



Australian Forestry Standard Limited

Annual review of activities 2016 - 17



AFS/01-10-01



PEFC/21-1-1

Foreword

Strategic re-branding: exciting times for AFS

I AM pleased to present the 2016-2017 Australian Forestry Standard Ltd Annual Report.

During 2016-17, AFS has continued to focus on raising the profile of the organisation and communicating the values of sustainable forest management including the environmental, social and economic benefits that certification provides. Key audiences have been architectural specifiers, sustainability practitioners, brand owners, Industry and consumers.

AFS Ltd continues to be delighted with the positive feedback and the high regard in which the AFS system is held by the specification community.

Continuing on from this work, AFS is in the final stages of a major strategic rebranding review with the aim of realigning the AFS brand, logo and communications with a far stronger consumer focus. AFS is excited about outcomes and the new image and key messaging to be

launched in 2018. We thank all our members, certificate holders and supporters who have provided input and feedback to this process.

The very successful roll-out of the New Zealand certification scheme based on the AFS scheme documentation, and with our administrative support, has been particularly pleasing. We look forward to continuing our collaboration with the New Zealand Forest Certification Association in the ongoing management of their scheme.

Thanks to the continuing support of our members and certificate holders, AFS Ltd remains in a very strong financial position, with a healthy surplus this year. Our plan for 2018 is to begin to direct those resources to a more pro-active program of market outreach and promotional activity associated with the new brand, image and messages to increase value for our certificate holders.

We continue our active participation in PEFC, and in particular with the current process of standards revision in which they are engaged. We anticipate the AFS revision process will proceed after completion of this PEFC process, probably in 2019, and we are making provision for this important process.

I would like to thank Kate Carnell AO for her excellent contribution as chair of AFS over the last few years. She has provided wise and sound counsel, and will be missed.

Finally, I wish to thank all AFS Ltd staff, particularly Simon Dorries who has put in a sterling effort, and my fellow directors for their hard work and dedication during the year. The achievements of AFS Ltd this year are a compliment to them all.



– DR HANS
DRIELSMAS,
Chair, Australian
Forestry Standard
Ltd

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 Standards Development and accreditation Committee of Standards Australia (SDAC) 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 2016-17 and was presented to members at the Annual General Meeting of AFS Ltd in Hobart in November 2017.



Finalists in the AFS excellence in the use of timber products – Australian certified timber category – in the 2017 Australian Timber Design Awards

Top and bottom left: North Bondi Residence. Architect: CplusC Architectural Workshop. Photographer: Murray Fredericks, Clinton Cole, Rya Ng

Top and bottom right: Aquas Perma Solar Firma. Architect: CplusC Architectural Workshop. Structural Engineer: Partridge Structural. Photographer: Murray Fredericks





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AFS board members

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

Alison Carmichael

Nathan Trushell B.Sc. (REM), MIFA

Colin Fitzpatrick

Suzanne Little

David West B.Sc. (For), MBA

Alan Bones

Craig Smith

Chief Executive Officer

Simon Dorries



Front and back cover photos: Winner Australian Forestry Standard Ltd excellence in the use of timber products – Australian certified timber category – in the 2017 Australian Timber Design Awards – Charlotte Chapel. Chris Graves Building Pty Ltd. Design practice: SJH Planning & Design, Gosford, NSW. Photographer: David Benson



Winner of the 2017 AFS national photo contest entered by Robyn MacRea of Tumut, NSW. The contest was designed to promote the economic, environmental and social aspects of forests in Australia.

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 minimised.
- 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. Products covered by the Scope of a Chain of Custody system are deemed to comply with the Australian Illegal Logging Prohibition Act and are not subjected to any further due diligence to verify legal origin.

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.



