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Forest management and certification: an overview of the requirements for forest certification in Australia and implications for forest management

Background

While it is clear that global demand for wood and wood products is increasing, there is little information regarding trends in global demand for certified forest products. However, manufacturers are increasingly identifying their products with information relating to sustainable forest management and consumers are becoming more aware of the issues associated with the production systems that deliver the wood and wood products they are purchasing. In response to changes in community perception, many forestry agencies and companies seek certification of their forest management practices under a recognised standard such as the Australian Forestry Standard (AFS) (2007) or the Forest Stewardship Council (FSC). The AFS is recognized under the Program for Endorsement of Forest Certification (PEFC).

Certification confers recognition that forest products have been produced in a manner consistent with the principles of sustainable forest management. In addition, downstream processors have established certification to various chain of custody schemes that aim to confirm the status of wood and wood products through to the consumer. The aim of certification is to demonstrate sustainable forest management and seek recognition through the implementation of an internationally recognised, transparent and independently verified management system.

This presentation will focus on the requirements of the Australian Forestry Standard, particularly with respect to management of native forests. It is from the perspective of one who has been involved in auditing forest management systems for a number of years. The aim is to provide a brief overview of the requirements for forest certification, explore the implications for forest management and identify some of the key issues associated with compliance.

Setting the scene

In Australia today, most businesses and agencies in the forest industry have established certified management systems. The scope of these systems is varied and some enterprises have certification to multiple standards. For example, some enterprises may be certified to the Australian Forestry Standard (AS4708:2007), Environmental Management Systems (AS/NZS ISO 14001:2004) and Safety Management Systems (AS/NZS 4801:2001). Others have established, or are seeking, certification with FSC and many, particularly plantation growers, are certified to both schemes. While certification is becoming a requirement for entry into certain markets, my experience is that buyers are yet to pay a premium for certified product. This is consistent with the FAO 2009 report, State of the World's Forests, which notes:

Certification provides access to markets where consumers prefer green products, but no price premium to cover the costs of certification. For many producers, access to the green market is

insufficient incentive for seeking certification, especially when there is demand for comparable uncertified products produced at a lower cost.

In the late 90s when forestry businesses and state agencies first adopted certified management systems (prior to the development of the Australian Forestry Standard), many went down the path of ISO 14001 EMS. This provided a framework for a management system with a focus on environmental management and introduced the role of stakeholders as a factor that required active engagement and consideration.

Requirements for stakeholder engagement are considerably stronger in both AFS and FSC. The early adopters of ISO 14001 rapidly became aware of the need for such engagement. It is clear that many organisations initially felt the requirements for certification were an additional encumbrance on business. A new management system was often accommodated simply as a mechanism for gaining or maintaining certification. There was often a failure to connect the management system that was on show for the auditor with the day-to-day activities associated with running the business. Organisations tended to focus on doing what they thought was necessary for gaining and maintaining certification, rather than integrating the processes into the business. It is not uncommon to find organisations with extensive but often superfluous documentation.

Organisations may seek certification for a variety of reasons. Some government agencies are required to be certified due to mandated requirements of government. Some forestry companies obtain certification as a means of gaining or maintaining access to certain markets, while others may seek certification in response to board requirements. Regardless of the reasons for certification, all organisations face the same dilemma: that is, understanding what is required in order to obtain and maintain certification and then developing a management system that meets those requirements.

Irrespective of whether the organisation seeks certification with the AFS or the FSC, all certified management systems will be subject to periodic audit by an independent, third-party auditor. Auditors are engaged by accredited certification bodies; that is organisations that have been assessed and determined by the certification scheme as capable of auditing against the requirements of the relevant standard.

The role of the auditor is to examine the management system and the manner in which it is being implemented to determine whether it meets the requirements of the respective standard. The audit will invariably involve an examination of the documentation that supports the management system, as well as an assessment of the effectiveness of the implementation of the management system. The auditor seeks objective evidence that the requirements of the standard are being met so the management systems designed to meet those requirements fall within the scope of the audit. The duration of the audit is determined by the requirements of the certification scheme, with more time required for larger or more complex organisations. The minimum requirements for audit duration for the AFS are described in JASANZ (2008) Procedure 26.

