

**AUSTRALIAN FORESTRY STANDARDS LIMITED**

# Business & Quality Plans

## **AFSL BUSINESS & COMMUNICATIONS OVERVIEW**

Extract from the 3 Year Business and Communications Plan

October 2010

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Australian Forestry Standard Limited is a not-for-profit public company registered in July 2003. The company owns the standard development functions and manages the elements of the Australian Forest Certification Scheme

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## 1. Executive Summary

Australian Forestry Standard Limited (AFSL) is a not-for-profit public company registered in July 2003. AFSL is accredited by the Accreditation Board for Standards Development Organisation (ABSDO) as a Standards Development Organisation and owns the Standards and the standard development functions and manages the elements of the Australian Forest Certification Scheme.

Standards Australia is recognised by the Government as Australia's peak Standards body. It coordinates standardisation activities, develops internationally aligned Australian Standards® that deliver Net Benefit to Australia, and facilitates the accreditation of other Standards Development Organisations through the ABSDO.

All standards developed by AFSL are published by Standards Australia® through their publishing contract with SAI Global.

The Australian Forestry Standard (AS4708-2007) and the Chain of Custody Standard (AS4707-2006) are the **only Australian Standards (AS)** for Forest Management and Chain of Custody. The strength of the Standards is gained from their position as the only forest and wood products standards in Australia accredited by third party independent certification and standards bodies:

- accreditation by ABSO the independent body responsible for accrediting Australian Standards entitled to use the 'AS' mark,
- the 3<sup>rd</sup> party certifiers/auditors are accredited by the independent auditor accreditation body in Australian and New Zealand (JASANZ), and
- the standards are endorsed by the international body covering sustainable forest management and chain-of-custody certification, Program for the Endorsement of Forest Certification (PEFC)

Ninety percent of Australian production forests have been independently certified as being compliant with AS 4708-2007.

AFSL is committed to expanding the relationship with the industry by providing credible and respected, independently endorsed Australian Standards that meet the needs of all stakeholders. Our aim is to maintain the Australian Forestry Standards that are supported and embraced by key stakeholders, including growers, processors, retailers, users, industry associations and Government agencies.

### 1.1. The Company – Australian Forestry Standard Ltd (AFSL)

Australian Forestry Standard Limited is a Standards Development Organisation, accredited by the independent Accreditation Board for Standards Development Organisations (ABSO), a business entity of Standards Australia®, and is a not-for profit public company registered since July 2003. The company owns the standard development functions and manages the Australian Standards which form the basis of the Australian Forest Certification Scheme.

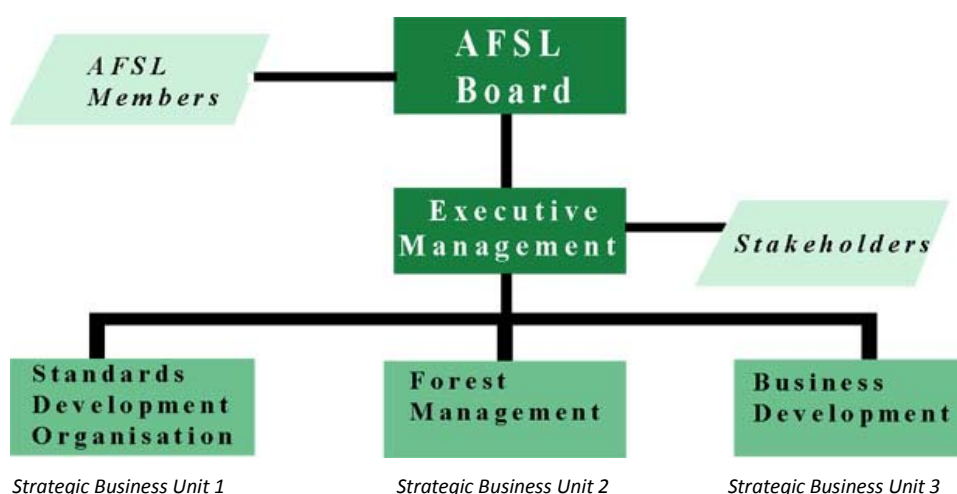
**AUSTRALIAN FORESTRY STANDARD** Certification is based on third party auditing, by the Joint Australian and New Zealand (JAS-ANZ) accredited auditors, for compliance with the two Australian Standards developed through AFSL:

- AS 4708-2007 - The Australian Forestry Standard, and
- AS 4707-2006 - AFS Chain of Custody Standard

The scope of the accreditation of AFSL, by ABSO, as a Standards Development Organisation was to develop Australian Standards for forest management for wood production. The two current Australian Standards provide an integrated solution addressing sustainable forest management at the source and sustainable forest practices via the supply chain

The demand for 'best practices' in forest management and controls for the supply chain of wood and wood products has been further intensified by the growing demand of the consumer. Information regarding environmental issues, climate change, illegal logging, and leading national and international agendas have had a direct impact on sustainable forest management certification schemes.

#### AFSL Business Model (not organisational chart)



The SBUs are **not** definitions of roles but deliver a transparent diagram of AFSLs understanding of the importance of each of its services and critical business functions to the Stakeholders and public and how it clearly places a responsibility on each function of the organisation.

#### Governance

AFSL governance is directed by the AFSL Constitution (Version 2 – September 2009) and the Corporate Governance Manual, which sets out the policies and procedures developed and adopted by AFSL to ensure effective and accountable management of the Company and delivery of its services.

Additional policies, guidelines and procedures adopted by AFSL are in compliance with the criteria for a Standards Development Organisation accreditation and are covered in the AFSL SDO Setting the Standards Guide and the AFSL SDO Procedures Manual.

#### 1.1.1. Mission and Objectives

##### Mission Statement

Australian Forestry Standard Limited's (AFSL) mission is to create and maintain Australian Standards that provide a structure and process that monitors and

promotes sustainable forest management and the use of sustainably managed forest products.

### **AFSL is in the business of**

#### **Standards Development Organisation**

Developing, maintaining and providing process for continuous improvement to the Australian Standards as they relate to sustainable forest management.

#### **Sustainable Forest Management**

Increase and maintain market share of Australian Forest hectares under the Australian Forest Certification Scheme (AFCS) and servicing members

#### **Business Development**

Creating demand for forestry and wood products that can be verified as being from sustainably managed forests.

### **Objectives**

#### **Standards Development Organisation**

- i. Maintain accreditation status as a Standards Development Organisation under the Accreditation Board for Standards Development Originations (ABSDO).
- ii. Maintain and continuously improve the quality of the Standards developed by AFSL.
- iii. Maintain and develop the wider Stakeholder engagement process.
- iv. Maintain international recognition

#### **Sustainable Forest Management**

##### **In conjunction with Australian Forest and Wood products industry**

- i. Maintain market share of forest management certification of the public multi-use production native forests and plantations available in Australia.
- ii. Support the process for ensuring all forests and plantation managers whether public or private to achieve forest management certification
- iii. Maintain Member and certified Stakeholders satisfaction – with a focus on technical backup and support.

