

A large forestry harvester is shown in a forest, with its long boom and grapple extended. The machine is equipped with large, treaded tires and is surrounded by tall, thin trees. The ground is covered with fallen branches and pine needles.

# ForestFit™

## SETTING THE STANDARD

MAR 2024



# Forest Grower pathway and actions

## 01 Agreement with forest growers

- To establish a consistent and clear direction to recognise ForestFit™ and progress the National Optimal Auditing Pathway (National OAP) through a national agreement signed by forest grower CEOs, as recommended at the AFPA Forest Growers Chamber meeting.

## 02 Establish a forest grower and contracting business transition pathway

- ForestFit™ and the forest grower steering committee continue to meet the milestones of the National OAP three year research pilot.
- The pilot is funded through forest grower voluntary payments matched by Commonwealth funding through the Forest Wood Products Association.
- Achievement of Milestone 4 requires adoption of a National OAP that formalises alignment and unification of ForestFit™ and existing forest grower operational and supply chain assessment activities.
  - Recognition of ForestFit™ will require an update to forest grower business process and contract management requirements for certified businesses.
  - ForestFit™ does not replace the forest grower's current system.

## 03 Recognition and incentivisation for certified contracting businesses

- Formalising recognition of forest grower cost savings from reduced assessment activities and management of ForestFit™ certified contracting businesses through incentives, such as:
  - Procurement recognition - streamline the tendering process to eliminate submission of certified systems
  - Mutually shared cost savings - increased rates and/or payment of annual auditing costs.
  - Adoption of the National OAP to reduce audit burden and eliminate duplicated assessment activities.

# Australian Forest Industries ForestFit™ MOU

The Australian Forest Industries Memorandum of Understanding (MOU) sets the terms for understanding between the Forest Grower / Manager signatories and Australian Forest Contractors Association (AFCA) and outlines the shared commitment and responsibility to ensure successful implementation and maintenance of the ForestFit™ certification scheme.

Forest Growers and AFCA, on behalf of FCBs, agree that the ongoing operation and maintenance of ForestFit™ is in the overall interest of the production forestry sector and agree to a joint approach to achieve this.

All parties commit to reinforcing the future direction of the industry and increase overall confidence of the efficiencies and benefits for FCBs in becoming certified by being a MOU signatory. This MOU is effective as of 28 November 2023.

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“We are already seeing the cost savings from becoming a ForestFit™ certified forest contracting business. We received lower insurance rates and better financing. Our broker said that being a certified business was recognised as lowering our risk profile.

Though as a Director the biggest value of being ForestFit™ certified is that I sleep better at night knowing we have the right systems in place that are annually audited by an independent third party.”

