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1. Introduction

Queensland Commodity Exports Pty Limited (QCE) sources plantation logs from plantation owners within South-East Queensland (SE QLD) and Northern New South Wales (NNSW) as well as plantation pine woodchips from local sawmill processors in South-East Queensland. The material sourced is either certified FSC 100% or is controlled material.

- Softwood plantation material sourced from SE QLD is predominately sourced from HQ Plantations forest. HQ Plantations hold FSC Forest Management certification (FSC licence code: FSC-C107541). Certification information is available at <http://www.hqplantations.com.au/stewardship.html>.
- Where demand requires, softwood plantation material may be sourced from Forestry Corporation New South Wales and/or other private forest growers in NNSW or SE QLD. This material is managed as 'controlled material'. Information available at: Information about Forestry Corporation NSW is publically available at <http://www.forestrycorporation.com.au/management/sustainable-forest-management>.
- Hardwood plantation material is sourced from a forest manager, SFM Environmental Solutions Pty Ltd in both SE QLD and NNSW. This material is managed as 'controlled material'.
- Hardwood plantation material may be sourced from other private forest growers in both SE QLD and NNSW. This material is managed as 'controlled material'.

QCE has conducted a risk assessment of supply as part of the verification program for controlled wood sources under FSC-STD-40-005(V2-1) EN. Since FSC Australia have published an FSC accredited national (Annex 2) risk assessment there is already a determination of low risk for Queensland at the annex 2 level for four of the controlled wood criteria, and a determination of an unspecified risk for HCV.

Given that the risk assessment determined an unspecified risk for HCV a verification process according to FSC-STD-40-005(V2-1) EN Annex 3 verification needs to be carried out. The Annex 3 verification is focused on High Conservation values (HCV) only. In order for the wood to qualify as controlled wood this verification needs to confirm that suppliers have a strong system of control for HCV at all stages of their operations.

This verification process has been updated to be consistent with FSC-DIR-50-005EN ADVICE-40-005-14

<https://ic.fsc.org/download.fsc-dir-40-005-en-fsc-directive-on-fsc-controlled-wood.a-720.pdf>

and FSC Australia guidance on controlled wood implementation

<http://au.fsc.org/guidance-on-controlled-wood-implementation.265.htm>

QCE completes an annex 3 risk assessment on HCV for its suppliers using the High Conservation Values (HCVs) evaluation framework from FSC Australia as the benchmark. (FINAL V3-4)

<http://au.fsc.org/download.high-conservation-values-evaluation-framework-final-v3-4.231.htm>

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2. Assessment & Evaluation of the HCV control system

Depending on the supply arrangement, QCE takes physical ownership of the wood at either the QCE mill gate or at the tree stump. A supply agreement between QCE and the supplier warrants that the supplier will meet requirements for legal ownership and regulatory compliance. In Queensland undertaking a forestry practice is legislated as requiring a Development Approval under the Sustainable Planning Act 2009. Additionally there is a legal requirement for a Harvesting Plan that, as a minimum, complies with Forest Harvesting – Code of Practice 2007. In NSW undertaking a plantation forestry practice is legislated under the NSW Plantations and Reafforestation Act (1999) and the NSW Plantations and Reafforestation (Code) Regulation (2001). For Forestry Corporation NSW originating supply activities are managed by the Forest Practices Code – Part 1 Timber Harvesting in Forestry Corporation NSW Plantations.

Normally a supplying company will self-harvest or use a harvest contractor. Larger companies have their own procedures to cover HCV, and may carry other certifications. Some are FSC certified (therefore out of scope for controlled wood certification), and a small percentage is sourced from small farm forest type plantations.

In Queensland all harvest areas may be audited by officers of the Queensland Department of Environmental Management or local councils to ensure compliance against the Development Approval granted under the Sustainable Planning Act (2009) and also by the Department of Justice and Attorney-General - Workplace Health & Safety Queensland unit for compliance with the State's Forest Harvesting – Code of Practice 2007. In NSW harvest areas may be audited by officers of the NSW Department of Primary Industries - Agriculture to ensure compliance with the NSW Plantations and Reafforestation Act (1999).

HCV 1. Forest areas containing habitat for national or state-listed threatened species or species of high significance.

Private suppliers are required to make a grower declaration in the Verification of Origin declaration, and QCE, or the supplier, assesses HCV issues for the wood supply using publicly available information from a variety of sources including :-

- 1) Queensland Department of Environment and Heritage Protection;
- 2) Queensland Department of Natural Resources and Mines;
- 3) Queensland Department of State Development, Infrastructure and Planning;
- 4) NSW Office of Environment and Heritage
- 5) NSW Department of Primary Industries – Agriculture
- 6) Forestry Corporation NSW and the
- 7) Commonwealth Department of Sustainability, Environment, Water, Population and Communities.

HCV 2. Forest areas containing large landscape level forests, contained within, or containing the management unit, where viable populations of most, if not all, naturally occurring species exist in natural patterns of distribution and abundance.

These are mainly small and disparate plantation areas on farmed land and therefore not in areas of concern. In Queensland officers of the Queensland Department of Environmental Management or local councils ensure compliance against the Development Approval granted under the Sustainable Planning Act (2009). In NSW officers of the NSW Department of Primary Industries – Agriculture ensure compliance with the NSW Plantations and Reafforestation Act (1999).

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National parks, state parks, conservation reserves and state forests are often near or adjoining many large plantations while smaller plantations are often surrounded by farmland. Plantations generally occupy a small percentage of the landscape. Any issues that could impact on the landscape are noted in the harvest plan. For example the harvest plan may include access restrictions avoiding crossing native forest areas. Large forest managers such as Queensland National Parks and the Queensland Department of Environment and Heritage Protection and NSW Office of Environment and Heritage are notified of operations and consulted where operations could potentially affect forest or park values.