#### **Business Development**

- i. Increase tonnes of mill output that can be independently verified as PEFC certified
- ii. Maintain certified defined forest area under AS 4708
- iii. Increase quantities of PEFC chain of custody certificates of wood products
- iv. Increase the enrolment and involvement of a diverse number of members
- v. Increased revenue to support the aforementioned objectives

### 1.1.2. Service Offering

The Australian Forest Certification Scheme is the only third party accredited scheme available in Australia and provides the only Sustainable Forest Management, AS 4708 and Chain of Custody, AS 4707, standards that are Australian Standards. Its strength lies in the 3 aspects of independence:

1. Accredited as an Australian Standard through the independence of Standards Australia and allowed to use the AS® mark
2. Uses third party accredited auditors through the independent Australia and New Zealand accreditation body JAS-ANZ
3. Is independently endorsed by the international Program for the Endorsement of Forest Certification (PEFC)

Our Service offering is related to independent public consultation and what the forest and wood products stakeholders want.

In the first seven years the demand was to develop rigorous and internationally recognised sustainable forest management and wood products supply chain standards. These have been established and there is now a demonstrated move by our Stakeholders towards the management of the Standards and maintaining their recognition as the preeminent forestry certification vehicle in Australia.

#### **AFSL provides the services of a**

##### **Standards Development Organisation**

...To develop and maintain independent standards in the forestry and forestry bi-products that are internationally recognised.

##### **Sustainable Forest Management**

...To support sustainable forest management, contribute to the eradication of illegal logging globally and increase the supply of certified timber through increased forest certification, and

##### **Forest Products Chain of Custody Certification**

...To promote wood and wood product certification to all stakeholders in the wood and wood product supply chain.

#### **What Business are we in?**

- Developing, maintaining and providing process for continuous improvement to the Australian Standards as they relate to sustainable forest management, and
- Providing a structure and process that allows monitoring and promotion of forestry and wood products sustainability, through certification.

### **What do we want to achieve?**

1. Increased awareness and understanding of certification and the benefits of using sustainably sourced forestry and wood products, amongst key target markets
2. Maximum certification coverage of Australian forests under AS 4708
3. Increased tonnes of mill output that can be independently verified as AFS/PEFC certified
4. Increased numbers of PEFC chain of custody certificates for wood products
5. Increased enrolment and involvement of a diverse number of members, and
6. Increased revenue to support the aforementioned objectives

### **How do we measure success?**

1. Certified Defined Forest Areas that can be independently verified that it is certified as AS 4708,
2. Tonnes of mill output that can be independently verified that it is PEFC certified, and
3. Quantity of Certificates issued for AS 4708 and AS4707

## **1.1.3. Positioning**

### **Standards Development Organisation**

New Australian Standards should not duplicate or overlap the content of existing Australian or International Standards, there can only be one Australian Standard per industry function, e.g. forest management and forest & wood products chain of custody, which is recognised by Standards Australia®.

### **The Australian Standards**

The Australian Forestry Standard Limited has developed two Australian Standards in forestry.

- AS 4708 - Australian Standard for Forest Management, and
- AS 4707 - Australian Standard for Forest & Wood Products Chain of Custody

These are Australian Standards (AS) endorsed through the independent third party system run by Standards Australia. Third party independent auditors are accredited by the independent body responsible for auditor accreditation, JAS-ANZ.

The organisation has the ability and endorsement of Standards Australia® to develop other Standards relevant to our industry sector.

### **The Certification Scheme**

#### **Sustainable Forest Management Certification**

*Sustainable Forest Management Certification is a vehicle towards a sustainable future - use more wood, it is 100% natural and renewable, and it is a positive contributor to climate change adoption.*



There are a number of national and international schemes around the world. Two main schemes operate in Australia:

- i. Australian Forest Certification Scheme (AFCS) – certification is based on compliance with AS 4708 Sustainable Forest Management Standard. The verification and traceability of the certified forest products is maintained through the AFS Chain of Custody Standard, AS 4707.
  - These Australian Standards are endorsed internationally through the Programme for the Endorsement of Forest Certification (PEFC Scheme) - an international umbrella scheme that recognises National Standards or National Schemes that comply with its International Guidelines for Forest Management and Chain of Custody.
- ii. Forest Stewardship Council (FSC) - is an international scheme with guidelines for Forest Management and Chain of Custody modified to suit each country in which it is managed. This scheme is operated and accredited by FSC.

## Facts

The Australian Forestry Standard Limited is the accredited Standards Development Organisation charged with developing and maintaining the Australian Forestry Standards.

Forest Management and Chain of Custody certification is not the complete answer to environmental best practices but part of the overall solution. It is also not the complete answer to the stopping of illegal logging but can be a major contributor towards the reduction of illegal logging through the wood and wood product supply chain.

Certification is a vehicle that can be used in conjunction with other vehicles to achieve the best environmental solution.

Wood as a natural and 100% renewable product is a strong message that positions our service in front of products such as steel, concrete etc.

## Business Development positioning

**Audience:** Forest Growers, Investors, Producers and Consumers of Forest and Wood (F&W) products

**Who:** desire to be environmentally responsible, minimise risk and commercially astute

**Brand:** PEFC Australia

**Is the brand of:** forest certification scheme

**Which:** guarantees that the forest and wood products chosen will be sustainably sourced, providing a decision that will have lasting environmental and economic value

**Because:** PEFC Australia is the only chain of custody scheme exclusively based on an Australian Standard (AS 4707) that is also internationally recognised

### **Industry Insight**

Desire to be environmentally responsible

A desire to do the right thing in an age where environmental responsibility has become mainstream

Would like to be better educated regarding forest and wood product environmental issues but either don't know where to start or too embarrassed to ask

Desire to have demonstrated that sustainable forest management certification is of environmental, social and economic value and for that to be more fully integrated into communication to customer target markets, members and stakeholders.

Desire to understand forest management practices risks and to have demonstrated independent risk management.

### **Geographic scope**

**Local** - products produced locally for distribution and sales in the Australian market

**International** - products produced locally or internationally for distribution and sales in the Australian or off shore markets

### **Values**

Credible, believable, authentic, representative, robust, objective, contemporary, patriotic, transparent

### **Reason to believe**

Largest Australian based forest certification connected to an Australian Standard

Connected to PEFC, the world's largest forest certification organisation.

Forestry and producer certificate holders independently audited by third parties

Practical certification approach to manufacturers and re-sellers

Size and growth of AFS certification in Australia

### **Discriminator**

The largest Australian based forest and chain of custody certification scheme exclusively connected to an Australian Standard (and linked to the largest international forestry certification scheme).

### **Target market**

**Primary:** Forest Owners, Investors, Commercial Wood producers, Government & Commercial procurement specifiers,

**Secondary:** Retail and end consumers.

### **Essence**

“Certified Wood for the greater good”

### **Slogan**

“Wood is good, certified wood is better”

## **1.1.4. Market Growth**

The Australian Forest Certification Scheme has two segments that can be analysed in respect to its market growth.

### **Forest Certification**

The first is the certification of forests as being compliant with AS 4708. While the majority of native forests and plantation estates have been certified in Australia, there is still a small percent of potential volume of the private land and native forests estates that can be certified.

There may be a ceiling on the growth potential of forest certification in Australia, however globally only ten percent of the world’s forests are certified. There are still millions of hectares to be certified and the increase of these will have a positive impact on Australians potential Chain of Custody certifications in the import wholesale and retail markets.

Our current and future growth is based on having and maintaining the majority of the Australian raw source supply. The total volume of logs harvested in 2007-2008 was 28.5 million cubic metres.

The AFS market advantage is provided by the use of the following three major sustainability messages;

1. Buy Australian grown forest and wood products
2. Buy Australian produced wood products, and
3. Support Australian communities and workers

As at 30 June 2010, there was 10,265,244 hectares of forests certified under the Australian Forest Certification Scheme. This equates to 19 certified Forest Management organisations.