Ian Reid, Director, Austimber Harvesting and Haulage

# A fully certified forestry supply chain

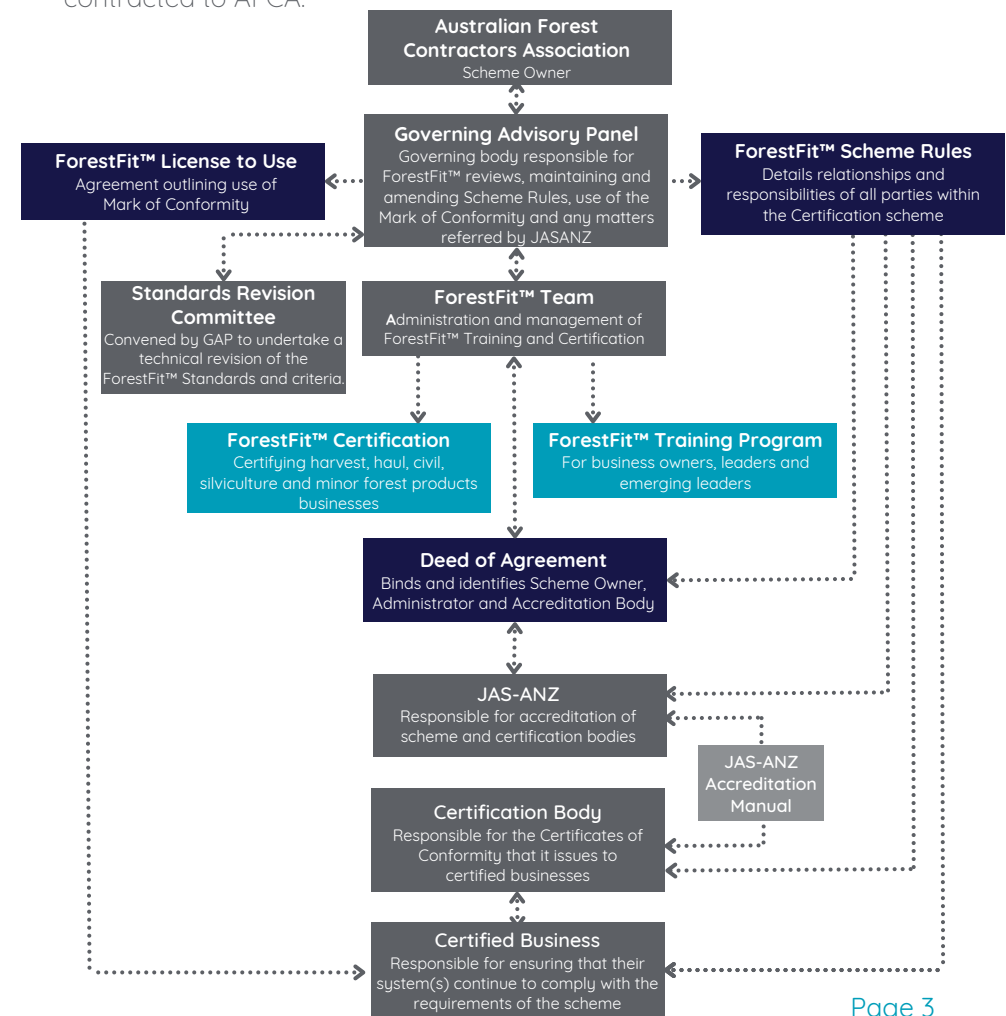
- A fully certified forestry supply chain strengthens the social license and public confidence that the Australian forest industry operates at the highest international standards.
- ForestFit™ Certification Standards provide a whole of business approach to support sustainable, safe and environmental business practices to strengthen future viability.
- ForestFit™ was codesigned by representatives of the entire forestry supply chain to certify that forest contracting businesses meet the evolving needs of the industry and international standards.
- ForestFit™ criteria were developed with a risk based approach for management systems and further contextualised for contracting businesses undertaking harvest, haul, civil, silviculture and/or minor forest products operations.
- ForestFit™ Training and Certification is owned by AFCA.

## Aligned to industry and international standards

- ForestFit™ Certification was designed to meet the principles of international standard ISO/IEC Conformity assessment - Requirements for bodies providing audit and certification management systems. .
- The ForestFit™ Standards utilise the requirements outlined by international standards ISO/IEC 9001, 14001 and 45001.
- ForestFit™ criteria are benchmarked for alignment to relevant contracting business criteria within the recognised Australian Forestry Certifications – the Forest Stewardship Council (FSC) and Responsible Wood (Programme for the Endorsement of Forest Certification, PEFC).
- ForestFit™ is currently undergoing endorsement by the internationally recognised bi-national government Joint Accreditation System of Australia and New Zealand (JASANZ).
- ForestFit™ audits are conducted annually by independent third party certifying bodies (CBs) that are accredited by JASANZ.

# ForestFit™ Governance

- As per certification scheme requirements, ForestFit™ is governed by a nine member Governing Advisory Panel (GAP).
- Organisational representatives include: forest growers (2), forest industry (2), certified businesses (2), other certification schemes (2 - FSC, Responsible Wood), and scheme owner (1 - AFCA).
- The daily administration of ForestFit™ is undertaken by the ForestFit™ team contracted to AFCA.



