

Friday, 9th February 2007

The Manager
International Forest Policy Section
Forest Industries Branch
Australian Government Department of Agriculture,
Fisheries & Forestry
GPO Box 858
CANBERRA ACT 2601

Dear Sir/Madam

Re: Australian Government's Discussion Paper "Bringing Down the Axe on Illegal Logging: A Practical Approach"

Introduction

The Victorian Association of Forest Industries (VAFI) is the peak industry body of the native hardwood processing industry in Victoria. It was established in 1945 under the Conciliation and Arbitration Act 1904-1956 and represents its members' interests to governments, communities and markets.

VAFI supports the lead role being taken by the Australian Government in seeking to address the many problems which arise from illegal logging activities. As highlighted in the Discussion Paper, illegal logging is a serious concern as it threatens the viability of Australia's own environmentally sustainable forest industries and continues to bring disrepute to forest industries overall, as well as damaging the environment and capacity of the very poor communities in third world countries

The Issues

Illegal logging and trade are of great concern. This often leads to:

- Destruction of forests and their biodiversity, especially in tropical rainforests in poor countries
- Lack of development of credible sustainable forest industries in poor countries.
- Inadequate protection and support for mostly poor communities that depend on such forests
- Inadequate safeguards to protect consumers from unwittingly purchasing timber and imported timber products sourced from illegal forest operations and trade
- Very slow progress on regional and global agreements to both improve forest law enforcement and governance in timber producing countries and to help stop the corruption and trade in illegally and unsustainably produced timber
- Public recognition of sustainable forestry in Australia.

The Jaakko Poyry report commissioned by your government on Australian imports of illegal logged timber and timber products, estimated that 9% of total forest and wood products imported into Australia come from illegal operations. The impact of illegal logging on Australia's domestic market was estimated at \$400 million per year. In some market segments, over 20% of imports are affected by illegal logging. This scale of illegal imports leads to artificially low timber prices, which undercut local operators where the timber is harvested sustainably and where regulations, via legislation and codes, are arguably world's best practice.

Public Recognition of Sustainable Forestry in Australia: Procurement Policies, Certification & "Eco-labelling"

Illegal logging its consequences and impact on Australian forest industries should be part and parcel of a reconsideration of how sustainable forest industries in Australia should be understood and positioned in the market. This is especially true in terms of procurement policies.

VAFI supports these issues as addressed in the NAFI Submission quoted below.

"Timber procurement policies"

NAFI supports Action 5.1 to 'encourage the development and adoption of voluntary private sector procurement policies and guidelines to assure consumers that all products they purchase, both domestically produced and imported, are legally sourced'. However, care must be taken in the implementation of this action to avoid the contradictory policy outcomes which are currently taking place in Australia through some existing private sector procurement policies.

For example, the Green Building Council of Australia's (GBCA) Green Star environmental rating system for buildings delivers a perverse environmental outcome in terms of utilising 'home-grown' Australian timber products. Green Star takes an exclusive approach to forest certification by advocating the use of Forest Stewardship Council (FSC) certified timber only. Effectively, this precludes the use of the vast majority of timber produced in Australia, particularly if it is derived from native forests, as any FSC certified hardwood timber must be imported from overseas due to the fact that there are no native forests certified under the FSC in Australia.

Also, the FSC has a 'mixed sources policy' for labelling some of its certified products, whereby only 10% of material needs to be derived from FSC certified forests for those products to be labelled as FSC certified. Under this policy, Green Star would support the use of FSC certified wood (possibly imported), even though up to 90% of the material content could be derived from non-FSC certified forests with potentially dubious origins.

The Green Star rating system fails to recognise Australia's largest and only national forest certification standard, the Australian Forestry Standard (AFS). Recognition of the AFS under Green Star would allow the use of Australian native hardwood timber, as the AFS certifies extensive native hardwood production forests throughout Australia.

While NAFI supports the Australian Government's proposed actions to encourage private and public sector procurement policies which provide assurance of legally sourced timber, these policies should also encourage preferential use of sustainably and legally sourced domestic timber products over imported timber. This would avoid the perverse outcomes which are currently being delivered under procurement policies such as that of the GBCA.

Procurement policies must also be realistic in terms of specifying certified timber products relative to their availability in the market place. If these policies ‘set the bar too high’ by specifying certified products which are not available, builders and designers will be forced to use alternative products to timber which do not possess the same environmental and life cycle credentials.

The Australian Government must assert a strong influence over the development of both public and private sector procurement policies. This is essential to ensure that these policies recognise the legality and sustainability of Australian timber products over imported products which may have dubious origins.

The impacts of forest reservation

VAFI is mindful that forest industries are understood in the context of forest management including protected/reserved forests. VAFI supports NAFI’s position as in their submission quoted below.

