concise manner with significant findings supported by substantive evidence. The supporting evidence must also be documented in the audit report. In situations where field sampling is involved in the audit, the Auditor should also include documentation of the associated sampling results in relation to significant audit findings.

The report conclusion will need to capture the nature and extent of any harm or detriment caused to, or the risk of any possible harm or detriment which may be caused to, any beneficial use made of any segment of the environment.

Review Draft Audit Report

After receiving a draft audit report, the DSE Forests Branch will be responsible for circulating the draft Audit Report to relevant auditees for a period of comment, and a review of matters of fact.

The Auditor will also attend a meeting with DSE Forest Branch and the auditees to discuss the draft Audit Report. This meeting should be included in the audit plan. The purpose of the meeting is to present the audit findings and to discuss factual matters with the auditees. Written comments from the auditees on the draft report should be provided to the Auditor prior to the meeting.

Final Audit Report

The Auditor will submit the final audit report including all charts, graphs, photographs and appendices, in hard and electronic copy to DSE Forest Branch and EPA Victoria within 7 days of completion. The electronic version should be provided in universal file format (a pdf file).

Environmental audit reports are deemed to be public documents, and therefore will be made available by DSE to the general community.

Corrective Action Plans

The auditee will be given the opportunity to prepare a formal response to an audit report. Findings related to regulatory, regional and corporate responsibility will be addressed in the DSE response.

If required, auditees will prepare Corrective Action Plans (CAPs) to address the findings relating to compliance issues and environmental impact provided in the final audit report. This will be prepared with input and review from the DSE Director Forests or a nominated representative.

The development and management of CAPs will be administered by DSE and is outside the scope and responsibility of the Auditor. The CAPs must be submitted to the DSE Director, Forests for final approval within two months of receipt of the final audit report. In the interest of transparency and accountability, approved CAPs will be published on DSE's public website, alongside corresponding audit reports.



2 ROLES, RESPONSIBILITIES AND CREDIBILITY OF FOREST AUDITS

2.1 AUDIT INDEPENDENCE AND MANAGING CONFLICTS OF INTEREST

It is important for the credibility of the audit process, that the Auditor is seen to be independent of the organisation being audited. To ensure objectivity of the process and its findings, Auditor independence will be maintained through the Statutory Audit provisions specified under the Victorian EPA environmental audit system. The FAP will use Auditors appointed pursuant to the *Environment Protection Act 1970* in the Natural Resources category.

Members of the audit team must also be objective and free from bias and conflict of interest throughout the process. To avoid or manage any real or perceived conflict of interest, all audit team members will be required to make declarations regarding potential conflicts of interest before engaging in the audit program.

During the audit, The Auditor will be responsible for managing any perceived conflict of interest in this regard.

DSE staff participation in audit teams would be at the discretion of the Auditor and the Auditor may consult with DSE and/or EPA Victoria on the use of DSE data collection capabilities during the audit of VicForest operations. Where DSE provides data and/or data collection services that will be used by the audit team to reach or support audit findings, the Auditor should ensure he/she is satisfied with the independence and reliability of the data.

2.2 DUE PROFESSIONAL CARE

In the execution of audits commissioned under the FAP, the Auditor must use the care, diligence, skill and professional judgement expected of an Auditor appointed pursuant to the *Environment Protection Act 1970*. Auditors will comply with all applicable legislation and State government policies in the conduct of the audit.

The relationship between the Auditor, auditee and DSE (the regulator and commissioning authority) will be one of respect, with preservation of an appropriate level of confidentiality and discretion.

2.3 COMPETENCE OF AUDITORS

In order for the environmental audit to be accepted as credible, it is necessary that those who undertake the assessment are seen to be competent in their field.

Audit team qualifications shall include:

Auditor

- Must be an Environmental Auditor appointed pursuant to the *Environment Protection Act 1970* in the Natural Resources category;
- Must carry out his/her role in compliance with the provisions of applicable forest management legislation and policy, including the *Code of Practice for Timber Production 2007*; and
- Must have highly-developed project management and leadership qualities, to ensure ability to execute the HSE plan, and the efficient operation and coordination of the audit program.
- The Auditor may also need to seek advice from members of his/her expert support team, nominated to, and approved by, EPA as part of his/her Auditor appointment.

Audit Team

- All audits must be conducted by a core team, including the appointed Auditor;
- Membership of the core team would typically meet the following requirements:
 - Minimum of five years of forestry, timber harvesting, ecological or other relevant field experience, acquired in the past ten years; and/or
 - A tertiary biological, ecological or forest science qualification, relevant to the forest issues being audited; and/or
 - Operational experience in forest management and planning, comprising the inter-related activities of resources access, harvest, renewal, maintenance, planning, monitoring and reporting that are outlined in the *Code of Practice for Timber Production 2007* (as amended); and/or
 - Other high-level or suitably qualified experience that is of benefit to the specific issues being audited, such as social and economic impacts, public consultation processes in the context of forest management, cultural heritage, etc.
- Audit teams may also have supplementary team members (as required) and these members may possess lesser skills and experience than members of the core team. If such skills and experience do not meet the core team requirements, team members should only conduct less complex audit tasks, which are within their abilities, and this should be performed under direct supervision from core team members.



2.4 ROLES AND RESPONSIBILITIES

2.4.1 Auditor

Environmental Auditors are appointed pursuant to, and for the purposes of, the *Environment Protection Act 1970*. In exercising their functions and duties pursuant to the *Environment Protection Act 1970*, Auditors owe a primary duty of care to the environment and to the people of Victoria above all others (including to DSE as the commissioning authority).

