

The image shows a multi-level office space. On the left, a wide, light-colored wooden staircase with a vertical slat railing leads up. Several people are sitting on the steps. To the right, a glass-walled office area is visible, with desks, computers, and people working. The ceiling features exposed wooden beams and modern lighting fixtures.

Australian Forestry Standard Limited

Annual review of activities 2014-15



AFS/01-10-01



PEFC
PEFC/21-1-1

Foreword

Richard Stanton: an extraordinary legacy

IT is with great sadness that I write the foreword to the 2014-15 Australian Forestry Standard Limited Annual Review of Activities.

As all are aware, Richard Stanton, the AFS Ltd National Secretary, died tragically in a bicycle accident in January this year. This was an immense shock to both myself, AFS staff and directors, and indeed the entire forest and forest products industry.

Richard's contribution to the Australian and international forestry and forest products sector for nearly 30 years was

immense and his contribution will be sadly missed.

Looking at the extraordinary achievements of AFS Ltd this year, especially the successful PEFC re-endorsement, the Board is indebted to Richard for his hard work and endeavours in providing this legacy. Richard left AFS Ltd in a sound technical and financial position, an amazing accomplishment when considering the position of AFS Ltd when Richard started only a few years previously. We can only thank him for this.

On a brighter note, Simon Dorries took over the role of national secretary/chief executive officer in May 2015. Simon has come to us from the Engineered Wood Products Association of Australasia where he held a variety of positions, including the position of general manager for nine years.

Simon is well known to the Australasian and international Industry and has a strong background in standards development, technical development and promotion, product certification and quality control. He will bring a

new enthusiasm and vision to AFS Ltd and can only build on the legacy left by Richard Stanton.

Finally, I wish to thank all AFS Ltd staff and directors for their hard work and dedication during the year, especially in difficult times.

The achievements of AFS Ltd this year are a compliment to the dedication of all staff and directors.

– KATE CARNELL
AO, Chair, Australian
Forestry Standard Ltd



Introduction

Australian Forestry Standard Ltd (AFS Ltd) is a not-for-profit public company that promotes the sustainable management of Australia's forests and traceability of wood products through its management of the Australian Forest Certification Scheme (AFCS).

At the heart of the AFCS sit two Australian Standards® and in order to manage the Scheme effectively, AFS Ltd is a Standards Development Organisation accredited by the Accreditation Board for Standards Development Organisations (ABSDO) to develop and maintain Australian Standards® within its scope

of accreditation.

AFS Ltd is the Australian member of the Program for the Endorsement of Forest Certification (PEFC) and the AFCS is one of 30 national forest certification schemes endorsed by the PEFC.

Each year, AFS Ltd publishes an

Annual Review of Activities to inform its members, stakeholders and the general public of progress in administering the AFCS.

This review covers the period 2014–15 and was presented to members at the Annual General Meeting of AFS Ltd in Melbourne in October 2015.



Contents

Australian Forest Certification Scheme	4
Review of Activities 2014-15	6-11
Certification	6
Forest management certification	6
Chain of custody certification	6
Accredited certification bodies	7
Standards and Accreditation	8
ABSDO	8
PEFC	8
Standards Review	9
Communications	9
Finance and Administration	10
Membership	10
Governance	10
Finance	10-11
Management and Staff	11

AFS board members

Kate Carnell AO

Alison Carmichael

Craig Dunn B.A. (Hons), MMktg

Dr Hans Drielsma B.Sc. For
(Hons), M.F.S., M.Phil., Ph.D., FAICD

Colin Fitzpatrick

Suzanne Little

Craig Smith

Nathan Trushell B.Sc. (REM), MIFA

David West B.Sc. (For), MBA

Chief Executive Officer

Simon Dorries



Front cover, contents and back cover photo: Box Office, Melbourne by Cox Architecture.
Winner, Excellence in the use of timber products, Australian certified timber category (sponsored by AFS Ltd),
Australian Timber Design Awards 2015.
Photographer: Tommy Miller

Australian Forestry Certification Scheme

The Australian Forest Certification Scheme sets out the specifications and procedures that ensure the highest standards of management, transparency and accountability in Australia's forest sector.

In order to ensure best practice, two Australian Standards sit at the heart of the Australian Forest Certification Scheme - the Australian Standard® for Sustainable forest management (AS 4708) and the Australian Standard® for Chain of custody of forest products (AS 4707).