Value of forest certification is measured by forest hectares certified percentage against potential production hectares available.

### **Chain of Custody Certification**

Chain of Custody is the business acceptance of the benefits of sustainable forest management and is driven by;

- Consumer demand,
- Procurement policies,
- Realised business benefits, and
- Environmental responsibilities

The number of businesses and organisations that can and will get CoC certification (based on compliance with AS 4707) is hard to define due to the vast market segments that deal in wood and products.

These markets do react to brand awareness and demand. Growth of the PEFC Australia CoC certified organisations grew from 23 in November 2008 to 79 in July 2009 and are steadily growing with the current figure, as at June 2010, of 120.

Within these organisations multiple sites are certified (e.g. Boral has 13 mills) the total of certified sites is over 260.

**Total certificates issued as of 30 June 2010, SFM & CoC, is 139**

### **Logo Use Licences**

Growth in Logo Use licences issued is dependent on CoC. The certification growth relates closely to the take up of Logo licences as the demand for labeling of products increases.

Total logo licences issued Forests, Supply Chain and Promotional (off-product) as at June 2010 was 124 subscriptions.

*Refer to Certification registers for a list of current certified organisations and defined forest areas.*

[www.forestrystandard.org.au/9documents.asp](http://www.forestrystandard.org.au/9documents.asp)

## **2. Products**

### **2.1. Revenue Generating Products**

AFSL has two revenue generating products

- Membership Fees
- Logo Use Licence Fees

#### **MEMBERSHIP OF AUSTRALIAN FORESTRY STANDARD LIMITED (AFSL)**

Forestry, timber and wood products and environmental organisations, associations and government agencies (State and Federal) and individuals who have an invested interest in the Forestry Industry are invited to join AFSL as members.

AFSL Stakeholders through their membership fees provide AFSL the funding to continually develop and manage the AFSL.

The AFSL Membership provides Stakeholders with the opportunity to be involved through collaboration the ability to contribute to the direction and requirements of improving the AFSL. Membership of the company does not offer the members the ability to influence the current Standards, however, can contribute to the business direction and strategy of the company.

### **Membership Subscriptions**

Membership growth is based on return of services and value for money. Current membership is at 25 members with a minimal growth projected over the next three years and the members elect the AFSL Board of Directors.

**In 2010 Membership revenue to Total revenue is 10.5%**

*Refer to Membership register for a list of current subscribers.*  
[www.forestrystandard.org.au/9documents.asp](http://www.forestrystandard.org.au/9documents.asp)

### **LOGO USE LICENCE FEE**

The organisation has one commercial activity for generating revenue and that is the supply of the Trademark to be used by certified organisations for an annual licence fee. Obtaining and the use of the Trademark are voluntary.

While it is the greater of revenue raisers for the organisation it is also the least predictable and is tied directly to business benefits as seen by the market.

There is a projected imminent growth over the next three years which will peak and then maintain a moderate growth.

**In 2010 Logo Licence Fees revenue to Total revenue is 47%**

*Refer to Certified Organisations and Logo User Licence register for a list of current subscribers.* [www.forestrystandard.org.au/9documents.asp](http://www.forestrystandard.org.au/9documents.asp)

## 2.2. Non-Revenue Generating Products

AFSL has two non-direct revenue generating products. **However, they are the core to the revenue generating products.**

### Standards Development

AFSL developed two Australian Standards in the period of 2003 – 2010

AS 4707:2006, Sustainable Forest Management Chain of Custody, and

AS 4708-2007, Sustainable Forest Management System

### Forest and Chain of Custody Certification

**Defined forest areas – certified hectares and Forest Management organisations - certified**

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Hectares</b>	1,729,338	1,911,646	5,734,904	8,552,080	7,813,160	9,334,191	10,265,244
<b>FM organisation</b>	1	2	10	12	13	17	19

**Chain of Custody – certified number of organisations**

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>CoC</b>	1	3	7	23	79	120

**Total Certificates**

<b>Total number</b>	3	13	19	36	96	139
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Refer to Certified Organisations and Logo User Licence register for a list of certified organisations. [www.forestrystandard.org.au/9documents.asp](http://www.forestrystandard.org.au/9documents.asp)

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### 3. Business Strategy

#### 3.1. Key Objectives and Success Criteria

##### 3.1.1. Standards Development Organisation

###### Objectives

1. Maintain accreditation status as a Standards Development Organisation under the Accreditation Board for Standards Development Originations (ABSDO).
2. Maintain and continuously improve the quality of the Standards developed by AFSL.
3. Maintain and develop the wider Stakeholder engagement process.
4. Maintain international recognition

###### Success Criteria

1. Maintain accreditation status as a Standards Development Organisation under the Accreditation Board for Standards Development Originations (ABSDO).<sup>i</sup>
  - a) Implement the systems and process framework to meet the 'Requirements for Accreditation of Standards Development Organisations' as determined by ABSDO.
  - b) Demonstrates arrangements for meeting the scope of standardization work and policy oversight of that work for which application for accreditation
  - c) Documented processes for Standards development which satisfy the Criteria for Designation as an Australian Standard as determined by ABSDO.
2. Maintain and continuously improve the quality of the Standards developed by AFSL.
  - a) By reviewing of level of standards writing activity
  - b) By regularly reviewing and tracking any changes to the Standards development processes
  - c) By maintaining a procedure for hearing complaints arising out of the Standards development process.
  - d) By ensuring administrative procedures include appropriate and effective record keeping systems and document management systems, including a records management policy.
  - e) By committing to ongoing revision of the Standards
3. Maintain and develop the wider Stakeholder engagement process.<sup>ii</sup>
  - a) Develop and maintain Standard Reference Committees for each Standard
  - b) Provide a process for public review, including reviews of stakeholder feedback
  - c) Achieve and demonstrate consensus
  - d) Ensure the decisions of Standard Reference Committees developing Standards must not be able to be changed or over-ruled by the organisation without due process.
  - e) Ensure the Standards are consistent with the national interest and public benefit.
  - f) Ensure parties outside the Standard Reference Committees be allowed a reasonable opportunity to have input into the Standards Development Process.

### **Strategies**

1. Maintain accreditation status as a Standards Development Organisation under the Accreditation Board for Standards Development Originations (ABSDO).
  - a) Satisfy the Requirements for Accreditation of Standards Development Organisations and Criteria for Designation as an Australian Standard as determined by ABSDO
  - b) Implement and maintain a procedure that demonstrates AFSL compliance to the above and provide evidence that satisfies ABSDO survey audits and accreditation audits.
  - c) Appoint the appropriate resource to coordinate and maintain the Standards Development process as directed by the CEO.
2. Maintain and continuously improve the quality of the Standards developed by AFSL.
  - a) Regularly review the Standards Development process, conduct internal audits.
  - b) Regularly reviewed the Standards to ensure that they are up-to-date and current, review and maintain alignment with international standards and developing technologies within the scope of the standards. (i.e. PEFC accreditation)
  - c) Ensuring the capacity of the AFSL to meet the cost of Standards development activities within the scope of accreditation.
3. Maintain and develop the wider Stakeholder engagement process.
  - a) Ensure that the Standard Reference Committees comprises a balanced representation from all major stakeholder interests relevant to the Standard.
  - b) Provide evidence of open and transparent Standards development process
  - c) Establish mediums for effective publishing of all documentation for public review, feedback and complaints processes
  - d) Continually source any interested parties that have a vested interest in the Standards to participate and engage in the process.