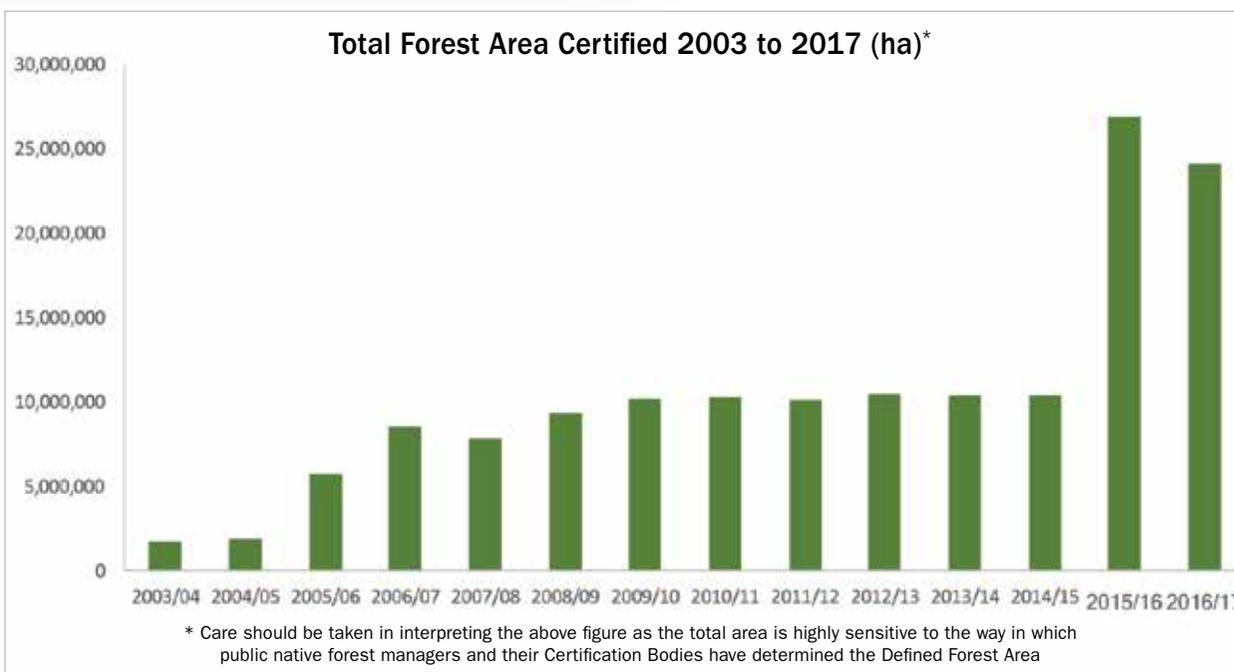
Review of Activities 2016 - 17

The Australian Forestry Standards Ltd has maintained a high level of activity during 2016-17.

In addition to routine activities, AFS Ltd has been undertaking an extensive review of its strategic messaging, logo and brand image. This will be culminating in some significant changes to the organisation in 2017-18. We thank all of our members and stakeholders for their support, feedback and input to this process.

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 Ltd 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), the



Standards Development Accreditation Committee (SDAC) and the ongoing endorsement of the AFCS by the international Program 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 very significant 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 2016-17.

The total area of certified forest in Australia (the sum of the individual Defined Forest Areas (DFAs) decreased from 27 million hectares to 24 million hectares due to rationalisation and changes in the land titles of some forests areas managed by the Queensland Department of Agriculture and Fisheries. The total number of forest management certificates increased by one to 25.

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).

