



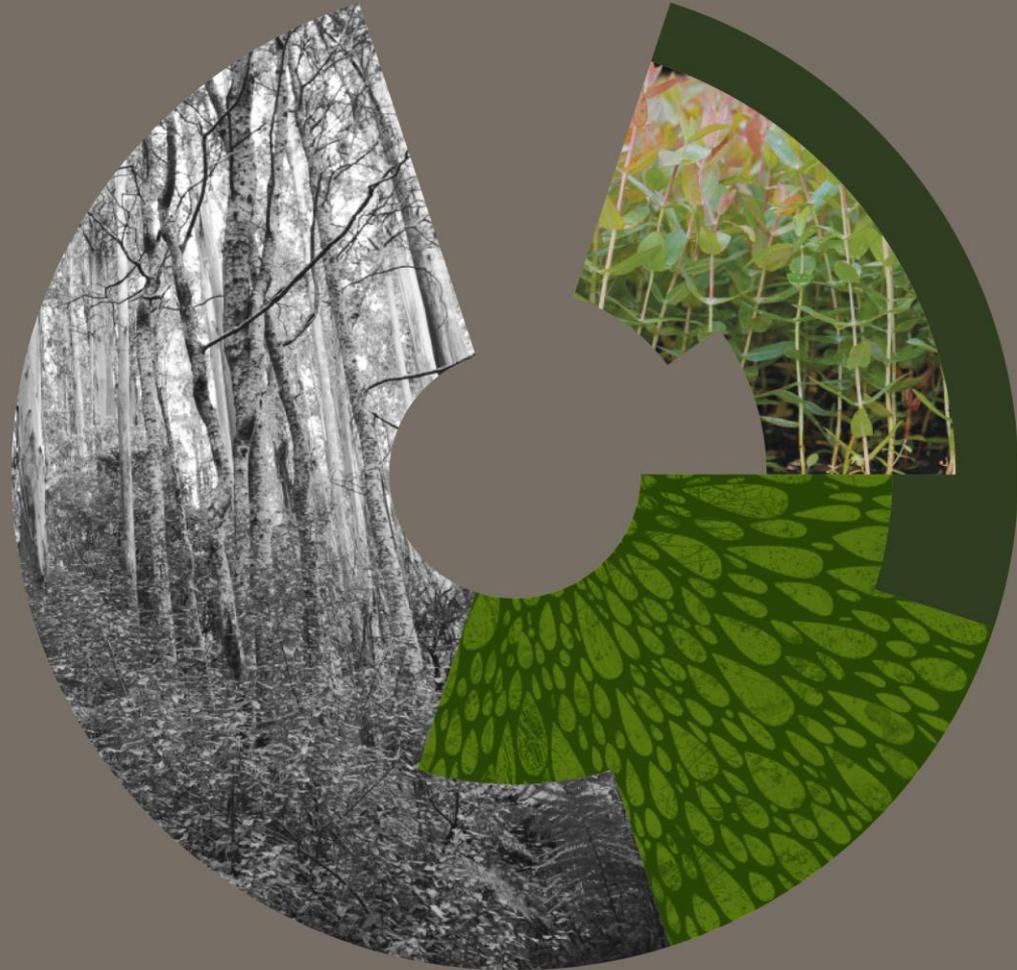
Australian Government
**Department of Agriculture
and Water Resources**

Australian Government's illegal logging laws

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Presentation overview

- ✓ Legislation introduction
- ✓ Australian Government oversight
- ✓ What did we regulate in terms of people, products and trade
- ✓ Due diligence compliance assessments– what do we ask for, what are we seeing
- ✓ How do we enforce non-compliance
- ✓ Independent review summary

Australia's illegal logging laws

Illegal Logging Prohibition Act 2012

Illegal Logging Prohibition Regulation 2012

Available at: www.comlaw.gov.au search for 'illegal logging'