Appointed environmental Auditors must lead the audit in accordance with the requirements of EPA Victoria Environmental Auditor Guidelines for Conducting Environmental Audits Publication No. 953.2 August 2007.

The Auditor's responsibilities and activities should cover:

- Forming the audit team, giving consideration to potential conflicts of interest, and seeking agreement on its composition with DSE;
- Directing the activities of the audit team;
- Preparing the audit plan;
- Executing the HSE Plan for the audit team, and monitoring adherence of the audit team members to this plan.
- Coordinating required communications with appropriate parties;
- Obtaining relevant background information;
- Scheduling audit activities and meetings as necessary;
- Determining the appropriate level of involvement of the auditee(s);
- Selecting audit target sites for examination in field audits;
- Coordinating the preparation of working documents and detailed procedures and briefing the audit team;
- Seeking to resolve any problems that arise during the audit;
- Recognising when audit objectives appear to become unattainable and reporting the reasons to DSE and the auditee;
- Representing the audit team in discussions with the auditee prior to, during and after the audit;
- Notifying the auditee of observations of non-conformities without delay;
- Reporting on the audit clearly and conclusively within the required time frames;

- Making findings available to the auditee to allow for improvements in its operations in areas of non-conformance with audit criteria;
- Reaching a conclusion on risk of harm to the environment;
- Preparing and issuing the draft Audit Report and scheduling a meeting with the specified parties to review the report; and
- Issuing and authorising the final Audit Report.

2.4.2 Audit Team Members

The audit team members are generally responsible for conducting the audit in accordance with this FAP Toolbox. Selection of the audit team will be undertaken by the Auditor.

The team members' responsibilities and activities include:

- Following the directions of, and supporting the Auditor;
- Acting in accordance with the health and safety requirements outlined in the HSE plan;
- Planning and carrying out the assigned task objectively, effectively and efficiently within the scope of the audit;
- Collecting, recording and analysing relevant and sufficient evidence to allow findings to be made and conclusions to be drawn regarding the audited criteria;
- Safeguarding documents pertaining to the audit and returning such documents to the Auditor as required; and
- Assisting in writing of the draft and final audit reports.

2.4.3 Department of Sustainability and Environment

The DSE has the overall responsibility for administering the FAP including ensuring that forest audits are carried out in accordance with the direction of the Minister.

Where required, DSE will utilise the design, structures and standards that are defined under Victoria's statutory environmental audit system (administered by the EPA), but retains overall control of the FAP.

Responsibilities and activities of DSE representatives leading the FAP include:

- Designing and periodically revising, the FAP;
- Promoting general awareness and managing overall communications about the FAP;



- Providing relevant information pertaining to selecting audit targets in accordance with the approved methodology;
- Issuing the Request for Proposal and selecting Auditor(s);
- On selection of audit targets, notifying auditees that are to be audited;
- Reviewing the audit plan including the HSE Plan;
- Contacting stakeholders including members of the public who may provide input to the audit process;
- Coordinating health and safety issues for community members who attend the Community Open Days;
- Organising information/orientation sessions for auditees and Auditors;
- Responding to inquiries from stakeholders regarding the FAP;
- Participating in audit meetings and activities, and attending field assessments where required to offer guidance to the audit team and auditee, discuss issues, and facilitate the consistent application of the audit process;
- Receiving and coordinating the review of the draft Audit Report;
- Distributing, as appropriate, the final Audit Report; and
- Facilitating the completion of audit CAPs and status reports (where applicable).

2.4.4 Environment Protection Authority

EPA Victoria administers and maintains the ongoing integrity of the environmental audit system by:

- Setting standards for environmental Auditors;
- Maintaining a list of suitable Auditors;
- Receiving, holding and reviewing final environmental audit reports prepared under the system.

A range of guidance relating to the conduct and reporting of statutory environmental audits has been prepared by the EPA and is available on their website www.epa.vic.gov.au.

2.4.5 Melbourne Water

Timber harvesting that occurs within four of Melbourne Water's catchments: Thomson, Tarago, the Yarra Tributaries and Bunyip is of special interest to Melbourne

Water. As the process of timber harvesting has the potential to impact water quality and supply, harvesting limits are set to prevent these situations occurring. Further, Melbourne Water conducts its own annual audits of coupes in catchment areas as part of its governance procedures.

Melbourne Water therefore has a vested interest in the scope, conduct and outcomes of the FAP and will liaise with DSE on its design as it relates to the relevant catchments. There is scope under the FAP for Melbourne Water to contribute additional support to the FAP in any given year to ensure that sufficient field assessments are undertaken in catchment-related coupes.

2.4.6 Auditee

The auditee is generally responsible for:

- Informing employees about the objectives and scope of the audit as necessary;
- Attending, as necessary, auditee information sessions regarding the FAP process;
- Participating in the FAP process as described in this toolbox;
- Providing the facilities needed for the audit team in order to ensure an effective and efficient audit process;
- Appointing responsible and competent staff to accompany members of the audit team, to act as guides during the field components of the audits and to ensure that Auditors are aware of health, safety and other appropriate requirements;
- Providing access to the applicable forest, personnel and relevant evidential material as requested and as required to carry out the audit;
- Reviewing matters of fact issues in the draft Audit Report; and
- Developing and implementing CAPs in response to audit findings, and providing DSE with CAP status reports.

2.4.7 Community Engagement

Parties that are not mentioned in the above sections (2.4.1 – 2.4.6) are considered external to the audit process, and are therefore will not participate within the defined roles of regulator, Auditor, auditee or audit team member.

The general community will be given the opportunity to learn about and participate in the audit process, with the mutual agreement of the Auditor, DSE and the auditee.