In instances where the auditor determines that the organisation is failing to meet the requirements of the standard, or that it is failing to follow the procedures that it has established, the auditor will record a non-conformance and require an action plan to address and rectify the deficiency. A significant failure to meet the requirements of the standard may lead to the suspension or withdrawal of the organisation's certification.

There is considerable similarity between the requirements of the AFS and FSC standards. This paper will focus on the requirements of the AFS, but in most cases the requirements of the FSC will be very similar. It is noted that the AFS is currently under review, and a revised standard is likely to be released later this year. This paper will focus on the current standard and flag some issues that are being addressed in the revised standard.

An overview of the requirements for forest certification

There are two initial requirements for certification of an enterprise: namely, a definition of the scope of the management system, and a description of the land and forests to which certification applies, that is the defined forest area or DFA.

The former is usually determined by the certification body, in consultation with the enterprise seeking certification. The scope is usually a brief statement providing a general description of the nature of the activities that are controlled and managed within the management system. For example, the scope for an enterprise may be 'Activities associated with the management of softwood plantations for production of pulp wood and saw logs.' The scope or capability statement is what appears on the certificate of the enterprise and provides a reference as to what the organisation does.

Certification schemes require the establishment of a policy statement that spells out the corporate commitment to (amongst other things) a systematic approach to forest management; compliance with applicable legislation; prevention of environmental harm; and continual improvement in management performance and forest management outcomes.

The management system that is developed to deliver this policy commitment is intended to guide and control the operation of the business and provide a framework for identifying and managing the associated risks.

A systematic approach to forest management:

1. The forest management plan

For certification, organisations are required to develop a forest management plan. This is a strategic plan that provides a description of the forest estate (or DFA) and the values to be managed as well as the scope and objectives of management. The plan will provide a description and rationale for the silvicultural regimes that will be applied to the forests as well as a rationale for the annual harvesting rates. It will also describe or make reference to the relevant operating conditions and controls for specified activities.

The forest management plan will also identify applicable legal and other requirements relevant to the operation of the business and identify and assess the significance of specific aspects and impacts of activities relevant to the requirements of the standard. These complementary processes help the organisation determine risks and establish relevant management objectives and targets for managing those risks and drive continual improvement in business performance.

The forest management plan will also establish processes for monitoring the impact of activities relevant to the forest management requirements of the standard.

Organisations seeking certification are required to facilitate and encourage meaningful engagement of stakeholders in the development of the plan. In addition, they are required to make the plan (or at least a summary of the plan) and reports on its implementation

publicly available, together with summaries of independent surveillance and certification audit reports.

2. Implementing the plan

In addition to the strategic forest management plan, the organisation seeking certification is required to develop operational plans and procedures that aim to ensure that forest management activities comply with the various controls, guidelines and codes of practice relevant to the full range of forest management activities.

The organisation is also required to define the roles and responsibilities of staff and contractors and to ensure that there is capacity to implement the management system. In doing so, the organisation needs to ensure that staff and contractors have the necessary skills and competencies to carry out the various functions and assist the organisation in the achievement of its objectives and targets.

Logically, the organisation will need to establish procedures for communication and documentation and demonstrate that these procedures are being followed. Documentation requirements necessarily include provisions for the production and control of various records. Communication processes in large organisations can be quite complex and well-run organisations maximise the efficiency of meetings and reporting processes, with well-defined purposes, schedules, agendas and templates for recording minutes (including actions, responsibilities and timeframes).

Documentation procedures should aim to ensure that relevant system documents are clearly identified, secure and accessible. While the standard does not prescribe requirements for periodic review of system procedures, many organisations allow a review at any time to ensure that any documented procedure accurately reflects current practice and that it clearly describes how things are being done. Flow charts can also be an effective way of describing and communicating procedures. Where a procedure leads to the development of a record, the procedure should make it clear who needs to see that record and where it will end up.

Finally, the organisation will need to identify and assess a range of potential emergency situations and develop contingency plans to respond to and manage accidents and emergency situations should they occur. The standard requires that these plans are periodically tested.