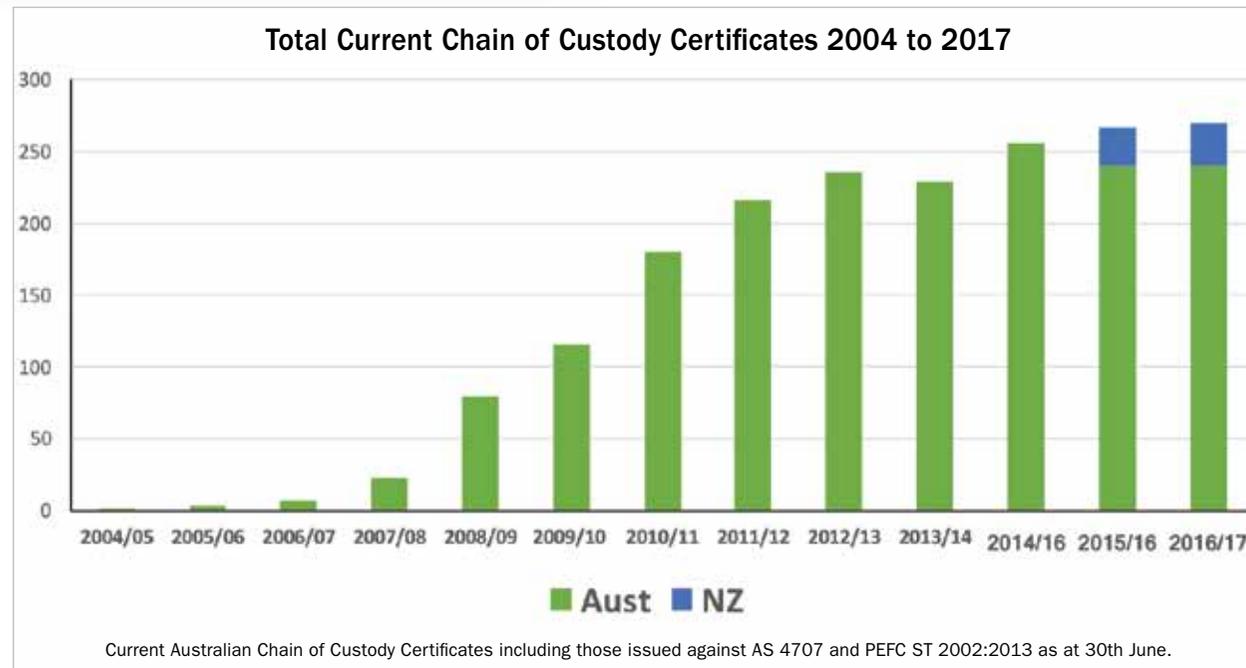
Review of Activities 2016 - 17

The total number of chain of custody participants in the AFS system increased slightly from 266 to 270 as at 30 June 2017.

Accredited certification bodies

The number of certification bodies notified to issue certificates increased by two during the year. Bureau Veritas Australia was notified to issue Chain of Custody Certificates in Australia and New Zealand to the AFS and PEFC Chain of Custody Standards and SCS Global Services was notified to issue Forest Management certificates to AS4708 and NZ AS 4708 in Australia and New Zealand.

There are five certification bodies accredited by JAS-ANZ to issue Forest Management certificates in Australia to AS4708 and these five, plus two additional bodies, are also accredited by JAS-ANZ to issue Chain of Custody



certificates against AS4707 in Australia. In addition, 10 certification bodies are accredited and recognised in Australia to certify against the PEFC chain-of-custody standard. In New Zealand, two certification bodies have been notified to issue Forest Management Certificates to NZ AS 4708 and seven to provide PEFC

Chain of Custody Certification.

AFS Ltd has continued to providing the mandatory training to certification bodies to ensure they continue to meet the staff training provisions and competencies required by JAS-ANZ and other accreditation bodies. In addition, AFS Ltd has also been providing specific

training to certification bodies required to extend their JAS-ANZ Scope of Accreditation to provide certification in New Zealand.

AFS Ltd is also engaging with certification bodies by facilitating workshops. The 2016-17 workshop was delivered in June 2017 in Sydney and was attended by well over 20 staff representing most certification bodies operating in Australia and New Zealand.

The workshops are attended by AFS Ltd, JAS-ANZ, the New Zealand PEFC National Governing Body and accredited certification bodies. The workshops provide a forum where certification and accreditation requirements (including new provisions) are discussed, changes and updates to standards are reviewed, the activities of AFS Ltd and PEFC are communicated and feedback on the operation of the certification scheme is provided.

Attendance at these workshops is recognised by JAS-ANZ as contributing to the mandatory training required by the relevant scheme rules.

PEFC in New Zealand

The PEFC scheme for New Zealand was endorsed in November 2015. The scheme is based on the New Zealand Standard for Sustainable Forest Management NZS AS4708. NZS AS4708



Opening speaker at the AFS sustainable building in timber seminar in Melbourne Tony Arnell, global director, sustainability, at Norman Disney & Young (centre) with AFS director Alison Carmichael, and Simon Dorries, CEO, AFS Ltd.

is an adoption of Australia Standard AS4708 with specific modifications made for New Zealand. Three Forest Management certificates were issued to the New Zealand Forest Management Standard NZ AS 4708 during the period, representing a certified forest area of more than 400,000 hectares.

AFS Ltd has continued to administer the New Zealand scheme on behalf of the New Zealand Forest Certification Association. This requires AFS Ltd maintain all registrations and notifications, take inquiries and applications from New Zealand, liaise with certification bodies and ensure that the Scheme Rules administered by JAS-ANZ are applied in New Zealand, as they are in Australia.

Richard Stanton Award for Excellence

In 2015, AFS Ltd established the Richard Stanton Award for excellence as an on-going memorial to the late AFS national secretary Richard Stanton. The Richard Stanton Award is given to an individual demonstrating excellence and

Mark Leech accepts the Richard Stanton Memorial Trophy and Award from AFS Ltd retiring chair Kate Carnell OA at last year's AGM in Sydney while new chair Dr Hans Drielsma (right) and CEO Simon Dorries offer congratulations.



is open to individuals that have made a significant contribution to, or can demonstrate:

- Innovation, improvement or excellence in forest management or chain-of-custody certification.
- A strong commitment to the AFS certification scheme and sustainable forest management.
- Innovation and improvement in the promotion and marketing of AFS certified products.

