



Australian Government  
Department of Agriculture

# Australia's actions to combat illegal logging

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Compliance and Enforcement



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# Australia's illegal logging laws

- Two key elements:
  - *Illegal Logging Prohibition Act 2012 (the Act)*
    - Commenced in November 2012.
    - Establishes broader legal framework.
    - **Prohibition** – intentional, knowingly or recklessly.
  - *Illegal Logging Prohibition Regulation 2012 (the Regulation)*
    - Commenced in 30 November 2014.
    - Establishes our '**due diligence**' requirements.
    - Need to assess and manage risk of timber being illegally harvested.



# Division of Responsibility

## ***Illegal Logging Prohibition Act 2012***

The *ILPA2012* is administered by the Department of Agriculture, which also administers Australia's biosecurity laws.

## ***Convention on International Trade in Endangered Species***

CITES is administered in Australia by the Department of the Environment

## ***Customs Law***

Australian Border Force (formerly the Customs and Border Protection Service) has responsibility for enforcing Customs law in Australia.

# Australia's imports of regulated timber products

From 30 November – 31 August

Top 20 Countries of Origin	Value \$M	Percentage of Trade	Number of unique importers
China	1958	37%	9618
New Zealand	468	9%	552
Indonesia	352	7%	1171
Malaysia	318	6%	851
USA	273	5%	1662
Vietnam	202	4%	584
Italy	140	3%	745
South Korea	138	3%	329
Germany	136	3%	696
Finland	133	3%	113
Chile	92	2%	64

# What are the regulated timber products?

# How do Australia's products compare to US and EU?

## Australia

Particleboard, Fibreboard of wood, Densified wood, Casks, barrels, Mechanical wood pulp, Chemical wood pulp, soda or sulphate, Chemical pulp, Chemical wood pulp, sulphite, Mech and chem recovered wood pulp, Newsprint, Uncoated wood frame, writing paper, Toilet tissue, uncoated kraft paper.

and paperboard, Other uncoated paper/paperboard, Glazed/translucent papers, Composite paper/paperboard, Corrugated paper/paperboard, Carbon and self-copy paper, Coated paper/paperboard, Paper products, coated/surfaced, Cigarette paper, Wood, wood frames, Builders' joinery,

Other than 4908 carbon paper, Envelopes, cards, Toilet, sanitary paper, Cartons, boxes made of paper, Paper books/booklets, Paper labels, Other paper, Office wooden furniture, Kitchen wooden furniture, Bedroom wooden furniture, Other wooden furniture, Furniture parts incl wood, Prefabricated buildings.

Seats wooden frame, other

## European Union

## United States

# Country Specific Guidelines

Developed by the Australian Government and our trading partners.

Will enable an Australian importer to recognise what low risk products 'look like' for certain countries of harvest

Completed country specific guidelines (CSGs) are available on the Department of Agriculture website.

CSGs that have been developed:

- Italy
- Canada
- Finland
- Indonesia
- Malaysia
- New Zealand; and
- The Solomon Islands

# Timber legality frameworks

The regulation recognises products that meet a timber legality framework as being low risk.

Timber legality frameworks currently recognised are:

Products certified under FSC or PEFC standards.

EU FLEGT Licensing



# Declaration to Customs

- Importers need to make a **declaration to Customs**.
  - Part of the usual import declaration clearance process.
  - Usually answered by customs brokers on clients behalf.
- **Lodgement Question:**

*“Has the importer complied with the due diligence requirements of the Illegal Logging Prohibition Act 2012 and associated regulations? (If product is exempt or does not contain timber, answer yes.)”*
- The department currently uses the lodgement question to raise awareness of the laws. In future, it may utilise the response as part of our targeting process.

# Information technology processes

## [CAM]

Established a dedicated IT system to manage compliance activities.

Data taken from customs data.

Data is transferred daily to the department for managing compliance assessments and developing targeting policy.

Have dedicated case management and secure record keeping systems.

Utilising SAS (Statistical Analysis System) Visual Analytics as an analytical tool.