# Value and cost saving of ForestFit™ certified businesses

## Increasing value and minimising risk

- ForestFit™ Standards are a lead indicator providing forest growers assurance that certified businesses have systems in place to achieve contract deliverables.
- Market value can be attributed to certified businesses through demonstrated risk mitigation and minimisation resulting in a lower risk profile for insurance and financing purposes.
- Concomitantly forest growers should benefit with lowering of their risk profile for contracting certified businesses.

## Methodology assumptions

- Steering committee representatives estimated the number of contracted businesses, including how many businesses were contracted to other growers.
- The target estimate aligns with identified businesses contracted to multiple forest growers; which demonstrates how the minimum cost savings for these businesses would quickly compound through recognition of ForestFit™.
- A target of certifying 30 percent of the contracted businesses, based on current modelling, ensures ForestFit™ is fully self funding.
- Costs were disaggregated to per crew for both forester and contracting business case studies; costs originally based on varying business sizes, four and seven crews respectively.
- Average crew estimates of 4 per business, consisting of 3 personnel and equipment were based on an industry economic survey.

FOREST GROWER	CONTRACTING BUSINESSES	MULTIPLE FG CONTRACTS	TARGET CERTIFY 30% BUSINESSES	ESTIMATED # OF CREWS	FORESTFIT CERTIFICATION TARGET COST SAVINGS		
					FOREST GROWER	CONTRACTING BUSINESS	TOTAL
Respondent 1	30	4	9	36	\$216,000	\$288,000	\$504,000
Respondent 2	60	15	18	72	\$432,000	\$576,000	\$1,008,000
Respondent 3	142	29	43	170	\$1,022,400	\$1,363,200	\$2,385,600
Respondent 4	15	13	5	18	\$108,000	\$144,000	\$252,000
Respondent 5	75	Unknown	23	90	\$540,000	\$720,000	\$1,260,000
Respondent 6	53	39	16	64	\$381,600	\$508,800	\$890,400
Respondent 7	9	9	3	11	\$64,800	\$86,400	\$151,200
Respondent 8	60	10	18	72	\$432,000	\$576,000	\$1,008,000
Respondent 9	16	9	5	19	\$115,200	\$153,600	\$268,800
Respondent 10	51	10	15	61	\$367,200	\$489,600	\$856,800
Respondent 11	60	3	18	72	\$432,000	\$576,000	\$1,008,000
<b>Total</b>	<b>571</b>	<b>141</b>	<b>171</b>	<b>685</b>	<b>\$4,111,200</b>	<b>\$5,481,600</b>	<b>\$9,592,800</b>

## Creating consistency, efficiencies and cost savings

- A significant cost savings for forest growers and contracting businesses is demonstrated through the elimination of the duplicated time, cost and equipment downtime burden of assessment activities.
- Case studies were provided by a forest grower, forester and a forest contracting business to estimate the annual cost of assessment activities and identify duplication..

Note: Costs do not include any parties' participation in external forest grower certification audits (eg FSC or Responsible Wood) due to variances in sampling process.

## Annual cost savings: Harvesting case study highlights

**\$6k**

Forest grower cost savings per Crew

### Costs savings per crew for forest growers contracting ForestFit™ certified businesses

Annual cost estimated by forester and forest contracting business of duplicated assessment activities, representing 75% of time spent on equivalent

**75%**

### Cost savings for forest growers contracting ForestFit™ certified businesses

Forester estimate of assessment activity time spent on equivalent criteria within ForestFit™ Standards. Applied to the case study contracting business, equals \$42K per annum for the forest grower.

**\$8k**

ForestFit™ certified cost savings per Crew

### Cost savings per crew for ForestFit™ certified business

Annual cost estimated for internal contracting business and forest grower assessment activities.

**20%**

### Cost savings for ForestFit™ certified business

Annual cost savings of duplicated assessment activities being eliminated. This equals \$60K per annum for the case study certified business.

# Annual assessment costs: Harvesting case studies

## Forest Grower

- Demonstrates cost per harvested tonne of external safety management system audits and internal assessment activities.
- The external audit covers safety only.
- This cost could be saved through the use of ForestFit™ certified businesses.
- Cost savings could be mutually shared by forest grower and ForestFit™ certified business through increased rates.

