



ForestFit™

SETTING THE STANDARD

V02 JUN 2024


AFCA
Australian Forest Contractors Association

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 Grower steering committee continue to meet the milestones of the National OAP three year research pilot.
- The research 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 DRAFT 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 Additional pilot to test and validate the National OAP

The DRAFT National OAP:

- Formalised contract and operational management processes.
- Separates the management of commercial risk and operational risk, including onsite assessment activities for ForestFit™ certified contracting businesses.
- 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

ForestFit™ Standards

ForestFit™ Standards and Certification scheme provides a whole of business approach to support sustainable, safe and environmental business practices to strengthen future viability of forest contracting businesses.

ForestFit™ Standards include:

- Standard 1: Mandatory Requirements
- Standard 2: Business Sustainability
- Standard 3: Work Health and Safety
- Standard 4: Environmental Practices



ForestFit™ Standards utilise the requirements outlined by AS/NZS ISO/IEC 9001, 14001 and 45001. The 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. Audits are conducted annually by independent third party certification bodies (CBs) accredited by Joint Accreditation System of Australian and New Zealand (JASANZ).

The ForestFit™ Certification scheme was designed to meet the principles of AS/NZS ISO/IEC 17067:2015
Conformity assessment - Fundamentals of product certification and guidelines for product certification.

The ForestFit™ Certification scheme has successfully met the international requirements set by the International Accreditation Forum (IAF) resulting in JASANZ endorsement. JASANZ endorsement is an internationally recognised mark of credibility and an assurance of quality.

Australian forestry Standards

The ForestFit™ Standard sits in alignment with the Forest Stewardship Council and Responsible Wood (Programme for the Endorsement of Forest Certification) to provide assurance through the forestry supply chain. ForestFit™ criteria are benchmarked to ensure alignment with relevant outsourced provider criteria within the recognised Australian forestry Standards.

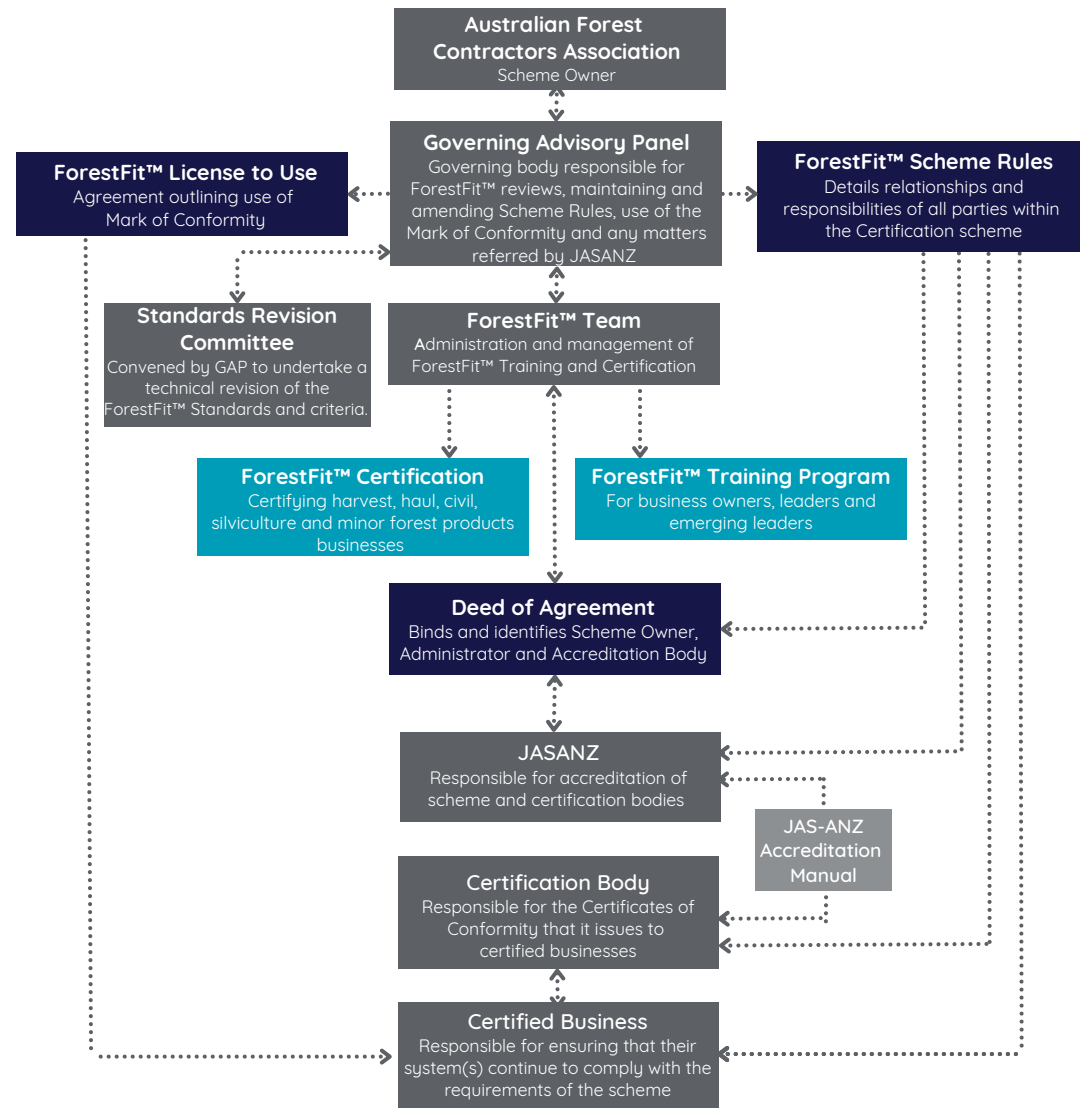
 Forest Stewardship Council®	 Responsible Wood	ForestFit.
Standard The national Standard to which your system, product or service must conform	Sustainable Forest Management AS/ANZ 4708 Chain of Custody of Forest and Tree-based products AS/NZ 4707	Standard 1: Mandatory Requirements Standard 2: Business Sustainability Standard 3: Work Health and Safety Standard 4: Environmental Practices
Scope Range or characteristics of objects of conformity assessment covered by certification	AUS-01-2018 - forest management. FSC-STD-30-010 - supply of controlled wood by forest managers. STD-40-004 - sourcing, processing, labelling and sale of forest-based products. STD-40-005 - avoid material from unacceptable sources.	Management systems and practices of active forest management operations: - Harvest - Haul - Civil - Silviculture - Minor forest products
Certification scheme Owner/Operator responsible for the daily operations of the certification scheme Object(s) of conformity	FSC Australia and New Zealand Forest management system and practices	Australian Forest Contractors Association Management system(s) and practices
Assurance Assessment that systems and processes are risk based, successfully operationalised and continuously improved. Audit frequency	Independent third party conformity assessment by ASI accredited Certification Bodies Certification: 5 years Surveillance: Annually	Independent third party conformity assessment by JASANZ accredited Certification Bodies Certification: 5 years Surveillance: Annually