### **3.1.2. Sustainable Forest Management**

#### **Objectives**

1. Maintain market share of forest management certification of the public multi-use production native forests and plantations available in Australia.<sup>iii</sup>
2. Support the process for ensuring all forests and plantation managers whether public or private to achieve forest management certification
3. Maintain Member and certified Stakeholders satisfaction – with a focus on technical backup and support.



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### **Success Criteria**

1. Maintain market share of forest management certification of the public multi-use production native forests and plantations available in Australia.
  - a) Maintain certification of at least 80% share of forests (either exclusive or dual)
2. Support the process for ensuring all forests and plantation managers whether public or private to achieve forest management certification
  - a) Achieve certification of small private forest and plantation farmers
  - b) Achieve certification of Indigenous forests and plantations
  - c) Endorse a Group certification process that aligns with and promotes the Forest Management Standard
3. Maintain Member and certified Stakeholders satisfaction – with a focus on technical backup and support.
  - a) Increase in Member and Stakeholder participation
  - b) Increase in Member on-sell and promotion of the certification process
  - c) Increase in the Members perceived value of membership
  - d) Provision of technical support, provided in a timely manner

### **Strategies**

1. Maintain market share of forest management certification of the public multi-use production native forests and plantations available in Australia.
  - a) Provide services to existing certified organisations
  - b) Provide workshops to facilitate open and constructive discussion regarding the certification process and Standard
  - c) Directly engage with the forest industry through representative organisations
2. Support the process for ensuring all forests and plantation managers whether public or private to achieve forest management certification
  - a) Provide or endorse independent *Guidelines* and *How To's* that support the process for applying for certification
  - b) Ensure no organisation, however small, is excluded by cost or resource requirement to achieve certification.
  - c) Facilitate mentoring programs
3. Maintain Member and certified Stakeholders satisfaction – with a focus on technical backup and support.
  - a) Provide value for membership incentives
  - b) Communicate regularly with members and stakeholders
  - c) Respond to, or re-direct, any technical queries in a timely manner, and
  - d) Proactively address any technical challenges via the Stakeholder Management Plan.

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### 3.1.3. Business Development

#### **Objectives**

1. Increase tonnes of mill output that can be independently verified as PEFC certified
2. Maintain certified defined forest area under AS 4708
3. Increase quantities of PEFC chain of custody certificates of wood products
4. Increase the enrolment and involvement of a diverse number of members
5. Increased revenue to support the aforementioned objectives

#### **Success Criteria**

1. Increase tonnes of mill output that can be independently verified as AFS/PEFC certified
  - a) Achieve greater output from mills as certified AFS/PEFC
    - i. By target market (pulpmill, sawmill)
    - ii. By tonnage, percent or cubic metres of output (as relevant to the industry sector)
2. Increased certified defined forest area
  - a) Achieve increase of certified defined forest area
    - i. By minimum one certified forest management organisation or group per year
    - ii. By minimum of 300,000 accumulated hectares per year
3. Increase quantities of AFS chain of custody certificates of wood products
  - a) Achieve increase in Chain of Custody Certificates issued
    - i. By minimum 40 per financial year ending 30<sup>th</sup> June
    - ii. By total of certificates (i.e. 173 CoC certificates by 30 Jun [year])
    - iii. By target market (i.e. increase of 10 CoC in the Print industry, 30 in the Timber merchant industry etc)
4. Increase the enrolment of a diverse number of members
  - a) Achieve membership numbers of
    - iii. 28 by 30 June 2010
    - iv. 50 by 30 June 2011
    - v. 100 by 30 June 2012
  - b) Achieve a wider diverse membership
5. Increase revenue to support the aforementioned objectives
  - a) Achieve a minimum of 90% Logo Licence subscriptions to total number of certified organisations

- 
- b) Achieve a value-add structure for member enrolment and involvement from a wider industry base by June 2011
  - c) Achieve long-term Government and Industry funding to support and maintain the revision and management of the Australian Standards in Forest Management by June 2011

### **Strategy**

1. Increase tonnes of mill output that can be independently verified as AFS/PEFC certified
  - a) Identify target markets and quantify mill output (both AFS/PEFC verified or otherwise) for 2010-2011
  - b) Rank target markets in order of importance
  - c) Develop and implement strategies to improve certified tonnage for 3 year period
  - d) Recruit industry partners to assist with demonstrating to key groups the environmental & economic value of adopting AFS/PEFC product
2. Increased certified defined forest area

*See 3.2 Sustainable Forest Management objectives and strategy*
3. Increase quantities of PEFC chain of custody certificates of wood products
  - a) Identify target markets and prioritise for 2010-2011
  - b) Demonstrate business benefit of certification to target markets in priority order
  - c) Promote business benefits to certification bodies to become accredited for the delivery of Audit and Certification against the AFS Standard and to enlist their resources to encourage certification
  - d) Deliver information seminars to relevant industry stakeholder representative organisations
  - e) Participate in Industry events to increase awareness, credibility and strength of PEFC chain of custody
  - f) Achieve GBCA 'Green Star' recognition for AFS/PEFC certified products
  - g) Provide certified organisations the incentive to clearly label certified product with the AFS/PEFC logo
4. Increase the enrolment of a diverse number of members
  - a) Provide a forum which members can participate and contribute to the future directions and strategies of certified timber and wood products
  - b) Revise the membership structure and categories to offer industry stakeholders a place within the AFSL organisation process for Standards development and forest certification scheme
  - c) Develop a pricing structure for members that increases revenue but provides increased value for money

5. Increase revenue to fund the aforementioned objectives

- a) Develop a pricing structure for adopters of AFS/PEFC logos that increases revenue but provides increased value for money

- b) Promote the use of labeling on all certified products
- c) Develop a mandatory requirement for labeling of certified products
- d) Develop a procedure where the labeling and the certification is seen as one
- e) Develop a fee collection procedure for new certifications from Certification Bodies
- f) Revise the categories, structure and amount for the fees
- g) Develop a membership structure and activities that offers value-add
- h) Develop funding proposals that clearly address the importance of supporting the Australian Standards in Forest Management for the benefit of the Australian forest and wood products industry.

### 3.2. Performance Measure

AFSL performance is best measured from the Mill output level in the supply chain.

Utilising ABARE Australian Forest and Wood Products Statistics report May 2009, we can develop a starting point in measuring overall production and identifying the volume that is certified and then the volume sold as certified by obtaining individual organisations breakdown of certified and actually sold as certified.

The collection of these statistics will take some time, once developed reporting will be provide an effective way to monitor uptake.

Currently the AFSL's best, and accessible, measure of performance is through the number of certified organisations and the uptake of Logo Licence subscriptions.

#### 3.2.1. Logo Licence subscriptions

**Historical** (distribution across CoC market segments is approximate)

Market Segment	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Forests	2	6	10	13	16	16
Timber Processors			2	5	15	23
Paper Processors				5	10	20
Wood Products				1	18	20
Paper products				4	35	35
Off Product			1	8	10	10
Total	2	6	13	36	104	124

#### Projection

Market Segment	2010/11	2011/12	2012/13
Forests	18	24	26
Timber Processors	28	36	50
Paper Processors	20	40	58
Wood Products	38	50	64
Paper products	49	63	85
Off Product	20	25	30
Total	173	238	313

Note: Increase of certificates issued does not automatically convert to Logo Use subscriptions. As the logo use is voluntary not all certified organisations subscribe.