The 2016 winner of the Richard Stanton Award for Excellence was Mark Leech for his highly regarded work in establishing and developing Fine Timber Tasmania Inc.

Fine Timber Tasmania Inc. is a not-for-profit organisation representing more than 30 independent businesses established for the purpose of conducting Group Chain of Custody Certification.

Group Certification allows small to medium businesses to come together under a common management system to operate a chain-of-custody system. This system allows costs to be shared over a broad base and greatly reduces the cost and complexity of delivering CoC to small organisations.

The Fine Timber Tasmania Group Scheme has been highly successful in growing chain-of-custody in Tasmania, has allowed very cost-effective group certification and has provided access to

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chain-of-custody to micro-businesses, often sole traders that otherwise would not have the resources or expertise to develop their own CoC management system.

Standards & Accreditation

SDAC

AFS Limited



remained one of only five Australian entities accredited as a Standards Development Organisation (SDO) by the Standards Development and Accreditation Committee (SDAC). SDAC sits under the Board of Standards Australia and has replaced the previous Accreditation Board for Standards Development Organisations (ABSDO). AFS Ltd was subject to a full two-day reaccreditation audit by an SDAC-



Chair of Australian Forestry Standard Ltd Dr Hans Drielsma (right) with Suzanne Little, AFS director, and Simon Dorries, AFS CEO (fourth and third from right), welcomes Senator Anne Ruston, Assistant Minister for Agriculture with responsibility for forestry, Ben Gunneberg, secretary-general, PEFC, and Rob de Fégely, co-chair, Forest Industries Advisory Council, at an AFS function in Melbourne celebrating the International Day of Forests.

appointed auditor in November 2016. The result was excellent with no non-conformances being observed. As a result of the audit, SDAC 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.

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 is recognised in 49 countries through national governing bodies and has 39 endorsed national certification systems and about 303 million hectares of certified forests. PEFC is the world's largest forest certification system covering about 20,000 individual sites



Lendlease construction manager David Elliott and site manager Oliver Close point out CLT components at International House in Sydney to AFS site tour members David West, general manager, stewardship, HQPlantations, and Tim Cleary, skills advisory manager, ForestWorks.

and representing more than 750,000 individual forest owners. PEFC certifies about two thirds 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.

AFS Ltd was delighted to host the PEFC International Secretary General Ben Gunneberg in Australia to speak at the 2017 National Technical Forum of the annual AUSPACK exhibition organised by the Australian Institute of Packaging.

The AUSPACK exhibition comprised more than 250 packaging exhibitors from Australia and the Asia-Pacific region. In addition to the AUSPAC exhibition, Mr Gunneberg with the AFS CEO took the opportunity to visit a number of Australian stakeholders and supporters. These organisations included Metcash, the Global Product Stewardship Council, Nestle, Global Mark, Standards Australia,



Australia's first engineered timber office building at Barangaroo in inner Sydney captivated AFS directors and industry officials who inspected the complex during the AFS Ltd AGM last year. Lendlease's Andrew Nieland (in white hard hat, left of centre) with AFS Ltd directors and industry representatives during a tour of the construction site.

SAI Global, Forest Corporation of NSW, Lendlease, Lyreco Visy, Asaleo Care, Simpot, and the Country Road Group.

Standards Review – Australian Standards

The two Australian Standards® which underpin the Australian Forestry Standard Certification Scheme – AS4708-2013 Sustainable Forest Management and AS4707-2014 Chain of Custody for Forest Products – were kept current and up to

date during the period. The responsibility for maintaining these standards sits with two standing committees, the AS4708 and AS4707 Standards Reference Committees (SRC). Representatives for these committees are provided by nominating organisations representing economic, social and environmental interests. Nominating organisations represent a broad and diverse range of stakeholders including manufactures' associations, environmental groups,

trade unions, academics, certification bodies and the supply chain.

There were no amendments to AS4707. However, the AS 4708 Standards Reference Committee did approve a new ruling relating to the information to be supplied by certified forest managers to customers requiring a formal claim of certification intended to be captured by their chain of custody management system. Rulings are mandatory interpretations of specific aspects or requirements of standards.

Under the AS4708 SRC ruling, the certified forest manager is required to provide clear evidence of certification and the formal claim consistent with requirements specified in the Chain of Custody Standard AS4707.