3. Monitoring performance

Consistent with any good business management practice, the standard establishes a hierarchy of monitoring processes. At an operational level, the organisation is required to establish procedures for:

- i. Checking that management plans comply with legislation, codes of practice and any other relevant controls
- ii. Monitoring and auditing forest operations to ensure that performance requirements are being met.

These requirements are usually achieved through the development of detailed planning templates with reference to relevant controls, and the development of checklists to assist with a rapid assessment of operational performance requirements. Such routine monitoring is usually undertaken by operational staff and supervisors, and is done on a regular basis to

identify any deficiencies in performance and ensure that they are addressed in a timely manner.

In recent years, new tools and technologies have been developed to facilitate a range of monitoring processes. In particular, GPS and GIS technology, supported by applications on handheld devices, enables accurate and efficient data capture and transfer.

There are also requirements for routine monitoring and evaluation of the outcomes of forest management that aim to detect deficiencies in forest management performance and to ensure timely remedial actions. In practice, this means having a sufficiently robust system to detect deficiencies when they occur, determine the reason for the deficiency, apply any measures necessary to rectify the situation in the short term, and implement changes to the management system itself to prevent that situation from recurring.

The skill here is having a management system with the capacity to identify and detect weaknesses in management performance and apply the appropriate safeguards. As many of the requirements of the standard relate directly to legal compliance, it is essential that the organisation is fully aware of what the compliance requirements are and has an understanding that any failure to meet such requirements is likely to have a bearing on the credibility of its certification and the public perception of the organisation.

Finally, there is also a requirement that the forest management system is periodically audited with respect to compliance with planned arrangements. While the standard may not specify that such an audit should be carried out internally, my experience is that internal audits are more effective where the audits are undertaken by staff with an intimate knowledge of the processes being audited. The term, planned arrangements, refers not only to the requirements of the standard but also the requirements of the procedures or processes described within the forest management system itself. It is therefore quite critical that the organisation has procedures that accurately describe current practice.

Innovation and improvement are concepts fundamental to the corporate commitment to continual improvement established at the policy level. Organisations should aim to sponsor and stimulate innovation. The management system needs to be responsive to detecting such improvements in the organisation when and where they occur, assess their value and relevance and embed them into the management system as part of the 'business-as-usual' model.

4. Periodic review

The standard requires periodic review of the forest management system to ensure its continuing effectiveness and to drive continual improvement in forest management. In practice most organisations have established an annual review framework that is supported by a range of processes that monitor and report upon progress towards the achievement of corporate objectives at different levels within the organisation. This frequently involves monthly or quarterly meetings which communicate such progress.

The aim of the review is to ensure:

- i. The continuing suitability, adequacy and effectiveness of the management system
- ii. Continual improvement in management performance.

The review considers information derived from the results of auditing and monitoring activities, as well as changes to the system that have been developed in

response to any deficiencies that have been identified. Specifically, the review provides a framework for assessing corporate performance with respect to the achievement of its objectives and targets and determining any necessary changes to its objectives.

Experience has shown that the more effective management systems are those that have:

- i. an effective approach to identifying and rectifying any non-conformance
- ii. a robust and effective internal audit framework
- iii. effective management review processes.

In summary

In simple terms, the development and implementation of a management system means building a systematic approach to identifying risks; establishing objectives and targets to drive improvement; planning what is to be done; describing the processes involved; getting on with the job; monitoring performance and periodically reviewing the whole show to make sure that things are going according to plan.

The management system is underpinned by the policy commitment to continual improvement and provides mechanisms for making changes where necessary to drive such improvement.

The key message is that the management system should establish a framework for identifying the risks associated with the business and managing those risks.

Considerations and discussion

I have identified a number of issues that I believe warrant discussion. Before I discuss these, I have deliberately avoided an elaboration of all the requirements of the standard as most requirements deal with matters that are adequately addressed through compliance with various codes of practice. These codes aim to deliver a range of legal requirements with respect to forest management. For example, the standards clearly articulate requirements for protection and maintenance of biodiversity values, soil and water, forest health and vitality, and management of pests and weeds etc.

The issues I have identified are raised for the purpose of furthering understanding of specific requirements. They include:

- Stakeholder engagement
- High conservation value forests
- Carbon and greenhouse gases
- Illegal activities
- Mining
- Safety
- Sustainable forest management.