Prohibition

- intentionally, knowingly or recklessly importing illegally logged products (or Australians processing illegally logged Australian logs)
- criminal penalties
- Commenced in November 2012

Due diligence requirements on regulated products

- Have a system → gather information → **risk assessment** → risk mitigation
- Civil penalties
- Commenced 30 November 2014



Risk assessment step options



Timber Legality Framework

- Chain of Custody standards for FSC and PEFC
- FLEGT licences

Country Specific Guideline

- identify low risk export pathways
- Malaysia, New Zealand, Indonesia, Canada, Italy, Finland and Solomon Islands
- more being negotiated

5 risk factor method

- against (1) illegal logging and (2) conflict in the area of harvest,
- of the (3) species in the area,
- (4) product complexity and
- (5) any other relevant information that increases or decreases the risk.



Australian Government oversight

Department of Agriculture and Water Resources

- **Forestry Branch**
- high level policy
- legislation owners
- political engagement
- lead international engagement
- **Targeting and Enforcement Branch**
- compliance assessment
- Enforcement
- collaborate with other departments

Department of the Environment

- Policy and permit issuance for CITES
- Capacity building program - \$6M to support combating illegal logging through RAFT and ITTO

Department of Immigration and Border Protection (Customs)

- A declaration is made to Customs about compliance with DD
- Enforce the CITES requirements at the border
- Cooperate in import seizures of goods
- Live import Customs data sharing

So what did we regulate?



Regulated trade – 30 November 2014 to 29 February 2016

importers	22 361
associated suppliers	33 933
countries of origin	131
consignments	249 596
number of products (lines)	1 280 851
Total value	\$AUD 9.4 Bn

Annually: Consignments	Importers
1	10359
2	2 552
3	1 273
4 - 6	1 788
7 - 12	1 343
13 - 25	972
26 - 100	813
101 - 500	225



Chapter 44

sawnwood, veneers, particleboard, fibreboard, densified wood, casks, barrels, parquetry, doors, windows, joinery.

Chapter 47

Pulp for cement,
for paper

Chapter 48

newsprint, writing paper, sanitary products, labels, stickers, UHT containers, copy paper, coated paperboard, coated products, cigarette paper, envelopes, cards, cartons, boxes, booklets, medical gowns, tea bags.

Chapter 94

seats, furniture,
prefabricated
buildings - surgical
rooms, containers,
sheds

		\$AUD M	Importers
Total		9476.5	22,361
China		3531.5	13,478
	Furniture	1799.0	6,200
	Paper	1187.3	7,312
New Zealand		827.8	754
	Paper	267.4	392
	Sawnwood	153.6	99
Indonesia		702.0	1,573
	Continuously shaped wood	249.0	123
	Paper	226.9	354
USA		472.6	2,323
	Paper	240.9	1,533
	Joinery and doors	117.4	54
Vietnam		373.9	769
	Furniture	311.1	557
	Paper	45.3	187
Italy		251.3	1,043
	Furniture	125.3	571
	Paper	101.9	457
Germany		239.3	933
	Paper	124.0	609
	Furniture	44.2	289
South Korea		236.1	437
	Paper	232.8	325
	Furniture	1.7	128

Imports

30/11/14 -
29/2/16

top 8
countries

Top 2
products

Due diligence compliance assessments

Commenced 439 assessments since March 2015, completed 240.

- Targeting businesses importing greatest value of trade
- Responsible for 74% of regulated trade to date
- Covers many types of products, suppliers and countries of origin

Selected businesses need to provide within 28 days:

- information about their overall due diligence system
- how it was applied to a specific imported product identified to the consignment line
- or provide a substantiated claim the product contains no timber, or is exempt based on the product being made from recycled material.