It is envisaged that this will comprise:

- Being advised by DSE of the nature and scope of any audits being conducted under Modules 3 - 7.



- Participating in Community Open Days as part of the field component of Module 5, which will allow community representatives to observe the audit of a coupe and engage with the audit team during the field inspection.
- Receiving and reviewing the outcomes of the audits undertaken through access to Audit Reports published by DSE, and any subsequent follow up presentations delivered to interest groups (as determined by DSE).

Each Community Open Day will comprise the following:

- Pre Site Briefing: to be held at a central location to be determined by DSE, to inform the participants on: health and safety requirements while on the coupe; the role of the Auditor; the skills of the audit team; and allocation of community representatives to an audit team member for the duration of the site visit.
- Site Visit: including travel to the relevant coupe where participants will be able to *observe* the audit process and direct questions to their designated audit team representative; and
- Debrief: to enable the Auditor to provide participants with feedback on coupe compliance and field observations; and to allow participants to direct any further questions toward the Auditor and/or audit team.

Participants may be required to sign a record of attendance at the commencement and end of the Open Day. DSE will coordinate health and safety issues for community members who attend the open day.

DSE will determine the location and attendance limits for each Community Open Day through consideration of health and safety, accessibility of the coupe and the level of community interest in the area to be audited. The number of Community Open Days held within any audit period will be at the discretion of DSE and will depend largely on which FMAs are included in the audit, the availability of resources and the harvesting lifecycle stage being audited. Community representatives will not be able to visit 'active' harvesting coupes for health and safety reasons.

DSE will select community representatives on a first-come, first-served basis, after making information available about the timing and location of such Community Open Days on the Department's website and any direct mailing made to stakeholders who have registered an interest in such events.

3 SELECTION OF AUDITOR(S)

The Environment Protection Authority (EPA) appoints environmental Auditors pursuant to Section 53S of the *Environment Protection Act 1970*. Environmental Auditors are appointed to carry out statutory duties pursuant to this Act (and other Acts), which may include audits on segments of the environment or conducting environmental audits of the risk to the beneficial uses of the environment associated with industrial processes or activities.

DSE is responsible for administering the FAP and will engage environmental Auditors to conduct specific audits as required.

Generally, environmental Auditors will be expected to bid for the Auditor role through a commercial, fee-for-service arrangement with DSE.

This will be done on the basis of:

- Written proposal submitted in response to a request for proposal issued by DSE;
- Presentation(s) or interviews; and
- Any clarifications submitted by the firm concerning the above.

Performance of bidders against the selection criteria will be assessed by DSE in consideration of value for money (including consideration of technical ability and quoted price).

3.1 GOVERNMENT PROCUREMENT PROCESS

In accordance with the Victorian Government's Procurement Procedures, DSE will issue a Request for Proposal (RFP) for the provision of audit services. Assessment criteria that may be considered by DSE in selecting service providers may include:

- Demonstrated ability to deliver projects and milestones on time and budget;
- Demonstrated understanding, identification and resolution of issues in previous environmental audit processes, and recognition of the importance of consultation;
- The Auditor's technical skills and relevance of auditing competency to forestry operations, and experience in stakeholder consultation;
- Demonstrated independence and integrity, and ability to ensure that audits are conducted in a manner consistent with the *Environment Protection Act 1970*;



- The technical skills and experience of the proposed audit team members, in relation to the following:
 - Forestry, Forest Science, Natural Resource Management or a related discipline;
 - Ecology and Victorian vascular and non-vascular flora;
 - Soils and Erosion;
- Conflicts of interest (actual or perceived); and
- Value for money.

3.2 AUDITOR ENGAGEMENT

Once an environmental Auditor is engaged by DSE to conduct the audit program pursuant to section 53V of the *Environment Protection Act 1970*, the Auditor is required to notify the EPA's Manager Environmental Audit within seven days of receiving the appointment.

Notification of a request to prepare an environmental audit report can be made using the notification form available from the forms section of the EPA website (www.epa.vic.gov.au/Forms).

4 SELECTION OF AUDIT TARGETS

4.1 PRIORITY ELEMENTS FOR THE FOREST AUDIT PROGRAM

The FAP includes gathering and examining data relating to the planning and conduct of timber harvesting operations.

As noted in Module 1, the selection process is to include consideration of 'priority' elements and 'other factors' which DSE may elect to focus on during a specified audit period.

At a whole-of-FAP level (that is looking at the whole forest life cycle explained in Module 1), DSE believes that there is a need to ensure that audits are undertaken annually on the following audit priority elements:

- Compliance with the Allocation Order;
- Timber harvesting operations' performance against the Code and other relevant regulatory requirements; and
- Regeneration and Coupe Finalisation.

Some of these elements require quite different levels of examination, including requirements for both desktop and field based investigations.

It may not be feasible to audit all available timber harvesting operations conducted in Victoria during an audit period, especially for audits that have a high field based investigation requirement. In light of this, the FAP will be undertaken on a sample basis, to allow the Auditors to draw conclusions on the compliance of such operations against the regulatory framework in addition to risk of harm to the environment.

The specified audit priority elements correspond to Modules 3-7 and Auditors will be selected by DSE to undertake the required tasks. Depending on Auditor availability and other commercial matters, it may be appropriate for DSE to contract multiple Auditors to undertake different audit elements in any given year, but this will be a decision made by DSE based on responses to any Request for Proposal.



4.2 TARGET SELECTION

4.2.1 Target Selection for Module 3 and Module 6

A specific target selection process is not required under Modules 3 and 6. There is an expectation for the Auditor to undertake an assessment at a broad or strategic level which may involve scrutiny at a Forest Management Area (FMA) or VicForests Operational Area (OA) level.