Forest managers utilise AS/NZS 4708 to certify that their native or planted forest product, which includes 21 criteria specifically related to forest contracting operations undertaken by outsourced providers. To eliminate audit duplication a ‘Deemed to Comply’ agreement has been established with Responsible Wood. ForestFit™ certified businesses are assessed to these criteria as part of their annual surveillance audit, therefore may be excluded from the sample selection for the forest grower’s AS/NZS 4708 audit

ForestFit™ Governance

Aligned to industry and international standards

- 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™ Standards and Certification scheme provide a whole of business approach to support sustainable, safe and environmental business practices to strengthen future viability.
 - The ForestFit™ Certification scheme meets the international requirements set by International Accreditation Forum (IAF) resulting in JASANZ endorsement.
- 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™ Training and Certification is owned by AFCA. 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
Total	571	141	171	685	\$4,111,200	\$5,481,600	\$9,592,800

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
Safety Management System Audits		
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
Compliance Costs		
Harvesting supervisors	#	5
Employee cost per annum	\$/person/yr	\$97,500
Compliance and quality control task	% role	20%
Compliance cost per annum	\$	\$97,500
TOTAL Forest Grower cost/annum	\$	\$104,500
TOTAL Forest Grower cost/tonne/annum	\$/tonne	\$0.10

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	
Assessment Activities		
	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
Forest Grower cost per Crew/annum		
Quality and production assessments	40	\$1,988
Safety, environment and business (equivalent to ForestFit Standard)	119	\$5,963
TOTAL Forest Grower cost/ Crew/ annum	159.0	\$7,950

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	
FCB internally conducted activities		
	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
FCB cost and downtime of Forest Grower site activities		
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
TOTAL FCB cost / Crew/annum	163.0	\$43,975

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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