HCV 3. Forest areas that are in or contain rare, threatened or endangered ecosystems.

Private suppliers are required to make a grower declaration in the Verification of Origin declaration, and QCE assesses HCV issues for the wood supply using public information overlays and publicly available information from the sources described under HCV1 above.

Officers of the Queensland Department of Environmental Management, NSW Office of Environment and Heritage, or local councils assess compliance with provisions relating to conservation of biodiversity including protection of native vegetation within and adjacent to the harvesting area.

HCV 4. Forest areas that provide basic services of nature in critical situations such as slope, erosion control, water catchment.

Private suppliers are required to make a grower declaration in the Verification of Origin declaration, and QCE assesses HCV issues for the wood supply using public information overlays using publicly available information from the sources described under HCV1 above, including the presence of water catchments for urban and rural drinking water either surrounding or adjacent to plantations

Officers of the Queensland Department of Environmental Management, NSW Office of Environment and Heritage or local councils assess compliance with provisions relating to drainage, protection of soil and water quality. Permits or other approval requirements apply for instances such as a designated water course.

HCV 5. Forest areas fundamental to meeting basic needs of local communities (water, food, firewood, shelter, income) with no readily available alternative.

The provisions of HCV5 are not applicable in this situation since the wood supply is from private land, and no one relies on these forests for fire wood or shelter.

HCV 6. Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities)

Private suppliers are required to make a grower declaration in the Verification of origin declaration, and QCE assesses HCV issues for the wood supply using publicly available information from the Queensland Department of Aboriginal and Torres Straits Islander affairs, the Queensland Department of Environment and Heritage Protection, the NSW Office of Environment and Heritage and the NSW Department of Aboriginal Affairs.

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3. Procedure for verifying the supplier's at the Annex 3 level.

Controlled Wood Verification Program

Controlled Wood verification audits conducted by QCE may include the following controlled material suppliers, if supply has occurred:

- Private suppliers from SE Queensland
- Private suppliers from Northern NSW.
- Forestry Corporation NSW

For all suppliers including private growers detailed records are kept of supplying blocks and these are made available to FSC auditors.

QCE has adopted the FSC Australia Annex 2 risk assessment. It identified low risk for all controlled wood categories except HCV (3.1 and 3.2) which was undetermined at all IBRA bioregions in Australia.

Therefore QCE completes an annex 3 risk assessment on HCV for its suppliers using the High Conservation Values (HCVs) evaluation framework from FSC Australia as the benchmark. (FINAL V3-4) <http://au.fsc.org/download.high-conservation-values-evaluation-framework-final-v3-4.231.htm>

Under this approach there is verification that appropriate 'tools' have been used to satisfy the 6 classes of HCV. The assessments have been completed for suppliers using the evaluation framework. Under this there is verification that appropriate 'tools' have been used to satisfy the 6 classes of HCV, for example publically available ecological maps of rare/threatened/endangered species and ecosystems for HCV 1 and HCV 3.

In the Annex 2 risk assessment (Doc 419) under items 3.1.1 and 3.1.2 risk are classified as undetermined. Therefore the onus is on the supplier to demonstrate a strong system of control that QCE can confirm in their verification audits. The system of control for each of the suppliers is set out in detail in this document (above).

Stakeholder consultation

QCE has developed a stakeholder consultation process including NGOs and local indigenous representatives. On an annual basis these stakeholders are consulted on the verification program. Where issues are raised these are taken into account if possible and practical.

Auditor training

The employee conducting field verification audits has had appropriate training against the requirements of the FSC Australia HCV framework. Training records are kept.

Audit timing

Audits will occur at a timing that prevents uncontrolled wood passing through the supply chain. In practical terms this means audits will be on active harvesting blocks just before or just after the wood is harvested.

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4. Sampling program for FMUs

The Systems and Compliance Manager and/or the Management Systems Officer shall co-ordinate the Annex 3 verification program.

The method for selecting samples for the Annex 3 program is as follows:

1. Collate list of 'Controlled material' supplied to the company for relevant supply period (eg. annual). The list shall separate and/or exclude FSC 100% and FSC Controlled Wood supply.
2. Allocate 'Controlled material' wood supply to its FMU.

The definition of an FMU is:

"A clearly defined forest area with mapped boundaries, managed by a single managerial body to a set of explicit objectives which are expressed in a self-contained multi-year management plan.

The term 'management plan' is key and taken as equivalent to that which is described in FSC Principle 7."

3. Group the FMUs into 'sets of similar FMUs'.
See FSC-STD-40-005 Annex 3 A General Requirements 1. 1.7.
4. Calculate required number of samples.
See FSC-STD-40-005 Annex 3 A General Requirements 1. 1.8.
5. Select required number of random samples for each FMU as calculated.
6. Schedule an audit of each FMU on the Audits module of the Management System database, and update Doc 849 'Internal Audit Program'.
7. Issue the audit to trained auditor for completion.

Refer to Doc 849 for determination of sample intensity.

Doc 849 - FSC-STD-40-005 Annex 3 Verification Audit

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FMU	Manager	Districts	Bioregion	No. Blocks	SLIMF	Sets of Similar FMUs	No. FMUs in Set (y)	Sample Formula	Sample Intensity
1	1	SE QLD, NNSW	South Eastern Queensland	4	No	Set-1	4	$x = 0.8 \cdot \sqrt{y}$	2
2	2	SE QLD	South Eastern Queensland	1	No				
3	3	SE QLD	South Eastern Queensland	1	No				
4	4	NNSW	South Eastern Queensland	1	No				