DSE will provide advice to the Auditors on the areas that are to be scrutinised for audits required under these modules.

A target selection methodology may be adopted for these modules for the purposes of selecting auditing case studies or to select particular coupes to review procedural matters.

This will be determined when required in negotiation between DSE and the selected Auditor.

4.2.2 Target selection for Module 4

DSE will provide advice to the Auditors on the areas that are to be scrutinised for audits required under this module.

A target selection methodology may be adopted for the purposes of selecting auditing case studies or to select particular coupes to review procedural matters.

This will be determined, when required, in negotiation between DSE and the selected Auditor.

4.2.3 Target selection for Module 5

Auditors engaged to undertake audits for Module 5 will select audit targets with consideration for pre-defined environmental risk factors and to maintain randomness. The selection process is intended to be efficient, repeatable, and transparent, whilst the incorporation of environmental risk factors meets the intent of statutory environmental auditing to assess the risk of any possible harm or detriment to a segment of the environment.

It is planned to have a mix of active and completed coupes forming the targets for the Module 5 field assessments with the final ratio determined by the Auditor in consultation with DSE.

To assist the Auditors, DSE will supply an unfiltered list of all forest coupes available for assessment during the audit period. This list will be referred to as the Master Coupe List and will correspond to the position in the forest life cycle of the coupes, to

ensure they are suitable for the type of audit that has been requested. The generated list would try to ensure that relevant activities had occurred during the period of time that was relevant to the audit period. For example, it would not be appropriate to conduct a Module 5 audit at coupes where harvesting has not yet commenced.

Sampling Intensity

In order to apply appropriate rigour to the audit process, DSE will try to achieve a sampling intensity to allow meaningful conclusions to be drawn on the success of operations against the management objectives. In any given year, this will be reliant on available resources.

Auditors will receive advice from DSE about the type of audits required and the number of coupes to be selected for audit. This advice will be based on consideration of the total resources available to the FAP and the anticipated cost per coupe figures provided by the Auditor during the Request For Proposal process. The Auditor and DSE will need to reach agreement on the adequacy of sample size prior to finalisation of any commercial contract.

Absolute Risk Rating

The Auditor will determine an absolute risk rating (ARR) for all potential audit targets based on the following environmental risk parameters for the Module 5 audits:

- Slope (S);
- Soil erosion hazard (SE);
- Silvicultural system (SS);
- Special land protection requirements (PR); and
- Compliance theme(s) (CT).

Details of these risk parameters are discussed in Annex A.

Each coupe in the Master Coupe List should be assigned an absolute risk rating (ARR) by multiplying the risk values obtained for each variable element as follows:

$$\text{ARR (coupe)} = S \times SE + SS + PR + \Sigma(\text{CT})$$

The ARR derived for each coupe is used to place the coupe into one of three relative risk groups (RRGs) as follows:

Low Risk	Moderate Risk	High Risk
< 9	9-14	>14



The total number of coupes to be assessed will be selected at random from across the State in accordance with an overall risk distribution as follows:

- 60% from the high RRG;
- 25% from the moderate RRG; and
- 15% from the low RRG.

The selection process places some bias towards selecting a larger number of targets from the high RRG. The incorporation of environmental risk parameters is intended as an interpretive exercise for identifying coupes with a higher potential for activities to impact the environment. For this reason, the results are not intended to represent a statistical analysis.

Within a three year cycle of the FAP, all Forest Management Areas within the state (where timber harvesting occurs) should have been included in the audit program, and additional target selection criteria may be stipulated at the discretion of DSE to achieve this goal.

Replacement of audit targets in consideration of geographic coverage, safety and resource use

Auditees should be given the opportunity to comment on issues (safety, availability, currency, access etc) regarding the coupes selected prior to starting the field activities. Issues raised will be addressed on a case by case basis.

Auditors will also be able to discuss the location of the audit targets with DSE to address issues of geographical coverage and situations where low number of target coupes may occur in remote and difficult to access areas. DSE will give consideration to excluding audit targets that represent a disproportionately large level of resource use, to ensure the efficient allocation of available audit resources across the FAP. It is not intended that this process will be used to achieve the most commercially-attractive mixture of coupes for Auditors, but rather DSE will only allow for one-off exclusions of the most isolated, and difficult to access coupes. To ensure transparency, decisions to replace coupes in the target selection process should be documented in the audit report.

Audit targets removed for any reasons should be replaced with an additional target, also selected at random.

DSE reserves the right to review the selection process after the first round of audits.

4.2.4 Target selection for Module 7

Target selection for Module 7 will be carried out in accordance with the directions provided in Section 5.2 of the DSE *Coupe Finalisation Procedures*, October 2008 and includes the following.

Regenerated coupes

Within each FMA the audit team must assess in the field, a minimum of:

- Ten percent of the regenerated coupes nominated by VicForests for finalisation where 50 or more coupes have been nominated; or
- Five coupes nominated by VicForests for finalisation, where between 5 and 50 coupes are nominated; or
- All coupes nominated by VicForests for finalisation, if less than 5 coupes are nominated.

Thinned coupes

Within each FMA the Audit Team must assess in the field, a minimum of:

- Ten percent of the thinned coupes nominated by VicForests for removal from the TRP where 50 or more coupes have been nominated; or
- Five coupes nominated by VicForests for removal from the TRP, where between 5 and 50 coupes are nominated; or
- All coupes nominated by VicForests for removal from the TRP, if less than 5 coupes are nominated.

Coupes selected for field assessment should:

- Proportionally represent the forest types of, and silvicultural systems used to harvest, the coupes nominated by VicForests for finalisation or removal from the TRP.
- Generally be greater than 10 hectares in area; and
- Otherwise be randomly selected.