Australian Standard® AS 4708 provides reassurance to consumers of certified wood and paper products that the forests

from which those products originated are independently audited and verified as well managed.

Obtaining certification demonstrates that management practices meet requirements for best practice in sustainable forest management, including:

- Biodiversity of forest ecosystems is maintained or enhanced
- The range of ecosystem services that forests provide is sustained
 - they provide food, fibre, biomass and wood
 - they are a key part of the water cycle, act as sinks capturing and storing carbon, and prevent soil erosion

- they provide habitats and shelter for people and wildlife; and
- they offer spiritual and recreational benefits

- Chemicals are substituted by natural alternatives or their use is minimized
- Workers' rights and welfare are protected
- Local employment is encouraged
- Indigenous peoples' rights are respected
- Communities have an opportunity to provide input into the process

Chain of custody certification against Australian Standard® AS 4707 ensures requirements for tracking certified material from the forest to the final

product are met and that the wood contained in the product or product line originates from certified forests and controlled sources.

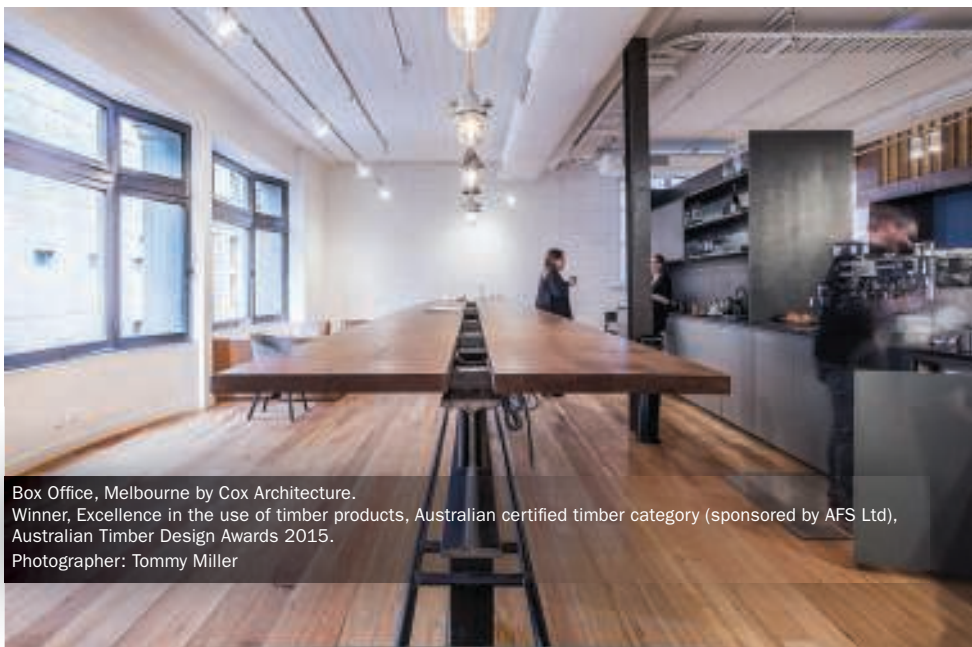
Internationally, the Australian Forest Certification Scheme is endorsed by PEFC, the world's largest sustainable forest certification scheme, which sets high standards for forest certification and sustainable forest management in line with society's ever evolving understanding and expectations.

The Standards are reviewed every five years to ensure they represent best management practice and reflect community expectations.