## 4. Marketing and Communications Strategy

### 4.1. Value Proposition

Australian Forestry Standard Limited provides the elements to develop a credible certification scheme that supports sustainable forest management.

The development and maintenance of the Australian Standards for Forest Management and Chain of Custody provides

- 1) An independently accredited Australian Standard on which to base the certification system for sustainable forest management and chain of custody.
- 2) Australian produced certification demonstrating independently determined sustainability credentials that are internationally recognised through the mutual alliance with PEFC – PEFC audits AFS to ensure it continues to meet PEFC criteria.
- 3) An internationally certified product, recognised nationally through the mutual alliance with an Australian Standard
- 4) A third party auditing system, independently accredited by JASANZ.
- 5) A structure and process for the demonstration of forestry and wood products sustainability through certification.

### 4.2. Current Market Share

<i>Market Share (June 2010)</i>			
	<b>Certification</b>	<b>Total Certified hectares</b>	<b>Market Share</b>
<b>AFS FM</b>	10,265,244 ha		99%
<b>FSC FM</b>	547,963 ha		5%
<b>Total hectares certified by AFS &amp; FSC (not double counting dual)</b>		10,373,207 ha	
	<b>Certificates</b>	<b>Total Certified organisations</b>	
<b>AFS CoC</b>	116		43%
<b>FSC CoC</b>	202		75%
<b>Total Organisations certified by AFS &amp; FSC (not double counting dual)</b>		268	

\*440,000 hectares a dual certified by both AFS and FSC – 3% dual certification

\* 50 organisations have dual chain of custody certificates – 18% dual certification

### 4.3. Target Market Strategy

AFSL by either its' structure as an SDO or its' limited resources cannot promote or market certification to the widest possible market segment of stakeholders or consumers.

It is the organisations findings that the activities for marketing be focused on areas that will produce the most influence and volume of awareness.

The primary target market is Government and Defence and this has been broken into the two products - Timber and Paper.

The suppliers of Government and Defence cover many of the same suppliers to the corporate and commercial market.

The **primary and secondary** targeted markets in the **timber and paper sector** are:

- i. Government and Defence Procurement.
- ii. Corporate and Commercial Procurement and Sustainability Managers

Targeted primary market segments	Targeted secondary market segments
Timber and Paper <ul style="list-style-type: none"> <li>- Forest Owners</li> <li>- Investors</li> <li>- Commercial wood &amp; paper processors</li> <li>- Industry Regulatory Bodies</li> <li>- Timber &amp; Paper Merchants</li> <li>- Large Manufacturers</li> <li>- Building Developers &amp; Construction</li> <li>- Procurement Specifiers</li> </ul>	Timber and Paper <ul style="list-style-type: none"> <li>- Architects</li> <li>- Publishers</li> <li>- Building Designers</li> <li>- Graphic Designers</li> <li>- Printers</li> <li>- Financial Institutions</li> <li>- Superannuation and investment schemes</li> <li>- Real Estate Agents</li> <li>- Large Retail Chains</li> </ul>

Government and Defence Procurement provides the most influence down the chain to suppliers and drives the end consumers perception of best practices in business and environmental.

#### Government is

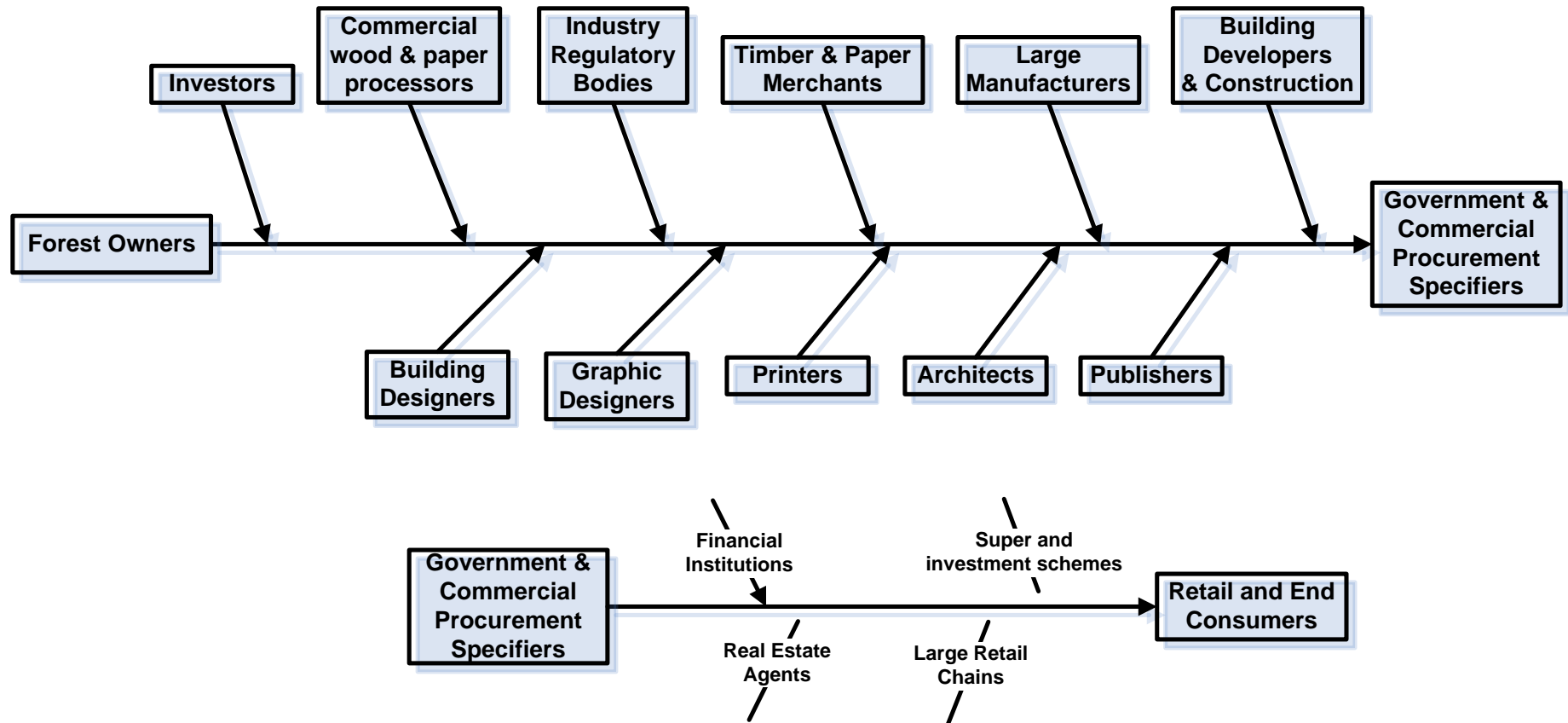
- Federal
- State
- Local - including city councils

The ripple effect is that the same suppliers to the Government supply the **Corporate and Commercial markets**.