Standards Review – PEFC Standards

In 2016, PEFC commenced a major review of their complete suite of standards. This includes the PEFC standards for: PEFC Sustainable Forest Management (ST 1001); Group Forest

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Management Certification (ST 1002); Procedures for Forest Management Certification (ST 1004, new); Standard Setting (ST 1003); PEFC Logo Usage Rules (ST 2001); Chain of Custody of Forest Based Products (ST 2002); Procedures for PEFC Chain of Custody Certification (ST 2003); Endorsement of National Systems (GD 1007); and Requirements for Accreditation Bodies (new).

Six working groups have been established. AFS has provided representatives for Working Groups One (WG-1: Sustainable Forest Management), Two (WG2: Group Forest Management and Procedures for Forest Management Certification) and Three (WG3: Standards Setting).

Suzette Weeding is representing AFS on WG-1, Simon Dorries represents AFS on WG-2 and Suzanne Little on WG-3. AFS representatives on Working Groups 2 and 3 attend meetings via video link, while Working Group One being critical, attendance is in person.



WA Forest Products Commission field staff review harvesting operations. Timber produced from both plantations and native forests in Western Australia are independently certified under the Australian Forestry Standard to meet internationally recognised sustainability standards.

(Photo WA Forest Products Commission)

Marketing & Communications

During 2016-17, AFS in partnership with 9 Strategic commenced an extensive strategic review into the effectiveness of our branding, messaging, communications and impact as an organisation.

The results of the review showed that AFS is well regarded, respected, credible

and technically very competent as a standards development organisation, but lacked an effective consumer profile. This was seen as a significant opportunity where AFS can increase the benefits and value that it delivers to members and supporters.

Following on from this review, new and more effective consumer-focused messaging including a revised logo, a new trading name, a clearly defined

brand identity, a new and more effective website and a more appealing corporate image is under development.

AFS is excited about the renewal process and looks forward to the increased profile and greater effectiveness that the new consumer focused branding and messaging will deliver.

During 2016-17, AFS Ltd maintained a strong focus on marketing and communications. AFS Ltd maintained the specifier contact program with a focus on engagement with specifiers through direct contact and by attending selected events and seminars.

During the period, AFS Ltd met directly with a number of large businesses either consuming directly, reselling or specifying forest and wood products to ensure that corporate procurement policies were favourable to AFS and PEFC certified materials. In addition, AFS attended a number of architectural and sustainability conferences and expos to promote AFS directly to specifiers.

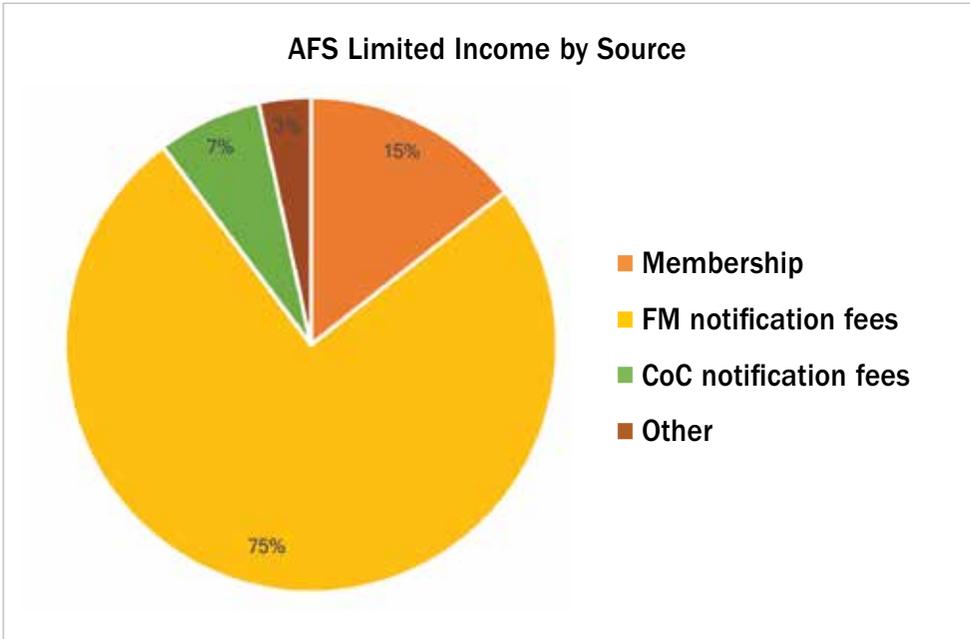
AFS Ltd continues to undertake a range

of communication activities including maintenance of its website (www.forestrystandard.org.au), an increased advertising program, publication of media releases and regular opinion pieces.