4.2.5 Special Target Selection for Water Catchments

Based on discussions between DSE and Melbourne Water, it is likely that Module 5 (and possibly Module 7) audits will require a selection of coupes to be audited that are located within all or some of the catchments that supply water to Melbourne. Melbourne Water may elect to contribute additional resources to the FAP to ensure selection of additional audit targets within catchment areas.

Although additional coupes in water catchments may be selected on a different basis from other audit targets, once identified, these coupes should be treated and reported on in the same manner as other coupes assessed under Module 5.



5 PRESENTATION OF AUDIT FINDINGS

5.1 REPORTING REQUIREMENTS

The Auditor will prepare a complete audit report consistent with the requirements of EPA (2007) Publication No. 952.2 *Environmental Auditor Guidelines for Preparation of Environmental Audit Reports on Risk to the Environment*. The results of the report should identify both positive and negative findings and/or conclusions and report on the actual or potential risk of harm to beneficial uses of the segment concerned.

For the purpose of consistency between Auditors and audit years, all audit reports should include at least the following major headings:

- Executive Summary;
- Introduction;
- Audit Scope, including objectives, scope and period of the audit and audit criteria;
- Audit Approach, including target selection, documentation reviewed, site visits undertaken and risk assessment approach;
- Audit Findings presented by compliance element, including reference to evidence used to assess the audit criteria, data collected and evaluated, compliance/non-compliance and risk assessment evaluation;
- Conclusions/Recommendations; and
- Annexes, including charts, graphs, photographs and supporting documentation.

It is expected that the report will also make appropriate distinction between:

- Operations supervised by VicForests and DSE;
- Desktop and field-based assessment;
- Compliance elements and sub-elements nominated within each module being assessed; and
- Audit module, where more than one module is audited by the same Auditor.

The audit of each module will assess the compliance elements for potential non-compliance, and where identified, a risk assessment will be carried out on individual non-compliances or a group of similar non-compliance issues, in accordance with Section 5.2 herein.

The presentation of findings for each compliance element should aim to summarise the total number of non-compliances and the environmental impact risk levels identified during the audit. An example of a summary of compliance and risk impact for each compliance element is provided in Table 5.1.

Table 5.1 Example Summary of Compliance and EIA Risk by Compliance Element

Compliance Element	<i>Buffers</i>
Total Non-compliance	12
Total Compliance	29
Non-compliance EIA breakdown	
Severe	1
Major	1
Moderate	3
Minor	2
Negligible	5

5.2 RISK ASSESSMENT

Where an environmental audit of a complex activity such as forest harvesting is to be conducted, a risk assessment process can be adopted to assist in focusing the audit.

Risk assessment can be used within an environmental audit to:

- refine the scope to focus on issues of concern, and/or
- assess the risk of harm to beneficial uses.

Generally this would involve a process of hazard identification, analysis of risks and categorisation of the risks. During the audit of compliance themes and compliance elements within the modules, a risk assessment process should be adopted in line with the methodology proposed below.

5.2.1 Module 5

When considering a non compliance relating to the workbook compliance elements, its impact on the environment should be assessed using an environmental impact assessment method. The impact assessment is a two-step process based on the non-compliance observed at the time of audit. This process enables the impact to be qualitatively determined through consideration of the following factors:

- extent of impact or disturbance within the audit target;
- duration of impact or expected time for recovery; and
- environmental asset value.

These factors are described in more detail in Annex B.



It should be noted that the FAP is not intended to substitute for controlling individual harvester performance. This is provided for under the existing Timber Harvesting Operator Licence System, established under the Act and the subordinate regulations.

5.2.2 Modules 3, 4, 6 and 7

It should be noted that the methodology outlined above does not directly correspond with the remaining modules given the risk assessment will be at a broad or strategic level. The Environmental Impact Assessment tool discussed in Section 5.2.1 is not designed to assess the extent, duration or context of planning breaches addressed in the coupe planning, wood utilisation planning or planning of area exclusions and boundaries for flora and fauna focus areas of the audit.

In this situation, where a potential non-compliance has been identified, assessment of risk may also adopt the following classification strategy:

- Severe: poses a severe threat to human life, or irreversible or extensive impact to the environment.
- Major: poses a potential threat to human life, or significant impact to the environment.
- Moderate: poses a moderate impact to the environment.
- Minor: poses a minor impact to the environment, however further risk reduction opportunities exist.
- Negligible: poses no impact to the environment and/or provides for continuous improvement.



Annex A

Absolute Risk Rating Methodology

Absolute Risk Rating Methodology

Slope and soil erosion hazard carries an inherent risk to the stability of soils within the coupe. Steep slopes are more susceptible to erosion which could potentially affect water quality and road networks. Soils with a high erosion hazard are more likely to erode affecting potential for regeneration, water quality, stream flow and the road network. Management procedures and controls are enhanced for sites with greater slope or higher erosion potential.

Slope Risk (S)

Slope risk (S) values should be assigned as outlined in Table A.1.

Table A.1 Slope Risk Value by Class

Slope Class*	Slope Risk Value
<11°	1
11° – 18°	2
18° – 27°	3
>27°	4
* An average of all slope values	

Soil Erosion Hazard (SE)

The assessment of soil erosion hazard should be carried out on each coupe assessed during the Module 5 field assessment.

The hazard assessment is the product of two processes; soil erodibility and soil permeability. Reference should be made to the *Soil Erosion Hazard and Soil Permeability Assessment and Classification*, Forest Management Branch Forests Service, Department of Natural Resources and Environment, March 1999. The assessment within this reference uses a categorical point score system to determine a soil erosion classification of low, medium, high or very high.