#### Corporate and commercial is

- Large consumer facing retail chains
- Large professional services companies (i.e. financial, legal), and
- Small to Medium enterprises (SMEs)

PRIMARY AND SECONDARY TARGET MARKET SEGMENTS



#### **4.4. Branding**

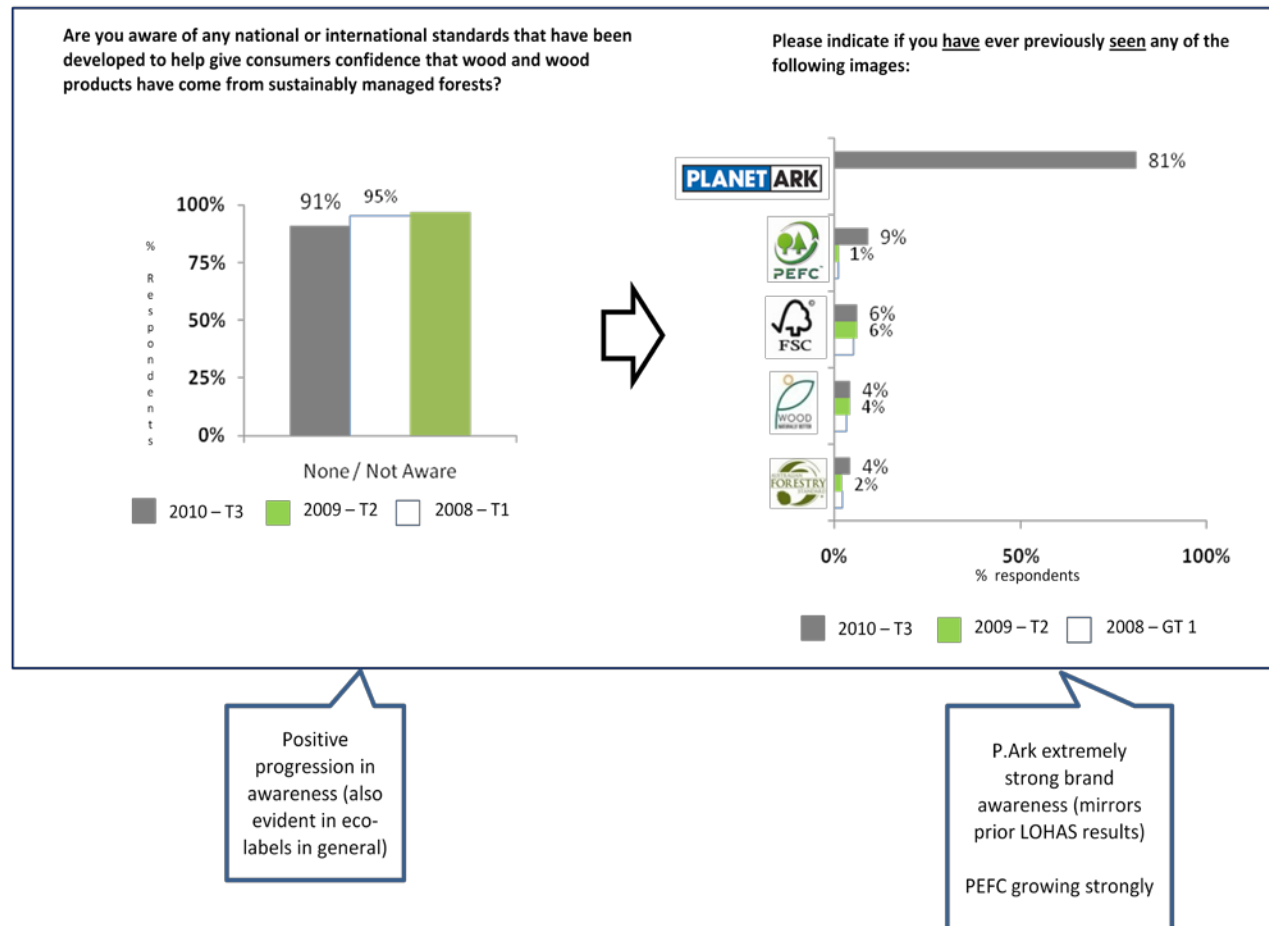
The strength of the AFS logo and branding is very important for the Forests and the Mills, after which the PEFC brand becomes the commercial recognition needed up the supply chain.

Australian products that enter the international environment, or international products entering Australia, will benefit from the PEFC branding.

Each Logo, AFS and PEFC has a different value depending on where the certified organisation sits in the supply chain.



## T3 Snapshot – Industry Standards & Trust Mark Awareness



Prompted survey

A recent survey conducted by the Mobium Group on behalf of FWPA presented the above findings.

In the past year both the AFS and PEFC brand has increased in awareness. AFS by 2% and PEFC by 8%.

T = Trial

## 5. International Markets

### INTERNATIONAL MEMBERSHIP

Australian Forestry Standard Limited (AFSL) is a member of the Programme for the Endorsement of Forest Certification Schemes (PEFC) Council - one of 31 countries on the Council including seven non-European countries (Australia, Brazil, Canada, Chile, Gabon, Malaysia and the USA) with 21 endorsed schemes. The Secretariat of the PEFC Council is based in Switzerland.

The essential components of the Australian Forest Certification Scheme (AFCS) were evaluated against the requirements of the PEFC Council's Technical Document and its Annexes for the purposes of seeking mutual recognition with other national schemes within the PEFC Council framework.

In 2003 - achieved initial endorsement

In 2009 - AFCS was re-endorsement successfully.

The key to AFSL success is being informed on how like-minded and similar schemes are in the PEFC group which provides the ability to address some of the issues across the schemes and how they achieve their successes. The key is not to re-invent what has been successfully managed by partners.

In keeping with the idea of "Think Globally, Act Locally", PEFC requires that all national standards developed meet PEFC International's Sustainability Benchmark.

To undergo and maintain endorsement of the Australian Forestry Standard, AFSL must pay membership and subscription fees to PEFC International.

As AFSL grows so does the fee payable to PEFC International per year.

### 5.1. PEFC Endorsement process

To ensure consistency across all PEFC-endorsed standards, all national systems undergo an audit of their forest certification systems. To be recognized they must comply with PEFC's Sustainability Benchmark. This is a rigorous independent assessment to ensure their compliance with the strict international criteria.

This process ensures forests certified under the respective national standards are "certified once, accepted everywhere", which is of vital importance for the trading realities in a globalized world.

This process for endorsement takes on average nine months to complete.

The rules for the endorsement and mutual recognition of national certification schemes, and guide the assessment and decision-making in the endorsement and mutual recognition process are presented in PEFC technical documents **Annex 7 Endorsement and Mutual Recognition of National Schemes and their Revision**, available on the PEFC website at <http://www.pefc.org/standards/technical-documentation/pefc-international-standards/item/415>

## 6. Standards Development Accreditation

### 6.1. ABSDO Accreditation process

#### **Requirements for Accreditation of Standards Development Organisations**

The term of accreditation will normally be three years but conditions may be applied by the Accreditation Board for Standards Development Organisations.

Surveillance audits to maintain accreditation will be conducted in accordance with an agreed schedule on the basis of audit established during accreditation, which will depend upon the level of standards writing activity of the Standards Development Organisation, but not more frequently than 6 monthly and at least annually.

Accreditation is granted for the development of Standards within a specified scope of accreditation, and particular conditions will also be prescribed in relation to each SDO's accreditation.