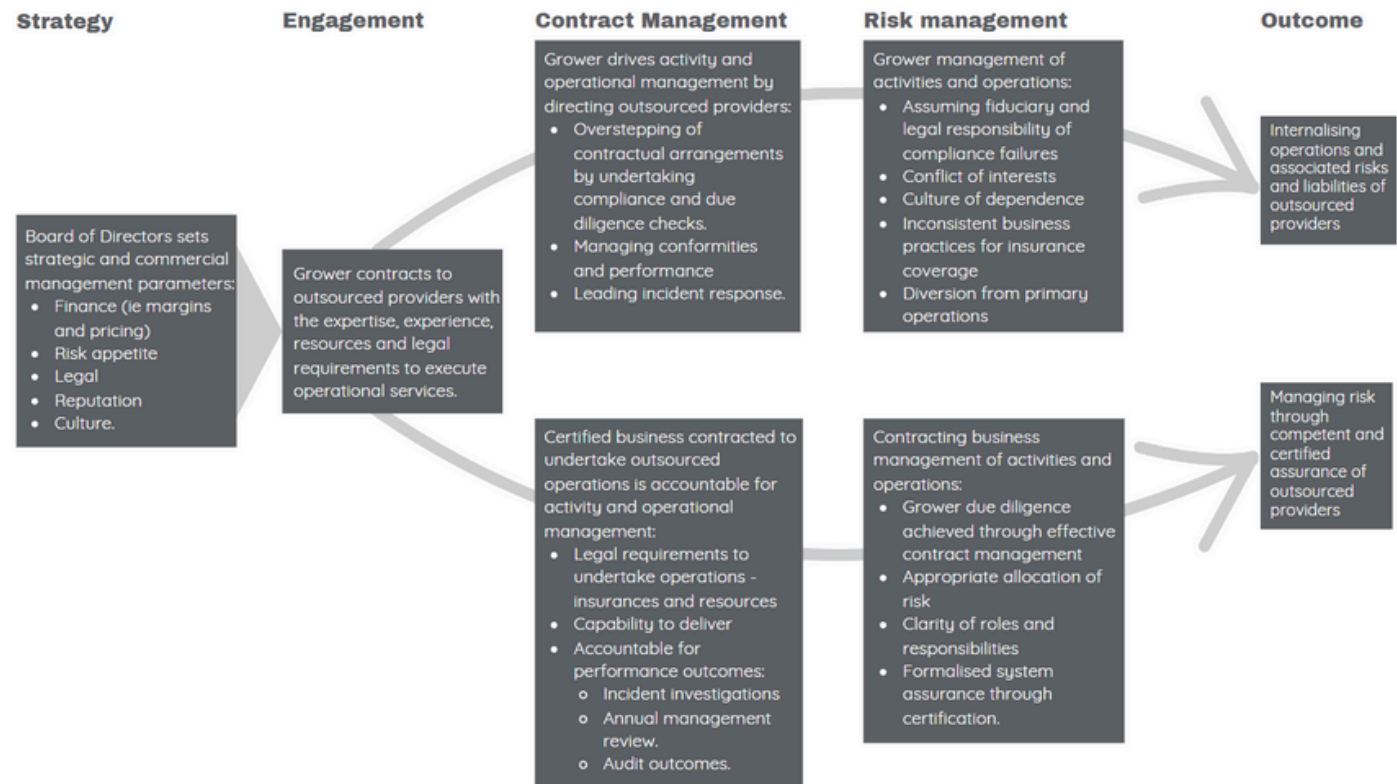
Transition pathway for forest growers

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:
 - o Certified businesses benefit from recognition of certification through streamlined procurement processes and elimination of duplicated assessment activities.
 - o 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.

National Optimal Auditing Pathway

The National Optimal Auditing Pathway (National OAP) Steering Committee (SC), was convened by Growers and is supported by AFCA, to help drive long-term industry transformation, including:

- Identify how Grower cost savings from reduced assessment activities and management of certified Forest Contracting businesses (FCBs) will be recognised and incentivised for ForestFit™ Certified businesses;
- Explore alignment and streamlining of current audit arrangements with ForestFit™ Certification.
- Cooperate and work together to maximise efforts and resources; and
- Share consistent information and messages.

Key assessment activities

The key assessment activities required during the operations cycle have been identified, defined and agreed upon by the SC to create a 'common language' for Growers and FCBs that are ForestFit™ certified.