The soil erosion hazard falls into the three classes: low, medium and high (including very high). These are assigned a soil erosion risk (SE) value of 1, 2 and 3 respectively.

Table A.2 Soil Erosion Hazard

Soil Erosion Hazard	Soil Risk Value
Low	1
Medium	2
High	3



Silvicultural System (SS)

Clear felling and thinning from above and below are the most common silvicultural systems employed in Victoria. Clear felling (including seed tree silvicultural systems) due to its nature is more likely to affect the environment and biodiversity. Coupes that have been clear felled are assigned a silvicultural system (SS) value of 2. Coupes where non-clear felling silvicultural systems have been employed are assigned an SS value of 1.

Special Land Protection Requirements (PR)

State forests are zoned according to sensitivity. The majority of forest harvesting takes place in the General Management Zone (GMZ), the zone with the lowest sensitivity. Coupes in the GMZ are assigned a protection risk (PR) value of 1.

Special Protection Zones (SPZ) and Special Management Zones (SMZ) are more sensitive, although some harvesting is allowed in SMZ zones. To recognise this sensitivity coupes that are affected by SPZ or SMZ are assigned a PR value of 2. Water supply catchments are also more sensitive and coupes that fall within specified catchment zones should also be assigned a PR value of 2.

If there is no reliable information regarding SPZ, SMZ or water catchments for a particular coupe is available, a default PR of 2 should be assigned.

Compliance Themes (CT)

In addition, the audit target selection may also incorporate compliance themes into the selection methodology. Compliance themes selected for audit focus will be determined by DSE annually. For each year of audit, one or more compliance themes may be adopted, typically from the following:

- Forest type;
- Coupe type (ie. roadline, commercial firewood);
- Special prescriptions (eg: salvage harvesting);
- Harvest season;
- Flora values (ie. rainforest, habitat trees);
- Fauna values (ie. threatened species, eg. leadbeater possum);
- District.

The compliance themes selected for inclusion in the applicable audit period are allocated a CT value of 1 with all other compliance themes assigned a default CT value of 0. More than one compliance theme can be selected during an audit period with the total number of compliance themes agreed upon by DSE and the Auditor.



Annex B

Environmental Impact Assessment Tool

Environmental Impact Assessment Tool

The objective of this annex is to describe the approach that should be adopted by the environmental Auditor during assessment of the environmental impact of non-compliance identified during the audit of Module 5.

When considering a compliance or noncompliance associated with the workbooks, the impact on the environment must be assessed using the Environmental Impact Assessment method as a guide.

The environmental impact is based on the following factors:

- Extent of impact or disturbance;
- Duration of impact; and
- Environmental asset value.

Extent of Impact or Disturbance (E)

The extent of the impact is measured as a relative percentage of the sampled area or length and defined as one of the following four categories:

- 0 – 10%
- 11 – 25%
- 26 – 50%
- >50%

A fifth category is used when the impact or disturbance results in a significant offsite effect where an area outside of the coupe boundary is adversely affected.

Duration of Impact or expected time to recover (t)

The duration of the impact is defined as the period in which the area will recover to pre-impacted levels. The impact period is defined by three levels as follows:

- Short Term, 0 – 12 months;
- Medium Term, 12 – 36 months; and
- Long Term, > 3 years.

The *Extent of Impact (E)* and *Duration of Impact (t)* form a risk matrix to determine an *Et* rating.



Table B.1 Determining the Extent/Duration of the impact

Extent (E)	Duration of Impact (t)		
	Short Term	Medium Term	Long Term
0 - 10%	A	C	F
11 - 25%	B	E	H
26 - 50%	C	F	I
> 50%	D	G	J
offsite	E	H	K

Environmental Asset Value (z)

The environmental asset value of the impacted area is defined by the relative resilience and resistance of the area affected, and the significance of the environmental value of the area, which may be characterised by its protection status within the Forest Management Zoning system or the Code of Forest Practice. The environmental asset value is divided into four categories;

- General environmental value;
- Filter or drainage line;
- Representative SMZ or SPZ, i.e. habitat corridors, landscape buffers and some linear buffers; and
- Specific SMZ or SPZ, i.e. for specific flora and fauna, rainforest buffers and riparian or streamside reserve buffers.

The *Et* rating and Environmental Asset Value (z) are applied in an additional risk matrix to determine an environmental impact assessment level for the non-compliance. The impact is categorised into five nominal levels as follows:

- Negligible (including areas of no impact) – impacts typically within marked harvest areas with a short duration of impact.
- Minor – impacts typically within marked harvest areas or filter strip with a short to medium duration of impact
- Moderate – impacts typically within marked harvest areas with a medium to long term duration of impact or impacts within filter strips, buffers or reserves with a short to medium term impact
- Major – impacts typically within marked harvest areas leading to a long term off-site impact or impacts within filter strips, buffers or reserves with a medium to long term on-site or off-site impact
- Severe – impact within buffers or reserves with a long term on-site or off-site impact.

Table B.2 Level of Environmental Impact

Environmental Asset Value (z)				
Et Value	General	Filter	rSPZ / LR / LB	sSPZ / RB / RF
A	Negligible	Negligible	Minor	Minor
B	Negligible	Minor	Moderate	Moderate
C	Negligible	Minor	Moderate	Moderate
D	Negligible	Moderate	Moderate	Moderate
E	Minor	Moderate	Moderate	Major
F	Minor	Moderate	Major	Major
G	Moderate	Moderate	Major	Major
H	Moderate	Major	Major	Major
I	Moderate	Major	Major	Severe
J	Moderate	Major	Severe	Severe
K	Major	Major	Severe	Severe

Note:

LR – Linear Reserve

LB – Landscape Buffer

RB – Riparian Buffer

RF – Rainforest Buffer

rSPZ – Representative Special Protection Zone

sSPZ – Specific Special Protection Zone

To assess the consistency of the Environmental Impact Assessment tool, the 2006 Audit reviewed the capacity of the model to evaluate a range of past and potential breaches. A range of examples were reviewed for a range of compliance elements or sub-elements and are shown in Table B.3.