#### **Criteria as follows:**

##### **PART A - Organisational Requirements**

1. Standing
2. Resources
3. Standards Development Processes
4. Administrative Procedures
5. Neutrality and Independence
6. Complaints Procedure
7. Existing Rights and Obligations
- 7A. Intellectual Property

##### **PART B - On-Going Requirements**

8. Maintain Standards
9. Co-operation and Liaison with the National Standards Office
10. Submit to Audits by the Accreditation Board for Standards Development Organisations
11. International Participation

##### **PART C – Authority for Process Approval**

The Accreditation Board for Standards Development Organisations may at its discretion grant authority to an SDO to provide process approval of its standards as Australian Standards without approval by the National Standards Office.

*Reference and complete information regarding Requirements for Accreditation of Standards Development Organisations can be found in ABSDO document on their website:*

<http://www.absdo.org.au/pdf/Requirements%20for%20Accreditation%20September%202007.pdf>

## 6.2. Revision of the Standards

### Criteria for Designation as an Australian Standard

This relates to a new Standard or a Revision of a Standard

#### Criteria as follows:

PART A Criteria – New Project Registration.

- 1 - Relevance
- 2 - Values
- 3 - Duplication
- 4 - Timeliness

The SDO is required to document compliance with the following Part B criteria when applying to the National Standards Office for final process approval.

- 1 – Independent Facilitation
- 2 - Consensus
- 3 - Balanced Representation
- 4 - Consultation
- 5 - Transparency
- 6 – International Alignment
- 7. National Compatibility

*Reference and complete information regarding Criteria for Designation as an Australian Standard can be found in ABSDO document on their website:*

<http://www.absdo.org.au/pdf/Criteria%20for%20Designation%20as%20an%20Australian%20Standard%20September%202007.pdf>

## 7. Standards Development & Revision Projects

### 7.1.5 yearly Revision of AS 4708 and AS 4707

The Australian Forestry Standards, AS 4707-2006 and AS 4708-2007 are coming up for a 5 yearly review.

- AS 4707 revision must be completed by 2011, and
- AS 4708 revision must be complete by 2013.

### 7.2. Resource allocation

AFSL CEO will maintain the role of Secretariat to the Standards Reference Committees and supervise the projects to ensure compliance to the ABSDO Criteria for Designation as an Australian Standard and AFSL accreditation as a Standards Development Organisation.

To assist with the Standards review, the AFSL Board has engaged Fitzpatrick Woods Consulting (FWC) to provide independence and project management. FWC bring diverse capabilities and skills to the revision, especially in collaborative stakeholder management, as well as having particular expertise in the Australian and regional forestry and forest products industries.

The Standards Review Committees (SRC) are being established, one for each Standard, and will be responsible for the Australian Standards revision.

The AFSL Board and CEO have no content decision making powers in these review processes.

### **7.3. Expected outcomes of the Revision(s)**

#### **AS 4708**

1. Revised AS4708 Standard
2. Guideline for implementation
3. Guideline for interpretation
4. Technical reports and technical specifications

#### **AS 4707**

1. Revised AS4707 Standard
2. Guideline for implementation
3. Guideline for interpretation
4. Technical reports and technical specifications

#### **Possible outcomes**

1. Australian Standard for Forest Management and wood products chain of custody that can be recognised by multiple international schemes.
2. Develop the Australian Standards as Australia/New Zealand Standards and rebadge as AS/NZ 4708 and AS/NZ 4707

### **7.4. Revision Projects outline**

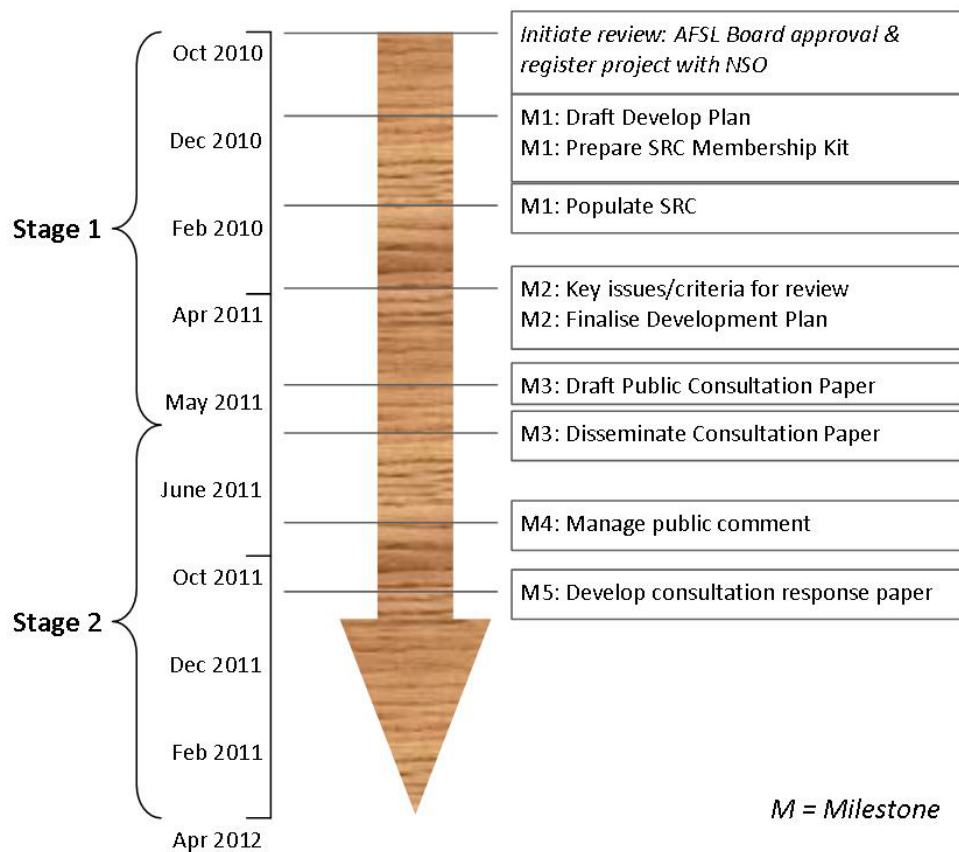
- 1) Finalise Resources to undertake projects
- 2) Develop draft project/development plan
- 3) Obtain AFSL Board approval to proceed
- 4) Submit Project application to Standards Australia(SA) for approval
- 5) Finalise Standards Reference Committees (SRC) population
- 6) Finalise Key Criteria for the revision of each Standard
- 7) Finalise Project Plans
- 8) Develop Public Consultation papers
- 9) Publish Public Consultation papers for comment
- 10) Manage, receive and prepare summaries of public comments/recommendations
- 11) Develop a detailed response and commence consultation on recommendations with SRCs
- 12) Finalise DRAFT Revised Standard submit for AFSL Board approval to proceed

- 13) Publish final DRAFT for public comment
- 14) Finalise Standard and submit for AFSL Board approval to proceed with SA final approval process.