AUDIT		VERIFICATION		COMPLIANCE		INSPECTION		OBSERVATION	
A systematic, independent and documented process conducted by a third party (Conformity Assessment Body) for obtaining evidence and evaluating it objectively to determine if the audit criteria is fulfilled.		A documented process conducted by a second party to assure the information provided is valid and compliant with contractual requirements and system implementation.		A documented systematic check conducted by the first party to ensure adherence to the required laws, regulations, policies or standards. This involves reviewing documents, conducting interviews and inspecting operations and sites.		A documented visual examination process completed by the first party to assess the condition of a site, operation, system or process for a specific purpose, such as identifying safety hazards, quality controls or environmental concerns.		A physical examination completed by the first party of a site, operation or process to gather information, assess conditions and identify potential issues or opportunities for improvement.	
FORESTFIT	NON CERTIFIED	FORESTFIT	NON CERTIFIED	FORESTFIT	NON CERTIFIED	FORESTFIT	NON CERTIFIED	FORESTFIT	NON CERTIFIED
RESPONSIBILITY									
FCB	Forest grower	Forest grower		FCB		FCB	Forest grower	FCB	
External independent third party									
FREQUENCY									
Annual	Biannual	Annual		Quarterly		Monthly		Weekly (minimum)	
CRITERIA*									
Work Health and Safety Environmental Practices Mandatory Requirements (People) Business Sustainability		Work Health and Safety Environmental Practices Mandatory Requirements (People) Business Sustainability		Work Health and Safety Environment		Work Health and Safety Environment		Work Health and Safety Environment	
VALUE									
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.		A validated approach confirming systems and processes are implemented and assessed. Generally undertaken when a new process occurs (ie new contract).		A risk based approach to systematically assess, manage and implement systems and processes to ensure responsibilities and obligations are met.		Systematic monitoring of on site processes, ensuring alignment with sustainable practices and identifying opportunities for improvement, including areas that may pose risks.		Fostering a culture of continuous improvement through knowledge sharing and feedback utilising tools such as risk assessments, toolbox meetings, etc, to ensure daily operations are safe and environmentally sustainable.	

National Optimal Auditing Pathway

The DRAFT National OAP for pilot commenced April 2024 to clarify the Grower and ForestFit™ certified business requirements through contract management (commercial) and operational management, including acknowledgment that:

- Each party is a key stakeholder of the other party.
- Each party is integral to each other's future business viability and success.
- ForestFit™ certified businesses are responsible for all site operational assessment activities and incident investigations.

Contract Management

Engagement

Growers procure outsourced providers for harvest, haulage, civil, silviculture and/or minor forest products operations.

ForestFit™ certified business tender documentation:

- ForestFit™ Certificate
- Other certifications or accreditations.

Commencement

[HOLD] Pilot to identify and validate any external requirements of Growers (eg PEFC, FSC, ILO, EUDR) relevant to outsourced providers who are ForestFit™ certified.

[HOLD] Pilot to identify and validate, where appropriate, how ForestFit™ certified businesses can demonstrate conformance.

Implementation and reporting

Periodic performance review

ForestFit™ certification requires recording and consolidation of key performance metrics.

Review

Annual performance review

- Assurance that systems and processes are risk based, successfully operationalised and continuously improved.

ForestFit™ certified business documentation:

- Incident investigation outcomes.
- Annual management review.
- Audit outcomes report.

Operational Management

	GROWERS	FORESTFIT™ CERTIFIED BUSINESS
Planning	<p>Preplanning - identify key characteristics and controls.</p> <p>Planning - identify legal, regulatory, site and method requirements.</p>	<p>Preplanning - participate with Growers as required</p> <p>Planning - internal allocation of resources to meet contract requirements.</p>
Implementation	<p>Site handover - induction of principal contracting business, acknowledgement of known hazards and site sign off.</p>	<p>Site risk assessment - updates to safety and/or environment plans.</p> <p>Site operations - initiation of activities as per plan method and specifications.</p>
Measurement	<p>Commercial risk assessment activity</p> <p>Inspection</p> <ul style="list-style-type: none">• 1 hour per month.• FCB has undertaken assessment activities.• Any identified issues, hazards or risks and/or guidance questions. <p>Incident investigation</p> <ul style="list-style-type: none">• Stakeholder who receives a copy of incident investigation outcomes. <p>Reporting [HOLD]</p> <p>Pilot to identify and validate data.</p>	<p>Operational risk assessment activities</p> <p>Compliance</p> <ul style="list-style-type: none">• Quarterly documented systematic checks. <p>Inspection</p> <ul style="list-style-type: none">• Monthly documented visual examinations. <p>Observation</p> <ul style="list-style-type: none">• Weekly (minimum) physical examination. <p>Incident investigation</p> <ul style="list-style-type: none">• Undertakes investigation.• Incident investigation outcomes provided to stakeholders as required. <p>Reporting [HOLD]</p> <p>Pilot to identify and validate data.</p>
Review	<p>Final site assessment - upon completion</p>	<p>Management review</p> <ul style="list-style-type: none">• internal systems review and audit preparation. <p>ForestFit™ Certification audit</p> <ul style="list-style-type: none">• Audit (annual) - external third party procured to undertake management systems audit.



The ForestFit™ Standard and Certification scheme 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 ForestFit™ Certification scheme has successfully met the international requirements set by the International Accreditation Forum (IAF) resulting in JASANZ endorsement. JASANZ endorsement is an internationally recognised mark of credibility and an assurance of quality.