WOOD IS GOOD, CERTIFIED WOOD IS BETTER

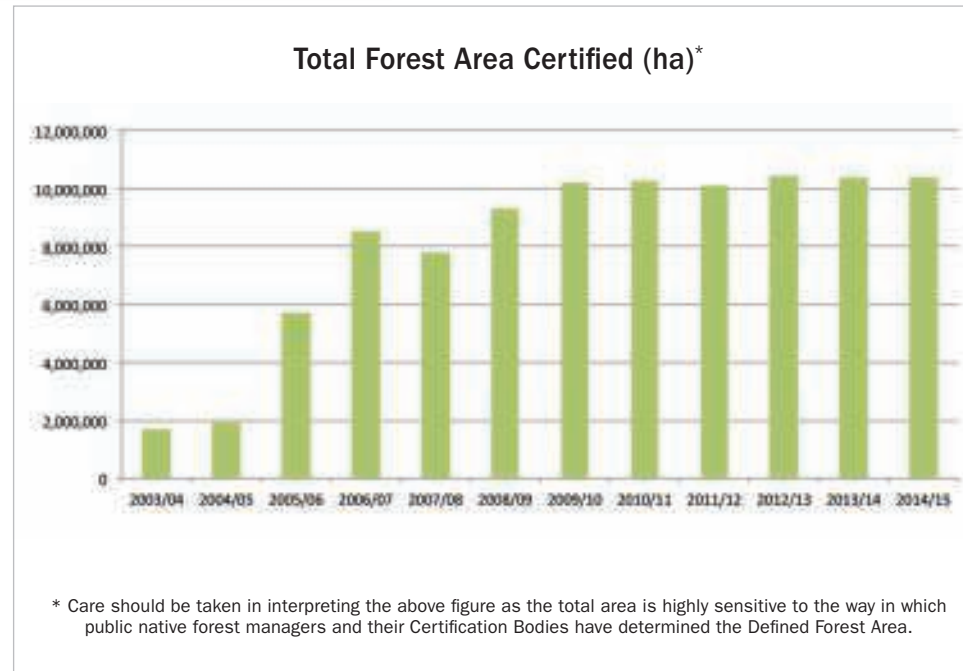


Box Office, Melbourne by Cox Architecture.
Winner, Excellence in the use of timber products, Australian certified timber category (sponsored by AFS Ltd),
Australian Timber Design Awards 2015.
Photographer: Tommy Miller

Review of Activities 2014-15

In 2014-15, Australian Forestry Standard Ltd (AFS Ltd) completed a major milestone with the successful re-endorsement of the Australian Forestry Standard Certification Scheme by the Programme for the Endorsement of Forest Certification (PEFC). This was a major accomplishment with the scheme being endorsed by PEFC for another five years.

During the period, Australian Standards AS4707 Chain of Custody of Forest Products and AS4708 Sustainable Forest Management were kept current and up to date with AFS Limited, welcoming any requests for minor revisions, modifications or updates. This is a fundamental requirement of AFS Ltd's accreditation as a Standards Development Organisation (SDO) by the Accreditation Board for Standards Development Organisations (ABSDO) and the ongoing endorsement of the AFCS by the international Programme



for Endorsement of Forest Certification (PEFC).

In addition to operating and maintaining the AFCS, AFS Ltd continued to operate as the PEFC National Governing Body for Australia.

Certification

Forest management certification

The majority of Australia's production forests (plantations and native forests) continued to be certified against the Australian Forestry Standard (AS

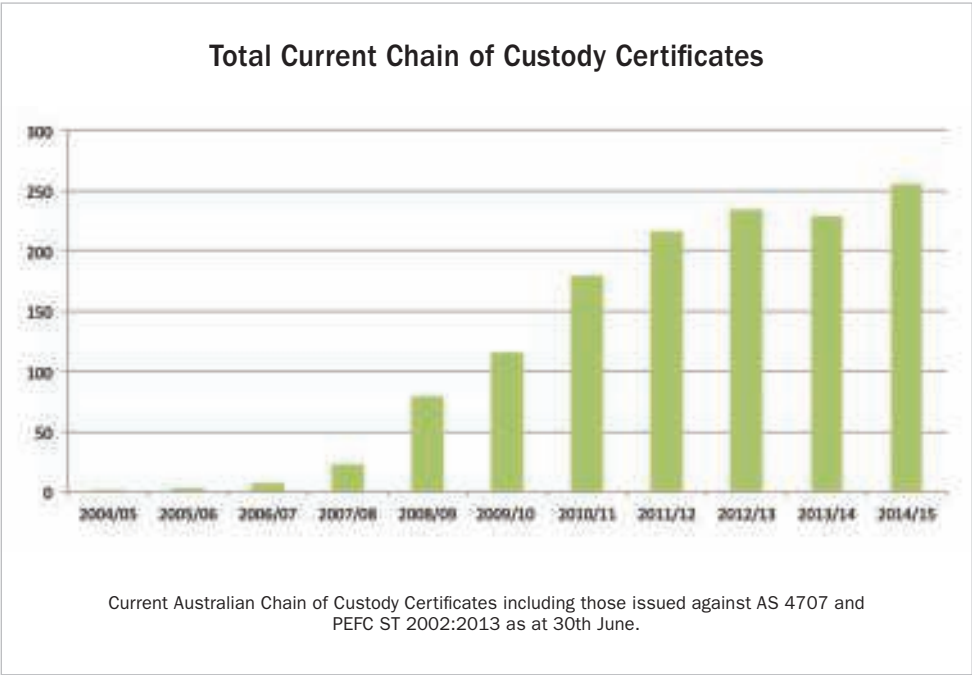
4708 Sustainable Forest Management – economic, social, environmental and cultural criteria and requirements) in 2014-15.