# Australia's compliance arrangements

- **Department of Agriculture responsible** for ensuring compliance.
  - Undertaking compliance assessments against the regulation.
  - Over 20 investigation staff appointed as inspectors.
- Recognise it will take businesses time to adjust.
  - Until **May 2016**, not issuing penalties for non-compliance.
  - Working with importers and processors to ensure they understand and comply.
  - Will **still prosecute serious breaches** of the Act.
- At end of period, will assess whether we can move to more 'mature' risk-return approach.

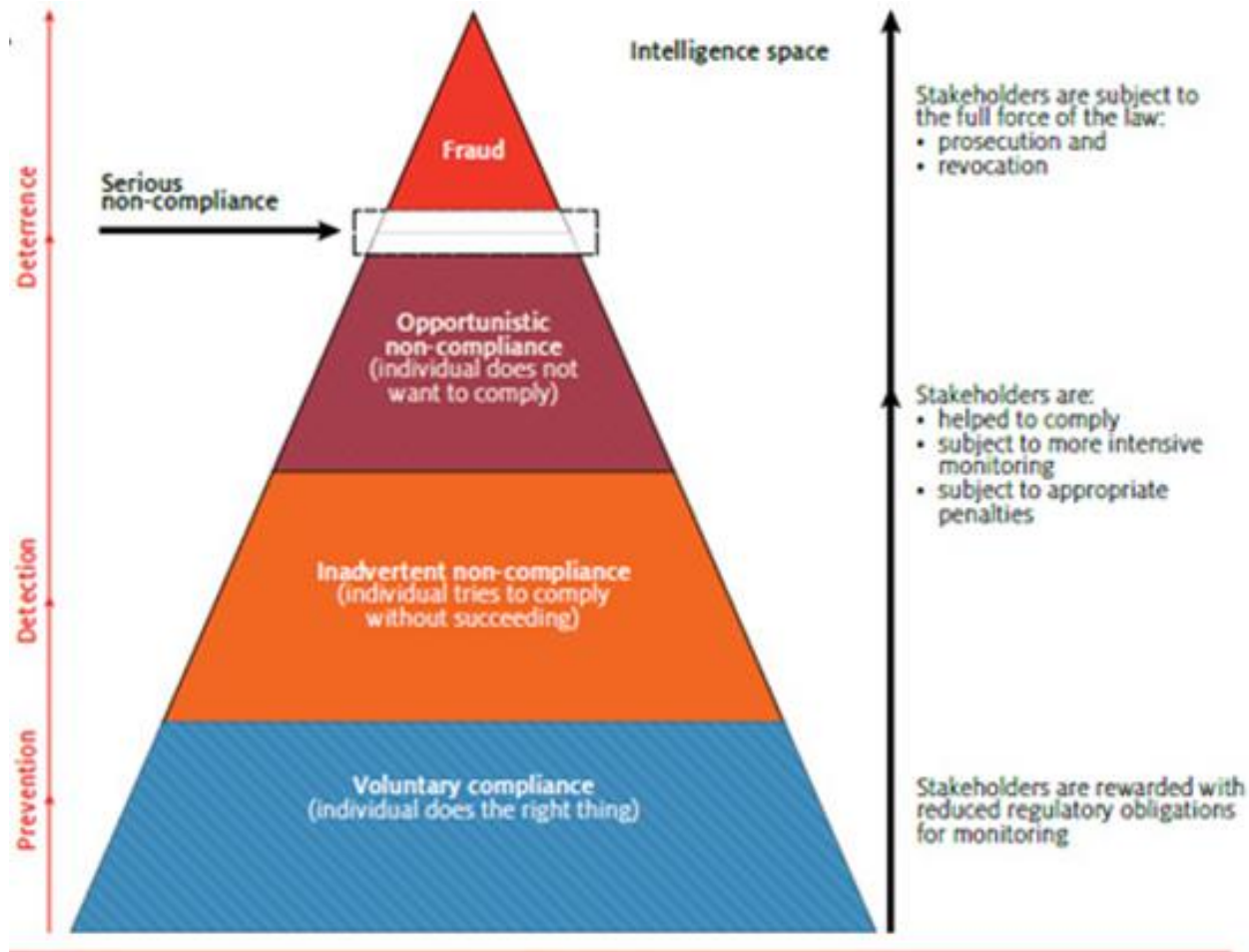
# Compliance assessments

- Have been conducting assessments since **March 2015**.
  - Initially focusing on businesses importing **greatest value/proportion** of trade.
  - Expect to broaden coverage in future -> smaller importers and processors.
- Have requested information from 117 businesses.
  - Represent over **60% of regulated trade** to date.
  - Covers many types of products, suppliers and countries of origin.
- Selected businesses need to provide:
  - Information about their **due diligence system**.
  - How it was **applied** to a specific regulated timber product.
- Information request found at: [www.agriculture.gov.au/illegal-logging-compliance](http://www.agriculture.gov.au/illegal-logging-compliance)

# What are we seeing?

- Monitoring regulated timber imports since 30 November 2014.
  - **15,376** businesses. **131,945** consignments. **\$4.8** billion. **117** countries.
  - Key products: paper, furniture, sawnwood, joinery and continuously shaped wood .
  - Key sources: China, New Zealand, Indonesia, Malaysia and USA .
- Regulated community appears to be getting on with complying.
  - Larger businesses appear to be aware and comfortable with the laws.
  - Still some learning to be done.
    - Half of the assessed businesses have been asked to modify their system.
    - Several businesses have also received a non-compliance assessment.
  - Significant reliance on **timber certification systems**, but some confusion.
  - Several businesses relying on the **Country Specific Guidelines**.
- Not sure if these trends will translate across to small and medium importers.
  - Suspect that some businesses will still be unaware or un-prepared.

# Compliance strategy



# Review of the Regulation

- Government commissioned an independent review in December 2014.
  - Part of the Government's broader de-regulation agenda.
- Key question: does the Regulation achieve a suitable balance between cost of compliance to small business and risk of illegal timber entering Australia.