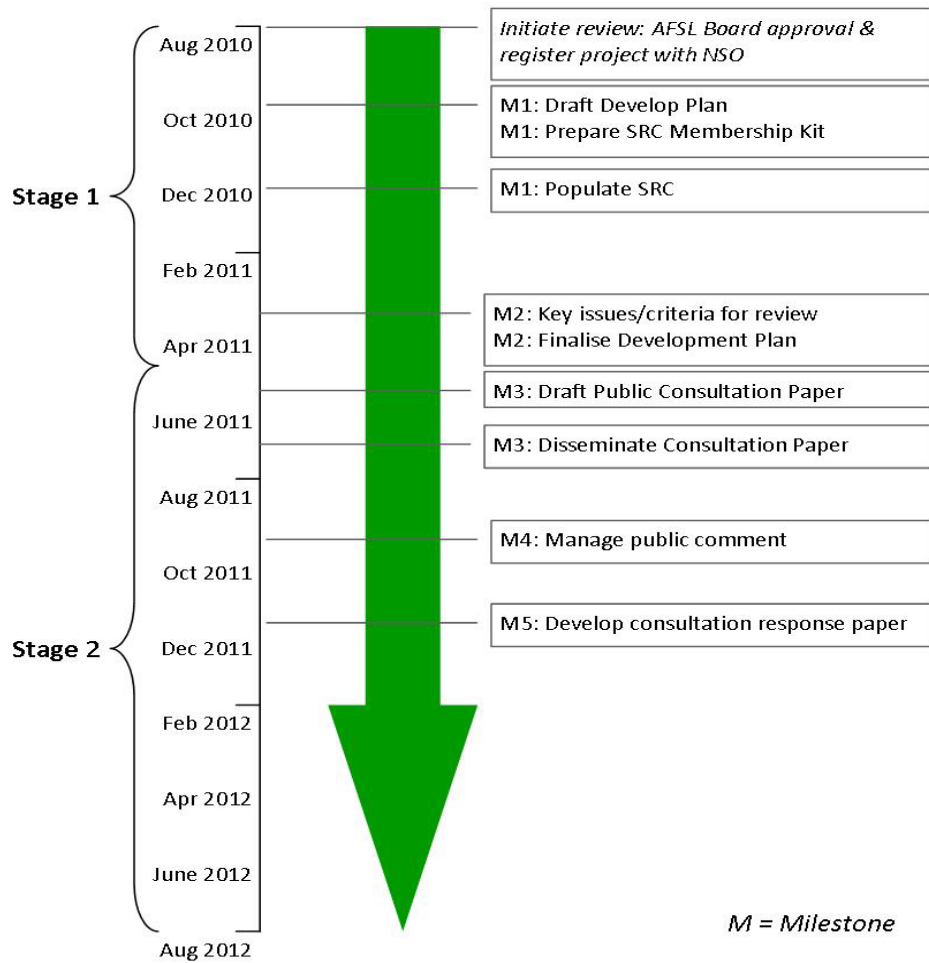
### 7.4.1. Timelines

#### STAGE 1

#### AS 4707 - Timeframe for review



**AS 4708 - Timeframe for review**



## 7.4.2. Milestones

### **STAGE 1**

#### **MILESTONE 1**

##### **a) Draft Development Plan – Due end Sept**

- i. Stakeholder management plan
  - defining process of stakeholder management
- ii. Communications Plan
  - announcing the FM review
  - ongoing communications including industry newsletters/general media
- iii. Risk management plan

##### **b) Prepare SRC Member Participation Kit tailored for SRC members and chair – Due Mid Sept**

- i. Guidance/participation notes.
- ii. Details of responsibilities.
- iii. Participation procedures manual.
- iv. Representation manual.
- v. Code of conduct.
- vi. Travel expenses procedure.
- vii. Disputes resolution procedure.

##### **c) Populate SRC – Finalise by Mid Nov**

- i. Develop required skills for FM SRC matrix.
- ii. I.D. and engage key stakeholders related to SRC membership.
- iii. Letters of nomination to targeted key organisations
- iv. Call for public nominations for SRC members/chair from stakeholders and through general communications.
- v. Evaluate nominations.
- vi. Decide to appoint SRC members/chair.
- vii. Invite SRC members/chair.
- viii. Sign SRC members/chair to process.  
Announce SRC members/chair



## **MILESTONE 2**

### **a) Key issues/criteria for review – April 2011**

- i. Meeting of the FM SRC to determine key issues/criteria (Nov 22<sup>th</sup> to Dec 10<sup>th</sup>)
- ii. Conduct wider stakeholder meetings for input and contribution
- iii. Commence draft document of key criteria for revision

### **b) Finalise Development Plan – Due April 2011**

- i. Review, edit and redefine
- ii. Second meeting of the FM SRC

## **MILESTONE 3**

### **a) FM Review Public Consultation paper distribution – May 2011**

- i. Draft preparation
- ii. Present to SRC for review and approval
- iii. Present final to AFSL Board

### **b) Disseminate Public Consultation Paper – June 2011**

- i. Distribute to broad stakeholders
- ii. Make publically available
- iii. Promote release as per Communications Plan

## **STAGE 2**

### **Subsequent Milestones**

## **MILESTONE 4**

Manage, receive and prepare summaries of public comments/recommendations

## **MILESTONE 5**

Develop a detailed response and commence consultation on recommendations with SRCs

Stage 2 of the project will be submitted to the AFSL Board early in 2011, once the first 2 Milestones are well underway and the SRC Committee and its' Chair have had time to review the project.

## 8. Financial Objectives

As a not-for-profit organisation the Australian Forestry Standard Limited financial objective is to maintain a level of funding and income to support

- 1) The development and maintenance of two Australian Standards,
- 2) The maintenance of ABSDO and PEFC accreditation, and
- 3) The communications and stakeholder management objectives of the organisation in relation to the certification scheme

### 8.1. Funding and Sponsorship

Australian Forestry Standard limited is a not for profit Standards Development Organisation.

Its' support at the outset was through resource and financial support from Federal Government, State Government Agencies and Industry Bodies. The objective was to develop two forestry Standards and have them accredited by Standards Australia.

Further expansion lead the organisation to achieving international recognition for the Standards through endorsement by the PEFC.

The need for funding continued as the uptake of certification slowly took on. However, AFSL believed that, when the Standards became fully accredited and the AFS and PEFC certification schemes were beginning to take off, it would be self sufficient by 2010.

The expectations of the industry stakeholders regarding AFSL's role places a responsibility on the organisation to deliver in multiple areas:

- i. **Standards Development and maintenance,**
- ii. **Forest Management advocacy and information support,**
- iii. **Business Development and leadership regarding certification of both the forests and the supply chain**

The core to the above is Standards Development, without which, the other two functions are irrelevant.

With Standards in place, Business Development represents the commercial arm of the organisation and is supported by the sales of the trademark use licences. Activities surrounding this can be easily monitored and managed based on the revenue received from the licences.

Equally, with Standards in operation, Forest Management advocacy and information support can be delivered through partnerships and collaboration.

**However, Standards Development cannot be subject to inconsistencies of financial revenue.** Activities cannot be started or stopped depending on whether there are resources or the finances for those resources. Standards Development activities must occur according to schedule and process or there will be no Standards.

AFSL needs support financially from the Government and industry to ensure that the only Australian Standards for forestry are maintained and relevant on a continuous basis.

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<sup>i</sup>Description of the development of the international framework for Sustainable Forest Management is from The Montreal Process website - [http://www.rinya.maff.go.jp/mpci/evolution\\_e.html](http://www.rinya.maff.go.jp/mpci/evolution_e.html)

<sup>ii</sup>Reference guidelines, requirements and criteria as published by ABSDO dated 27 September, 2007. Available at <http://www.absdo.org.au>

<sup>iii</sup>Standard Reference Committee *is* a balanced and representative group of specific users, industry, government, community and other interested parties, who provide direction to the SDO on the development of a specific Standard and who are responsible for demonstrating that consensus has been achieved in relation to that Standard.

<sup>iv</sup>Public & Multi-use Native Forests, Plantation Forest Estates – native and exotic, Private Land & Native Forests – including Indigenous