Table B.3 Hypothetical noncompliance by compliance element.

Compliance Element/ element	Sub- element	Breach	Extent	Duration	Asset value	Assessed impact
Coupe planning		Not applicable				
Wood utilization planning (WUP)		Not applicable				
Landscape values		No landscape buffer along a major tourist route	Offsite	> 3 years	Landscape buffer	Severe
Water yield protection		Harvesting in a small proportion of coupe occurred outside the prescribed period	0-10%	0-12 months	Riparian buffer	Minor
Log landings and dumps		Ripping depth <0.4m and erosion	Offsite	> 3 years	Filter	Major
Camp maintenance areas		Hydrocarbon spill	26-50%	> 3 years	General	Moderate
Litter removal		Esky left on site	0-10%	> 3 years	General	Minor
Habitat trees		Insufficient numbers protected	> 50%	> 3 years	General	Major
Management of exclusion areas and boundaries – flora and fauna		Example 1: Fire damage outside the prescribed burn area	> 50%	> 3 years	sSPZ	Severe
		Example 2: Fire damage outside the prescribed burn area	26-50%	12-36 months	Filter	Moderate
		Example 3: Fire damage outside the prescribed burn area	Offsite	0-12 months	General	Minor
Reserved area protection - buffers		Section of buffer insufficient width	11-25%	> 3 years	Riparian buffer	Major
Reserved area protection - filters		Machinery entry into filter strip	0-10%	0-12 months	Filter	Negligible
Rainforest		Rainforest not marked on coupe plan but not harvested	0-10%	0-12 months	Rainforest buffer	Minor
Snig and forwarding tracks		Poor drainage & blading off	11-25%	12-36 months	General	Minor
Boundary tracks		Inadequate drainage	26-50%	> 3 years	General	Moderate
Roading		Roads damaged due to use during wet weather	11-25%	> 3 years	General	Moderate



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Appendix C FAP Module 4 Operational Planning



Forest Audit Program Toolbox

Module 4

Operational Planning



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FOREST AUDIT PROGRAM TOOLBOX



Module 1
Overview



Module 2
Audit Process



Module 3
Tactical Planning



Module 4
Operational Planning



Module 5
Harvesting and Closure



Module 6
Harvesting Performance



Module 7
Regeneration and Finalisation



1 MODULE 4 – OPERATIONAL PLANNING

1.1 INTRODUCTION

The planning and management of forest operations for timber production are critical elements in achieving the environmental outcomes encompassed under Victoria's regulatory framework.

A separate Forest Coupe Plan is prepared for each commercial timber harvesting operation undertaken in State forests, as identified in relevant Wood Utilisation Plans (WUPs) or Timber Release Plans (TRPs). Forest Coupe Plans specify operational requirements and utilise a range of reconnaissance information to inform content. This includes mapping and marking boundaries for specific measures taken to establish exclusions zones in proposed forest coupes to protect environmental or cultural values.

1.1.1 Objectives of Module 4

The objectives of this module are to assess:

- Whether processes undertaken in the development of coupe planning documentation consider legislative and regulatory requirements; and
- The effectiveness of these processes.

It should be noted that no specific compliance elements relate to this module, but rather it is an examination of the process (discussed further in Section 2 of this module).

1.1.2 Scope of Module 4

The module aims to provide users with the necessary information and tools to enable an audit of harvest planning activities, procedures and processes that enable the preparation of Forest Coupe Plans.

Excluded from the scope of Module 4 – Operational Planning is the audit of specific Forest Coupe Plans at the coupe level, since this is included in Module 5 – Harvesting and Closure.

1.2 STRUCTURE OF MODULE

Module 4 – Operational Planning includes:

- *Chapter 1 Introduction:* provides an introduction to the scope, objectives and structure of the audit module as part of the Forest Audit Program;
- *Chapter 2 Compliance Elements:* provide a list of elements or focus areas suitable for inclusion in the annual Forest Audit Program as part of Operational Planning;
- *Chapter 3 Audit Approach and Tools:* provides a preferred audit approach and methodology and supporting tools including the following Audit Workbooks; and
- *Chapter 4 References:* provides a description of the key regulatory documents supporting each of the Workbooks.



2 COMPLIANCE ELEMENTS

A Forest Coupe Plan must be prepared in accordance with the Code of Practice for Timber Production 2007 (the Code), and be consistent with provisions and prescriptions contained in the relevant Forest Management Plan and other relevant regulatory documents and guidelines.

There are no specific compliance elements applying to Module 4 – Operational Planning. Rather, this module focuses on examining the process(es) used to prepare Forest Coupe Plans.

In examining this process, the audit should consider, amongst other issues, the following:

- Is there a process in place to ensure that issues identified during the development of WUPs and TRPs are recognised throughout the coupe planning procedure and ultimately represented in Forest Coupe Plans?
- Is this process documented and implemented?
- Is a documented process in place for the approval of Forest Coupe Plans, and is this process followed?