The total area of certified forest in Australia (the sum of the individual Defined Forest Areas (DFAs) remained relatively constant at a little over 10 million hectares. The total number of forest management certificates increased by one to 23. There were some minor changes in certificates and DFAs primarily as a result of commercial and administrative changes in the operations of certified forest managers.

Chain of custody certification

AFS Ltd recognises chain of custody certificates issued against the Australian Standard® (AS4707 Chain of custody for forest products) and the PEFC Standard (PEFC ST 2002:2013 Chain of Custody of Forest Based products - Requirements).

The total number of chain of custody certificates registered increased by 12%, from 229 at 30 June 2014 to 256 at 30 June 2015. It is encouraging to see an



increase in the number of Chain of Custody Certificates. Of note, many of the new certificates were issued to start-up companies. Again, it is encouraging to see the importance of Chain of Custody to new businesses.

Accredited certification bodies

The number of certification bodies notified to issue certificates increased by two during the period with Bureau Veritas France and Malaysia being notified to provide Chain of Custody Certification within Australia to



Looking over HQ Plantations' Beerburrum plantations during an analysis of auditing programs for forest certification are Michelle McAndrew, sustainability manager, HQP, Ross Garsden of BSI Australia, and Simon Dorries, CEO, Australian Forestry Standard Ltd.

PEFC ST 2002:2013. There are four certification bodies accredited by JAS-

ANZ to issue certificates against AS4708 and these four, plus one additional

Review of Activities 2014-15

body, are also accredited by JAS-ANZ to issue certificates again AS4707. In addition, eight other certification bodies are accredited internationally (by the relevant national accreditation body) and recognised in Australia to certify against the PEFC chain of custody standard.

Standards and Accreditation



ABSDO

AFS Ltd remained one of only five Australian entities accredited as a Standards Development Organisation (SDO) by the Accreditation Board for Standards Development Organisations (ABSDO). AFS Ltd was subject to a surveillance audit by an ABSDO appointed auditor in November 2014. As a result of the audit ABSDO accreditation of AFS Ltd as an SDO to develop Australian Standards® for forest management and Australian Standards® that support the Australian Forest Certification Scheme was maintained. This accreditation is valid



Global talks .. Simon Dorries, CEO of Australian Forestry Standard Ltd (right), catches up with PEFC International CEO Ben Gunneberg at a sustainable forest management summit in London.

until 1 January 2017 subject to further successful annual surveillance audits.



PEFC

The Australia Forest Certification Scheme (AFCS) is endorsed by the Program for Endorsement of Forest Certification (PEFC), an international non-profit, non-governmental organisation dedicated to promoting

Sustainable Forest Management (SFM) through independent third-party certification. PEFC has 36 endorsed national certification systems and approximately 268 million hectares of certified forests, PEFC is the world's largest forest certification system covering 16,000 individual sites and 2/3 of all certified forests globally.

PEFC is an umbrella organisation; it works by endorsing national forest

certification systems developed through multi-stakeholder processes and tailored to local priorities and conditions. To ensure consistency across all PEFC-endorsed standards, all national systems wishing to be PEFC recognised undergo rigorous independent assessment to ensure their compliance with PEFC's Sustainability Benchmark.

PEFC criteria, regulations and guidelines also include provisions for standards development and implementation, and define requirements for stakeholder engagement in standard setting and scheme development; regional and group certification, certification and accreditation procedures, Chain of Custody, Logo Use, and complaints and appeals mechanism.

The AFCS was subjected to the five-yearly PEFC re-endorsement audit and re-accreditation process in November 2014. This is a substantial process requiring a review and updating of many AFCS procedures and documents and a significant effort by AFS staff.