ITEM	UOM	VALUE
Annual Harvest Volume	tonnes	1,000,000
<b>Safety Management System Audits</b>		
SMS audit	#	6
External party cost per audit	\$/audit	\$3,500
Re-audit frequency	years	3
Total Cost	\$	\$21,000
Audit cost per annum	\$	\$7,000
<b>Compliance Costs</b>		
Harvesting supervisors	#	5
Employee cost per annum	\$/person/yr	\$97,500
Compliance and quality control task	% role	20%
Compliance cost per annum	\$	\$97,500
<b>TOTAL Forest Grower cost/annum</b>	\$	<b>\$104,500</b>
<b>TOTAL Forest Grower cost/tonne/annum</b>	\$/tonne	<b>\$0.10</b>

## Forester

- Demonstrates annual cost per crew of individual forester time to undertake assessments for harvesting operations.
- Costs preclude travel costs and time to attend sites as these vary generally from 1-3 hours return.
- 75% of time is spent duplicating assessment criteria within the ForestFit™ Standards.
- 25% of current activities would continue for quality and production assessments.

ITEM	UOM	VALUE
Contract management per FCB	Per crew	
<b>Assessment Activities</b>		
	Hrs/ yr	
VRFW Major (annual)	1	\$50
VRFW Minor (monthly)	12	\$600
Field Safety Environment Check (quarterly)	6	\$300
Log Quality Check (weekly)	24	\$1,200
Load Assessment (weekly)	24	\$1,200
Thinning Stocking Plot (weekly)	48	\$2,400
Observations (ad hoc)	20	\$1,000
Toolbox meeting (ad hoc)	12	\$600
Site completion (ad hoc)	12	\$600
Forest Grower cost per Crew/ annum	159	\$7,950
<b>Forest Grower cost per Crew/annum</b>		
Quality and production assessments	40	\$1,988
Safety, environment and business (equivalent to ForestFit Standard)	119	\$5,963
<b>TOTAL Forest Grower cost/ Crew/ annum</b>	<b>159.0</b>	<b>\$7,950</b>

## Forest Contracting Business

- Demonstrates annual costs per crew for their own internal assessment activities that form business operations and legal requirements.
- Costs of assessments include Supervisor undertaking assessments plus crew and equipment downtime as required.
- Costs associated with additional interactions and assessments, including duplication, per forest grower contract have been separately identified.

ITEM	UOM	VALUE
Forest Contracting Business (FCB)	Per crew	
<b>FCB internally conducted activities</b>		
	Hrs/ yr	
Safety Check (monthly)	12	\$7,800
Environmental Check (monthly)	12	\$7,800
Log Check (weekly)	48	\$9,600
Plots - Thinning/ Value Recovery (weekly)	48	\$9,600
Load Construction (ad hoc)	3.5	\$525
FCB cost per Crew/ annum	123.5	\$35,325
<b>FCB cost and downtime of Forest Grower site activities</b>		
Field Safety Environmental Check (quarterly)	6	\$3,800
Value Recovery (monthly)	6	\$900
Plots - Thinning (weekly)	12	\$1,800
Log Check (weekly)	12	\$1,800
Load Construction (ad hoc)	3.5	\$350
FCB cost per Crew/annum	39.5	\$8,650
<b>TOTAL FCB cost / Crew/annum</b>	<b>163.0</b>	<b>\$43,975</b>

10¢

Cost of assessment activities per tonne

20%

Time on compliance and quality control

336 hours

Harvesting supervisor assessment activities and management

\$8k

Cost of assessment activities per Crew

75%

Time on assessment activities equivalent to ForestFit™ Standard

119 hours

Time on assessment activities equivalent to ForestFit™ Standard

\$44k

Cost of assessment activities per Crew

24%

Time on duplicated assessment activities per Crew

40 hours

Time on duplicated assessment activities per Crew

# Transition pathway for forest growers

## Risk and liability reduction

- Risk and liability reduction can be achieved through recognition of certified businesses within the forest grower's system.
- Forest growers currently assume responsibility for the initiation, cost and management of internal and external assessment activities of operations they are not insured to undertake.
- There is an acknowledged lack of efficiency, consistency and quality in the assessment activities undertaken by forest growers on contracting businesses.
- Similar to a forest grower's certified Forest Management System, contracting businesses are required by ForestFit™ to identify the frequency, and demonstrate undertaking, of assessment activities.