2.1 LINKAGES BETWEEN TRP/WUP APPROVALS AND OPERATIONAL PLANNING SYSTEMS

The Forest Coupe Plans prepared for timber harvesting operations specify operational requirements at the coupe level. In addition to any formal requirements listed under the Code, the Forest Coupe Plans must also capture any conditions or modified prescriptions that were identified in the WUP/TRP approval process.

Both the DSE and VicForests prepare Forest Coupe Plans in accordance with established internal systems/processes. These processes have been developed to ensure the sufficient identification of hazards, and evaluation and control of risks associated with timber production.

It is the system and processes used by DSE and VicForests in developing Forest Coupe Plans (and an assessment of their effectiveness) that form the subject of Module 4 – Operational Planning.

Auditees may have management systems in place that are audited by an external third party auditor against specified management and performance standards, such as the Australian Forestry Standard (AFS) accreditation process. Those audit processes include consideration of elements that may have some overlap with the elements considered in this module, such as document control and training.

In considering audit efficiencies, auditors appointed to undertake work under Module 4 will be asked to work with auditees to identify areas of potential duplication. It will then be up to the auditor to determine whether any aspects of the accreditation audit(s) are appropriate for use as inputs into the Forest Audit Program (FAP).



3 AUDIT APPROACH AND TOOLS

Module 2 – Audit Process describes the FAP audit approach and methodology and should be read in conjunction with this module.

The audit of Operational Planning compliance elements will require:

- Sourcing of relevant information and evidence;
- Desktop assessment; and
- Completion of Audit Workbooks.

The performance of an Environment Impact Assessment for matters of non-compliance will not be possible in this audit and should be excluded from audit findings.

3.1 SUPPORTING DOCUMENTATION

Module 1 – Overview, and Module 2 – Audit Process should be read in conjunction with this module. Module 2 outlines a method for selecting audit targets, and provides guidance for preparing an audit report.

3.2 SOURCING INFORMATION AND EVIDENCE

Information should be collected through interviews, an examination of documents and observation of planning activities and tools. Instances of non-conformity of any audit criteria should be recorded.

Information gathered through interviews should be verified by acquiring supporting information from independent sources where possible, such as observations, records and results of existing activities or measurements.

3.3 DESKTOP ASSESSMENT

The assessment component of the audit program includes the review of planning related operations, review of documentary evidence and records, the Coupe Information System and interviews.

It is envisaged that the procedures for the assessment should include:

- Examination and review of legislative requirements, management prescriptions and procedures relating to the conduct of planning activities as they relate to the compliance elements;

- Review of relevant spatial and other databases;
- Review of information contained in the Coupe Information System (as relevant);
- Review of the coupe planning process from initial identification of a coupe, through the WUP/TRP process, detailed coupe planning and final development of the Forest Coupe Plan; and
- Interviews with DSE and VicForests managerial and technical staff.

3.4 AUDIT WORKBOOKS

This Module is supported by audit workbook(s) that have been prepared for each compliance element. The Audit Workbooks provide detailed instruction on audit methodologies where relevant.

Workbooks outline (where relevant) the audit criteria, associated regulatory prescription(s), audit protocol guides and audit methodologies.

Workbooks provided in Module 4 include:

- Workbook 4A: Planning Processes.

Auditors should record their audit findings in the Audit Workbooks along with supporting evidence and information. Audit findings should then be collated and presented in an audit report that is prepared in accordance with the requirements outlined in Module 2.



4 REFERENCES

Relevant references to this module include the following.

Legislation

Catchment and Land Protection Act 1994,

Code of Forest Practice for Timber Production, Department of Natural Resources and Environment, 2007.

Code of Practice for Fire Management on Public Land, Department of Sustainability and Environment, 2006.

Conservation, Forest and Lands Act 1987, 1987.

Environmental Protection Act 1970.

Flora and Fauna Guarantee Act 1988 (FFG Act),

Sustainability Charter for Victoria's State Forests, Department of Sustainability and Environment, 2007.

Sustainable Forests (Timber Harvesting) Regulations 2006.

Sustainable Forests (Timber) Act 2004.

Guidelines

Further Change to Timber Release Plan 2006-2011, 2009.

Further Change to Timber Release Plan 2006-2011, 2008.

Management Procedures for Timber Harvesting, Reading and Regeneration in Victoria's State Forests, Department of Sustainability and Environment, Victoria, 2009.

SOP: Coupe Commencement, Operations and Completion.

Wood Utilisation Planning Guidelines incorporating Timber Release Plan endorsement and approvals process, Department of Sustainability and Environment, 2005.

Management plans and prescriptions

Fire Salvage Harvesting Prescriptions 2009, Department of Sustainability and Environment, Victoria, 2009.

Management Procedures for Timber Harvesting and Associated Activities in State Forests in Victoria, Department of Sustainability and Environment, Victoria, 2009.

References

Action Statements for Communities of Flora and Fauna

Action Statements for Potentially Threatening Processes

DSE Guidelines for the review of a Timber Release Plan

Environmental Management System – State forests, Standard Operating Procedure (SOP) 3.1 Wood Utilisation Planning (WUP), Department of Sustainability and Environment, August 2009.

Silviculture Reference Manual No. 1 - Mountain Ash in Victoria's State Forests, Department of Sustainability and Environment, Victoria, 2007.

Silviculture Reference Manual No. 2 - High Elevation Mixed Species in Victoria's State Forests, Department of Sustainability and Environment, Victoria, 2009.

Silviculture Reference Manual No. 3 - Low Elevation Mixed Species in Victoria's State Forests, Department of Sustainability and Environment, Victoria, 2010.

Vic Forests Instructions: Timber Release Plan; Development, Endorsement and Modification, Vic Forests, 2005.



Annex A

Electronic CD

Workbook 4A: Planning Processes



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