1. Stakeholder engagement

The standard requires engagement with stakeholders at a number of levels. At the highest level, the organisation needs to consider and respect the views of stakeholders in the development of the forest management plan. The standard specifically requires consideration of indigenous input.

At the operational level, the organisation also needs to consider the interactions between forest operations and the wider community, including neighbours who might be affected by those operations.

Clearly these two levels of stakeholder engagement are quite different. The standard also requires the organisation to employ appropriate mechanisms to resolve disputes and grievances. The auditor is likely to look for evidence of the kinds of complaints that are being raised, the type of response that the organisation gives and the effectiveness of that process in addressing the complaints.

Organisations are required to demonstrate how they encourage and facilitate meaningful engagement. It is clear that there are diverse views amongst members of the community, particularly with respect to management of native forests. In some instances, key stakeholder organisations have publicly expressed their opposition to any utilisation of native forests for timber production and have actively supported campaigns to end wood production from these forests. The challenge for any organisation is in working out the extent to which it takes such views into account, and how those views are considered in the development of the forest management plan.

A notable difference between AFS and FSC is that the former requires stakeholder engagement in forest management whereas the latter seems more interested in the certification process

2. High-conservation-value forests

The concept of high-conservation-value (HCV) forests is not defined in the Australian Forestry Standard, but the protection and maintenance of significant biodiversity values is clearly integrated throughout the standard. HCV is dealt with quite differently under the FSC.

In either case, the presence of HCV forest is not intended to preclude sustainable management of the forest: quite the contrary. In PNG, for example, there are significant forest reserves where the whole estate is assessed under FSC as HCV forest. Timber production is carried out in a way that does not diminish the values of the forest. In Australia, though, we seem to have developed a community understanding that any utilisation of native forests for timber production is not compatible with HCV forests. It is probably fair to say that the community at large believes that harvesting trees from native forests is detrimental to the maintenance of conservation values. This is largely because the concept of sustainable forest management is poorly understood. It is not difficult to find folk who believe that all native forests should be quarantined from timber production and that we, as a community, somehow benefit when native forests are formally dedicated as reserves.

In an address to the Tasmanian Legislative Council last year, Mr Graham Wilkinson, Chief Forest Practices Officer for the Tasmanian Forest Practices Authority, provided a frank and accurate assessment of the perverse outcome that is being achieved by our political leaders in their attempts to placate community concern regarding the management of Tasmania's native forests (LCC 2012). The full transcript is readily available, but some key points are restated here:

- all forest has conservation value, so this notion of identifying forests as high conservation value is a nonsense; they all have value

- the issue is how we manage them at a reasonable cost to society, what the benefits are that we can extract from those forests and how we can minimise any detrimental impact on those values. From the point of view of an auditor examining the forest management practices of an organisation, what is needed is science-based justification of the silvicultural practices that are being applied.

This too, is well-covered in Mr Wilkinson's address.

I believe that this is an issue that warrants greater public awareness and understanding. We need to get quite removed from the emotive media coverage and alarming footage of apparent forest destruction that is associated with some management practices and build a greater understanding of just how our society and its support systems work

3. Carbon and greenhouse gases

The requirements of the current standard with respect to carbon and greenhouse gas emissions are relatively simple. The standard simply requires that the forest manager acknowledge the forests' capacity to act as a net carbon sink and demonstrates a commitment to minimising greenhouse gas emissions.

It is understood that the next version of the Australian Standard for Sustainable Forest Management is likely to include a quantification of the carbon accumulation within the forest estate. This may be quite problematic for some forest managers. While a range of tools may be available, the reliability of these tools to provide an accurate estimate of carbon at the forest level has been questioned. Moroni (2012) provides a succinct appraisal of aspects of forest carbon management in Australia.

Landscape C storage must be properly and accurately estimated, in so doing the full range of forest productivity on the landscape, natural disturbances and anthropogenic changes to forest landscapes must be properly represented and their effects on landscape C storage accounted for.

4. Illegal activities

The standard requires the forest manager to take appropriate action to constrain unauthorized or illegal activities. Illegal activities range from recreational vehicle use and illegal dumping of rubbish through to illegal harvesting or theft of forest products. While many organisations clearly do the best they can to constrain illegal activities, the effectiveness of their efforts is often hampered by the nature of the forest landscape and government-imposed requirements to provide almost unfettered public access to that landscape.