AFS was delighted when informed by PEFC that the AFCS met PEFC requirements for re-endorsement and has been re-endorsed for an additional five years until April 2020.

In addition, the PEFC re-endorsement process included Standards, documents and processes to enable the AFCS to operate within New Zealand under the New Zealand Sustainable Forest Management Standard NZSAS 4708. The results were positive with no major impediments identified which would prevent PEFC endorsement of the operation of the AFSC in New Zealand. It is anticipated that subject to unforeseen circumstances, the AFCS will become operational in New Zealand late 2015 or early 2016.

Standards Review

The revised Australian Forestry Standard Limited Chain of Custody Standard was published in July 2014 as AS 4707: 2014. This standard was based significantly upon the Program for Endorsement of Forest Certification's

International Chain of Custody Standard ST 2002–2013.

Accredited Certification Bodies were provided guidance that certificates issued to the 2006 version of AS4707 would expire on the 31st December, 2015 and all certificate holders must be transferred to the new Standard by this date. This created a significant challenge for many of the Certification Bodies who were first

required to update their internal systems, seek JAS-ANZ accreditation to the updated Standard and then audit each of their certified sites for compliance with the new version of AS4707. At the time of writing, feedback is excellent with a significant majority of certificate holders now transferred to the new Standard and Certification Bodies well on track to have all sites audited and transferred by the due date of 31st December, 2015.

The Sustainable Forest Management Standard AS4708 was last revised in August 2013. Under JAS-ANZ policy all certified forests and forest managers were required to comply with the 2013 version of AS4708 by August, 2014 and certification certificates updated accordingly. This was achieved with all certified forests now certified against the 2013 version of AS4708.

Communications

AFS Ltd continues to undertake a range of communication activities including maintenance of its website (www.forestrystandard.org.au), limited advertising, publication of media releases and occasional opinion pieces. Distribution of an e-newsletter to members, certified organisations and stakeholders continued in 2014-15.

In addition to the above activities, certified companies, through their own marketing and communication activities, make an enormous contribution to the



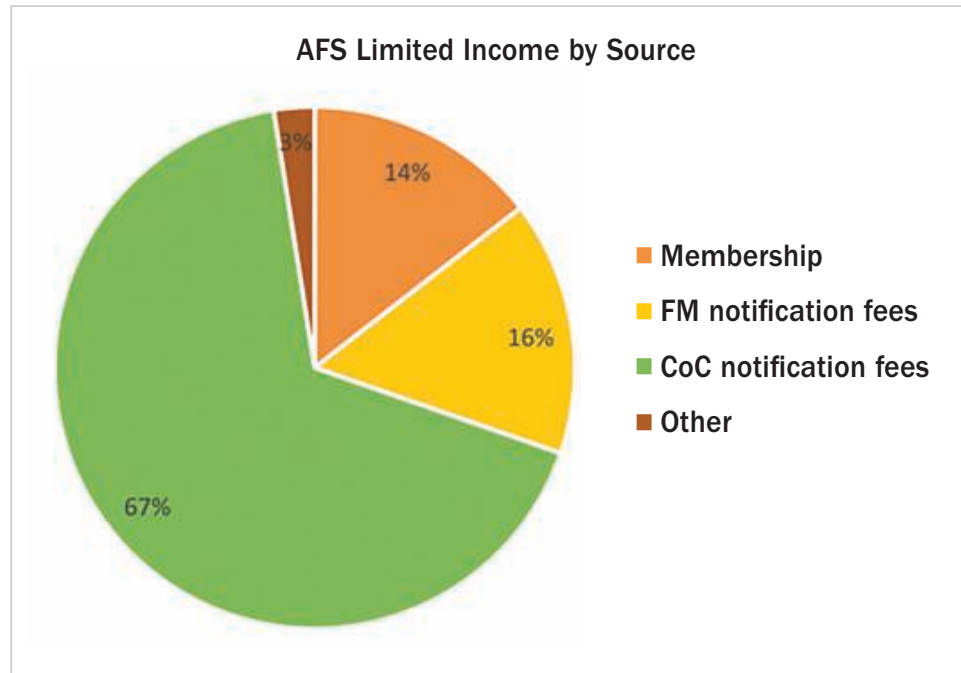
At Furnitex Connect in Melbourne are Andrew Lieschke, director, compliance assessment management, Department of Agriculture, Simon Dorries, CEO, Australian Forestry Standard, Senator Richard Colbeck, federal Secretary for Agriculture, and Stuart Hogan, assessing officer, biological import assessment branch, DAF.