AFS Ltd has been prominent in



Simon Dorries, CEO, Australian Forestry Standard Ltd, presents the Australian Certified Timber Award to Sandy Law of Law Architects, Melbourne, during the 2016 Australian Timber Design Awards presentations. Law Architects won for the Woodleigh School Homestead development in Melbourne.



Industry and trade electronic media and has been very successful in having material published. The AFS Ltd continued to publish our quarterly e-newsletter. The AFS Ltd e-newsletter is being republished by a number of affiliated organisations and supporters as well being provided directly to members, certified organisations and stakeholders.

In addition to the above activities, certified companies, through their own marketing and communication activities, make an enormous contribution to the promotion of the AFS and PEFC logos and the concept of forest management and chain-of-custody certification in Australia. As logo use is becoming more common, recognition is increasing.

Finance & 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 2017, AFS Ltd had 26 members – unchanged from the previous year.

Governance

The Directors’ Report and Audited Financial Reports for 2016-17 were prepared and provided to members prior to the 2017 AGM, in accordance with the Corporations Act requirements.

In accordance with the AFS Ltd constitution, three directors are required to retire at each AGM. The Directors retiring in 2016 were Kate Carnell (AFS chair), Dr Hans Drielsma and Suzanne Little. Dr Drielsma and Ms Little chose to re-nominate and being Independent directors were reappointed by the AFS

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board. Kate Carnell did not re-nominate and resigned from the AFS board. Dr Drielsma was appointed Acting Chair from the October 2016 annual general meeting and was formally endorsed as the AFS chair in June 2017.

Alison Carmichael, Craig Smith, Alan Bones, Colin Fitzpatrick, David West and Nathan Trushell continued to serve through 2016-17 as directors appointed by the members.



Processors in the western Queensland cypress sector are considering a low-cost group chain-of-custody certification scheme following a presentation at Dalby by Australian Forestry Standard CEO Simon Dorries. Pictured at the meeting are Todd Lewis, Walker Cypress, Mitchell Goodchild, Yuleba Cypress, Roger Brent, Hurfords, Mick Stephens, CEO, Timber Queensland, Vic Gersekowski, Vic's Timber, Simon Dorries, CEO Australian Forestry Standard Ltd, Ian Wilson, Injune Cypress, and Ian Hornick, Hornick Cypress.

Finance

The audited accounts show the financial outcome for AFS Ltd for 2016-17 was a surplus of \$178,068 increasing net assets (total equity) to \$888,234. Net current assets improved from \$707,354 at 30 June 2016 to \$886,238 at 30 June 2017. Cash increased by \$234,024 over the year to \$707,384 at 30 June 2017.

AFS Ltd is a not-for-profit company. The board has sought to maintain a



Getting together at the AFS Ltd sustainable building in timber seminar in Melbourne are Andrew Nadia Godfrey, marketing manager, Woodform Architectural Design, Bendigo Vic, Conal O'Neill, graduate process engineer, Weathertext, Skye Larson, communication adviser, VicForests, and Stephen Mitchell, Stephen Mitchell Associates, Sydney (speaker).

surplus to ensure that the company can operate effectively and manage any future changes in financial circumstances in an orderly manner. In addition, accumulated surpluses provide an available resource that can be used to fund potential future brand promotion and marketing

2016-17 saw an increase in notification fees (formally logo use fees) as a proportion of AFS Ltd income. In addition, income was received from New Zealand for the first time for administering the PEFC scheme on behalf of the NZFCA. Other income such as subscription fees paid by members and interest were overall relatively unchanged.



Stephanie Walls of Worldwide Printing Solutions in Brisbane with copies of the AFS Bulletin printed on paper supplied by the BJ Ball Group, which has PEFC/AFS chain-of-custody certification. The paper stock carries the AFS, PEFC and Australia-made logos.

Management & Staff

- Simon Dorries, *CEO/National Secretary*
- Sue Crerar, *Accounts and Registrations*
- Tracey Schoemaker, *Administration*

On-going contract services were provided by:

- Alan Snow of Alan Snow Consulting (*standards development and SDO accreditation advice*)
- Jim Bowden, *Communications and Marketing*
- Mark Parsons, *Secretary AS4707 Standards Reference Committee*
- Gary Fetherstone, *Secretary AS4708 Standards Reference Committee*



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