  - Small business are businesses with turnover < \$AUD 10 million.
- Review included consultations with key stakeholder groups.
  - Final report provided to the Government in late March 2015.
  - Currently considering the report and will release a response in the future.
  - Too early to comment on any changes that might come out of review.
- Effectiveness of the broader laws will be subject to a full review in 2017.

# Compliance Division – Enforcement Section

- One of two investigations arms of the Department of Agriculture.
- Enforcement are a national section responsible for the enforcement of departmental legislation.
- Responsible for investigations under the following pieces of legislation:
  - *Quarantine Act 1908*
  - *Imported Food Control Act 1992*
  - *Export Control Act 1982*
  - *Meat and Livestock Industry Act 1997*
  - *Illegal Logging Prohibition Act 2012*
- Also assist other state and federal agencies investigate and enforce their own legislation.



# Compliance Division – Enforcement Section

## **Mission**

Provide specialist investigation and intelligence services across the departments divisions which contribute to a regulatory environment that promotes high levels of compliance by our clients with biosecurity laws.

## **Key Services:**

- Assess reported alleged breaches of the departments legislation
- Undertake investigations into serious and systematic fraud matters and criminal activity
- Work with stakeholders on fraud/investigation matters
- Identify vulnerabilities

# Information Sharing

- Redline
- Incident Report
- Intelligence Reports
- Overseas Postings
- INTERPOL
- Waterfront Taskforces
- National Border Targeting Centre

# Introducing the new *Biosecurity Act 2015*

## High Level Change

- **New Act**
- **New terminology**
- **New powers**

## Identification of Business and Policy Changes

- **Adaption of existing business processes and policies**
- **New Subordinate legislation**
- **New Policies**

## Implementation of Changes

- **Stakeholder engagement**
- **Changes to internal business processes**
- **Changes to internal instructional material & staff info**
- **Changes to external training and communication**
- **Changes to external business processes**

# Recent Conviction - Enforcement Section

- Moxon and Company Pty Ltd

For more information...

[www.agriculture.gov.au/illegal-logging-compliance](http://www.agriculture.gov.au/illegal-logging-compliance)

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