## Deemed to Comply

- To reduce audit duplication a Deemed to Comply agreement has been established with Responsible Wood for the contractor specific criteria.
- Certified businesses are audited annually to these criteria as part of their ForestFit™ Surveillance therefore are expected to be excluded from the sample selected as part of the forest grower's AS/NZS 4708 audit.
- FSC-STD-AUS-01-2018 is being revised which may include criteria recognising certificate holder use of non-FSC third party contractor certification schemes to demonstrate compliance (eg ForestFit™).
- In lieu of criteria acceptance, a Deemed to Comply will be established with FSC.

## Pilot Phase: Aligning and unifying

- ForestFit™ does not replace the forest grower's current system, however updates are required to recognise certified businesses.
- The 'contract management' overview outlines draft National OAP:
  - Certified businesses benefit from recognition of certification through streamlined procurement processes and elimination of duplicated assessment activities.
  - The forest grower would continue business as usual practices when contracting to non certified businesses.
- Agreement of due diligence requirements for certified businesses is currently being established by the steering committee to ensure duplication is eliminated.
- Value recovery compliance would still occur; process still needs to be defined.

NOTE: Representative assessment activity examples as provided by steering committee.

CONTRACT MANAGEMENT:  
FORESTFIT™ CERTIFIED BUSINESS

- ForestFit™ Certificate
- Other certifications or accreditations

Criteria

- Previous experience
- Technical capabilities
- Rates

ForestFit™ Annual Surveillance  
(independent third party audit of management system requirements and implementation (admin/site))

FSC Controlled Wood  
(independent third party audit of contractor specific criteria)

Due diligence (TBD)

Value Recovery (TBD)

PROCUREMENT

Tender requirements

Evaluation,  
Contract negotiation  
and Award

## ASSESSMENT ACTIVITIES

### Audits

Reputable assurance and confidence for all stakeholders, including forest grower and FCB, that the systems and processes are risk based, successfully operationalised and continuously improved.

### Verification

Validated approach confirming systems and processes are implemented and assessed.

### Compliance

Systematic risk based approach to assess, manage and implement systems and processes to ensure responsibilities are met.

### Inspection

Systematic monitoring of on site processes, ensuring alignment with sustainable practices and identifying opportunities for improvement, including areas that may pose risks.

CONTRACT MANAGEMENT:  
NON CERTIFIED BUSINESS

- Licence to Operate
- ABN requirements
- Safety Management System
- Environmental Management System
- Insurances
- Business licence
- Financial capability
- Other certifications or accreditations

Criteria

- Previous experience
- Technical capabilities
- Rates

Responsible Wood FMS 4708  
(independent third party audit of contractor specific criteria)

Responsible Wood COC 4707  
(independent third party audit of contractor specific criteria)

FSC Controlled Wood  
(independent third party audit of contractor specific criteria)

FOSP WHS Audit  
(biannual, external audit)

Due diligence (TBD)

Safety Management System  
(by internal staff)

Value recovery

Load construction

Field Safety Environment Walk

Risk assessments

Safety inspections

Log checks

Thinning stocking  
plats

Responsibility for initiating and managing

ForestFit™ Certified Business

Non ForestFit™ Certified

Forest Grower



ForestFit™ Training and Certification has been codesigned by national representatives from forest growers, forest contracting businesses, processors, industry associations, existing industry certification schemes and the New South Wales (NSW) Government in partnership with Australian Forest Contractors Association (AFCA). The NSW Environmental Protection Authority, NSW Local Land Services and NSW Department of Primary Industries' Plantation Regulation Unit provided expert regulatory input.