Section 1.4 of the paper reiterates the Australian Government’s 2004 federal election commitment that increasing the reservation of Australia’s native forests should not lead to an increased domestic reliance on potentially illegally sourced overseas timber imports. Unfortunately, past and ongoing reservation of these forests has, and will continue to, only exacerbate Australia’s reliance on these imports.

Over 11 million hectares of Australia’s timber producing native forests have been placed into conservation reserves since 1994 as a result of Government policy on forests (i.e. RFAs). This has led to a substantial reduction in Australian hardwood sawlog availability, falling from 4.3 million cubic metres in 1994 to 2.8 million cubic metres in 2004, and a fall in hardwood sawn wood production from 1.53 million cubic metres in 1994 to 1.03 million cubic metres in 2004.

While Australia is expanding its plantation resource in an attempt to help offset this loss of native forest resource, many plantations are being grown for short rotation wood fibre production, largely for export, and not sawn timber. Also, sawn timber that is sourced from plantations may not contain the same qualities of native hardwood timber, such as strength, durability and appearance.

NAFI would like to see a stronger commitment from the Australian Government in working with the respective state governments to ensure that there is no further undue reservations of commercial native forests in Australia which has the potential to increase Australia’s reliance on illegally sourced overseas timber imports. This is an important priority which should be included in the list of actions under Measure 2.

Recognition of certified and non-certified forest products

VAFI believes there are various ways of recognizing sustainable forest practices in Australia. It supports NAFI’s points quoted below.

Certified forest products

While Australia is rapidly increasing its area of certified commercial forests and plantations (currently over 9 million hectares), the reality is there is a limited amount of certified timber products available in the market place.

For instance, the Australian Forestry Standard certifies the largest amount of forests in Australia with over 8.5 million hectares of forest certified across all states, on both public and private tenures. However, the availability of labelled AFS certified timber products in the domestic market place is extremely limited. This is mainly due to the current lack of consumer awareness and demand for certified timber products and the slow uptake of chain of custody certification throughout the supply chain.

Greater recognition and availability of certified timber products in the Australian market place is a critical issue for Australia's forest industry and one which it is currently seeking to address through fostering greater uptake of chain of custody certification. There is a major opportunity to increase the availability of certified Australian timber products under the AFS for instance, with such a large volume of timber produced from the extensive area of certified forests.

NAFI strongly encourages greater collaboration with, and support from, the Australian Government in increasing the recognition and availability of certified forest products in the market place, through an increased uptake of chain of custody certification. While, this recommendation is partly covered in Action 4.1 of the Discussion Paper, NAFI would like to see a greater level of detail from the Australian Government in terms of how it proposes to achieve this outcome.

Non-certified forest products

NAFI strongly endorses Action 4.2 which aims to demonstrate the legality and sustainability of Australian forest products which are not certified or managed under the RFAs. This is particularly important for timber which is sourced from small private growers, who do not have the capacity or incentive to adopt forest certification as part of their routine operational practices.

The development of a system which recognises the legitimacy of these forest products is a priority for Australia's forest industry. While not all Australian native forests and plantations are currently certified, they are all grown and managed in accordance with the legislative and regulatory requirements (e.g. codes of practice) which operate in each state and territory. That is, the timber is supplied from legally logged sources. From NAFI's perspective, Australian forest products should be acceptable to the domestic and international market independent of whether or not they come from forests that are certified."

Action

VAFI supports your idea of a practical, realistic approach but believes it should be based on the following:

- Measurable change in reducing imports of illegal and unsustainably harvested timber.
- All imports, trade in timber products to be independently verified as coming from a legal source.
- Government investment in promotion and awareness raising of the issues.
- Fair and transparent Government procurement policies for sustainably harvested timber in Australia. This should apply to all levels of Governments
- High priority be given to addressing illegal timber harvesting/trading in international trade discussions
- Support for programs to strengthen forest land enforcement and governance in timber producing countries.

Conclusion:

VAFI endorses the measures and actions for addressing illegal logging as proposed in Section 3 of the Discussion Paper, and would be interested in working with DAFF to develop and implement these. Addressing illegal logging is critical to strengthening Australia's sustainable forest industry as well as ensuring a similar level of environmental consideration is adopted by the overseas countries which export timber products to Australia.

VAFI looks forward to further consultation with DAFF especially via NAFI during the Australian Government's ongoing efforts to address the many problems associated with illegal logging.

The attachments listed below will be forwarded in hard copy by mail.

Yours sincerely



Patricia J Caswell
CEO

Attachments:

1. VAFI's 2005 Sustainability Report
2. VAFI's 2006 Sustainability Report
3. VAFI's Forest Industries Policy Charter
4. Continuous Improvement in the Protection of Environmental Values in Public Native Forests in Victoria Since the 1960's
5. The Environmental Impact of Building Materials; Victorian Native Forest Timbers