It is clear that responsibility for control of unauthorized or illegal use of the forests depends on effective strategic alliances with relevant government agencies and regulatory authorities.

5. Mining

There are a number of situations in Australia where mining operations are being undertaken within a forest landscape. These range from small-scale activities such as the winning of road base and gravel from small quarries, through to large, landscape-changing activities such as bauxite mining in Western Australia. The 'new kid on the block' is the coal-seam gas industry that is rapidly getting underway in Queensland and New South Wales. The standard requires the forest manager to 'allow exercise of existing legal or traditional uses of the forests to continue.' The issue is that the standard relates to the sustainable management of forests within the defined forest area. The decision to allow mining in the forest estate is invariably outside the control of the agency responsible for managing the forest for wood production.

In terms of sustainable forest management, the long-term impact of mining activities on the productive capacity of the forest (and any implications for certification) is yet to be assessed.

6. Safety

The standard requires the forest manager to foster a safe working environment and comply with relevant occupational health and safety legislation. From an auditing perspective, the auditor is confronted with a vast array of safety-related considerations that need to be incorporated into the audit plan, but this requirement of the standard presents the organisation with nothing more exacting than meeting its existing regulatory requirements. While not every state has subscribed to the national harmonisation of safety laws, the fundamental safety requirements are now more consistent Australia-wide.

7. Sustainable forest management

While forest management systems aim to achieve sustainable forest management and continual improvement in management outcomes, there is frequently little objective information available to provide an accurate evaluation of the long-term impacts of forest management on the forest landscape and on those communities and industries that live and work within the forests or are otherwise dependent on the forests for their livelihood.

The concept of sustainability is often considered primarily in terms of environmental or ecological impacts and outcomes. The economic and social aspects of sustainability are frequently less-well understood despite the fact that the standards have criteria aimed at demonstrating support for regional communities and industry as well as frequent references to social and economic considerations.

At the strategic planning level, the organisation is required to develop a forest management plan that, amongst other things, describes its anticipated yield and the rationale for its harvesting regime. Any estimate of sustained yield is likely to be developed through a process that considers, amongst other things, the nature, extent and condition of the forest estate, its productive capacity and its anticipated markets. Some concern has been raised by stakeholders that forestry organisations, particularly those managing large public native forests, have at times been harvesting the forest at a rate that exceeds the

sustainable yield. Clearly, forestry organisations need to have the flexibility to respond to changes in market conditions and other events such as fire or cyclone damage.

This issue was addressed very effectively by Emeritus Professor Ian Ferguson AM in his 2012 report regarding the operations of Forestry Tasmania with respect to sustainable yield. He states:

In Australian forestry, sustainability is normally measured and expressed in terms of the 'sustainable yield'. The term 'sustainable' probably in part owes its origins to an earlier inquiry (Ferguson 1985) in which I drew a distinction between the then widely used term 'sustained yield' and 'sustainable yield'. The former implied a rigid target to be achieved. The latter implied a potential level, not necessarily a value that had to be attained, but one that should not be exceeded over the long term. The point being that sustainability is not prescribed by a single immutable value in the case of wood production, or indeed other uses (Ferguson 1996).

The full report is worthwhile reading by anyone requiring a clearer understanding of this issue, particularly the consideration of social and economic factors when developing models for assessing sustainability.

One thing is for certain: the agencies across Australia commissioned to manage our native forests for timber production have undertaken extensive research and continue to develop refinements to the silvicultural practices appropriate to the management of our native forests.

The potential impacts of climate change are being investigated and, while the models herald significant change, the implications of these changes have yet to be factored in to the long-term productive capacity of our forest landscapes.

Conclusion

Enterprises seeking to establish or maintain certification should focus on the development of a business as usual model, where the requirements of the standard are seamlessly embedded into a business management system. The system needs to deliver continual improvement of forest management practices and outcomes, based upon objective evidence derived from long-term monitoring of the impacts of forest management on the forest estate.

A certified forest management system will go some way to demonstrating that the activities of the organisation are being conducted in a manner consistent with the principles of sustainable forest management.

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