Review of Activities 2014-15



promotion of the AFS and PEFC logos and the concept of forest management and chain of custody certification in Australia. As the number of certified companies increase, logo use is becoming more common and logo recognition is increasing.

High profile companies producing consumer goods (particularly paper and sanitary products) have continued to use the logo and are now a major vehicle driving increased awareness of certification.



Finance and Administration

Membership

AFS Ltd is a not-for-profit public company limited by guarantee. Membership of AFS Ltd is open to

all organisations and individuals who support the Objects of the company as set out in the Constitution. As at 30 June 2014, AFS Ltd had 28 members – an increase from the previous year with Forico Pty Limited and Ta Ann Tasmania becoming members of AFS Limited.



Guest speakers at the launch of the Timber Plantation Operations Code of Practice for Queensland held at the IFA Queensland division AGM in Brisbane are Rod McInnes, CEO, Timber Queensland, Stephen Walker, chair, Queensland division of IFA and moderator, and Simon Dorries, CEO, Australian Forestry Standard Ltd.

Governance

The Directors Report and Audited Financial Reports for 2014-15 were prepared and provided to Members prior to the 2015 AGM, in accordance with the Corporations Act requirements.

In accordance with the AFS Ltd



Constitution, three Directors were required to retire at the 2014 AGM. As a result, Alison Carmichael, Craig Smith and Nathan Trushall submitted their resignation from the Board and AFS Ltd. Each one, however, was re-nominated by their membership

group and were successfully re-elected at the 2014 AGM.

Craig Dunn, Colin Fitzpatrick and David West continued to serve through 2014-15 as Directors appointed by the Members while Hans Drielsma and Suzanne Little continued to serve as Independent Directors. Ms Kate Carnell AO continued as an Independent Director and Chair of AFS Ltd

Finance

The audited accounts show the financial outcome for AFS Ltd for 2014-15 was a surplus of \$201,717 increasing Net Assets (Total Equity) to \$586,890. Net Current Assets improved from \$371,146 at 30 June 2014 to \$584,232 at 30 June 2015. Cash increased by \$86,033 over the year to \$509,878 at 30 June 2015.

AFS Ltd is a not-for-profit company. The Board has sought to build a small surplus to ensure that the company can operate effectively and manage any future changes in financial circumstances in an orderly manner.

During 2013-14, AFS Ltd established

Simon Dorries (second from left) is welcomed as new CEO of Australian Forestry Standard Ltd at a post-board meeting function in Brisbane. He is congratulated by board members Alison Carmichael, Canberra, Suzanne Little, Sydney, Kate Carnell, AO (AFS chair), Canberra, respected forester Dr Hans Drielsma who has been involved in the development of AFS and its endorsement by the PEFC over the last 13 years, and Craig Smith, CFMEU NSW secretary and divisional national vice-president, forestry and furnishing products division.



new arrangements for the registration of certificates issued under the Australian Forest Certification Scheme (AFCS) and PEFC Scheme in Australia and the collection of AFCS/PEFC notification fees associated with those certificates. The benefit of these new arrangements were delivered in 2014/15 with an increase in notification fees from CoC certificate holders. Under the arrangements established in 2013/14 there is no longer the opportunity for certificate holders to opt out of providing payment for services and benefits delivered by AFS Limited by avoiding logo registration.

The year 2014-15 saw an increase in notification fees (formally logo use

fees) as a proportion of AFS Limited income. Other income sources such as subscription fees paid by members were essentially unchanged.

Management and Staff

- Simon Dorries, *CEO/National Secretary*
- Sue Crerar, *Accounts and Registrations*
- Jennifer Littleboy, *Administration/Communications Officer*

On-going contract services were provided by:

- Alan Snow of Alan Snow Consulting (*standards development and SDO accreditation advice*)



AFS/01-10-01



PEFC/21-1-1

Australian Forestry Standard Ltd

Timber House, 500 Brunswick Street, Fortitude Valley, Q 4006

PO Box 786, New Farm, Q 4005

Tel: +61 7 3254 4518

Email: info@forestrystandard.org.au | www.forestrystandard.org.au