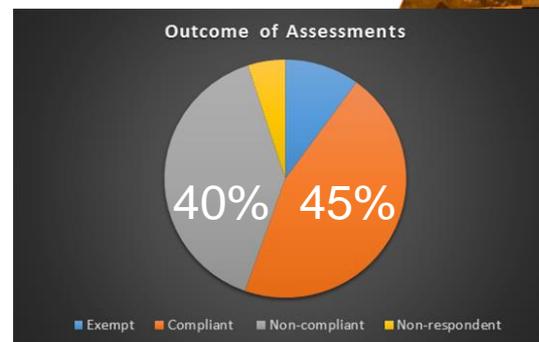
Information request documents are available on our website:

www.agriculture.gov.au/illegal-logging-compliance

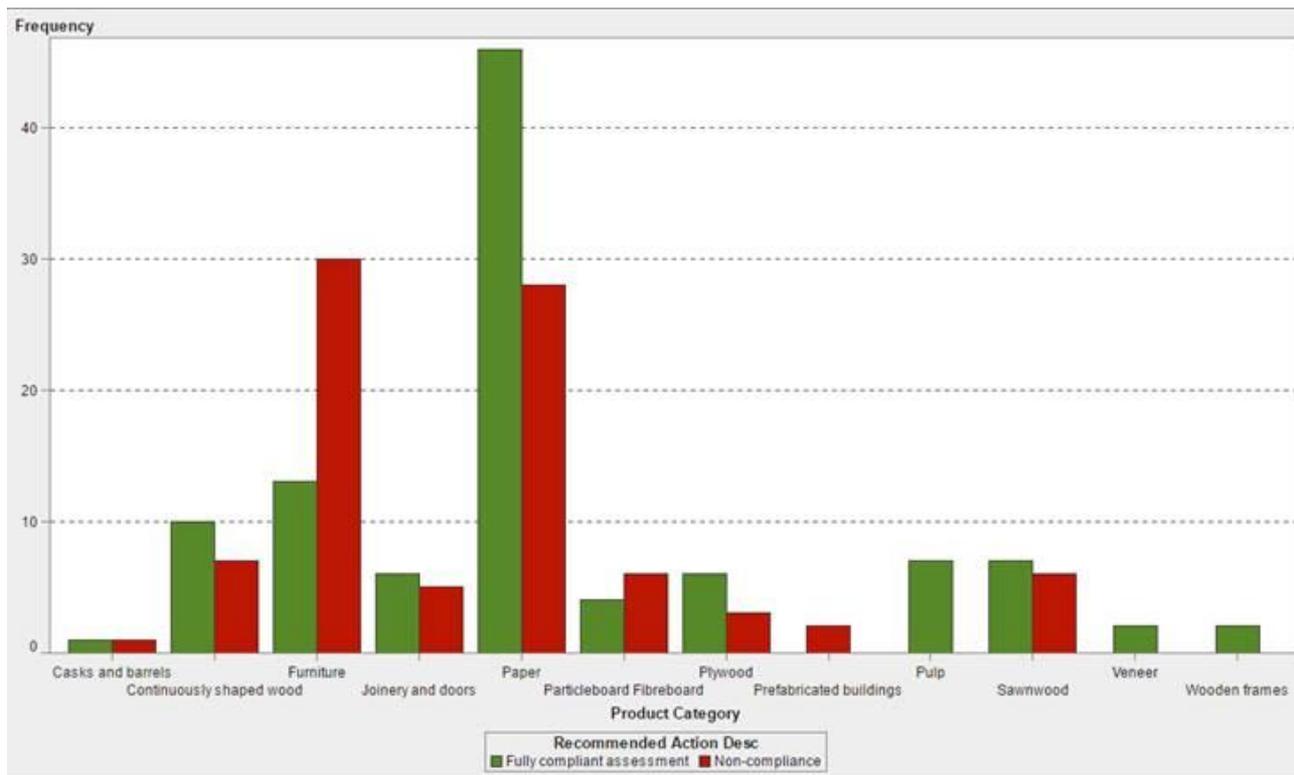


Assessed against five penalty provisions, each worth \$3600 as a fine, otherwise up to \$18 000 each if court-determined. (\$18/90K)

What are we finding?



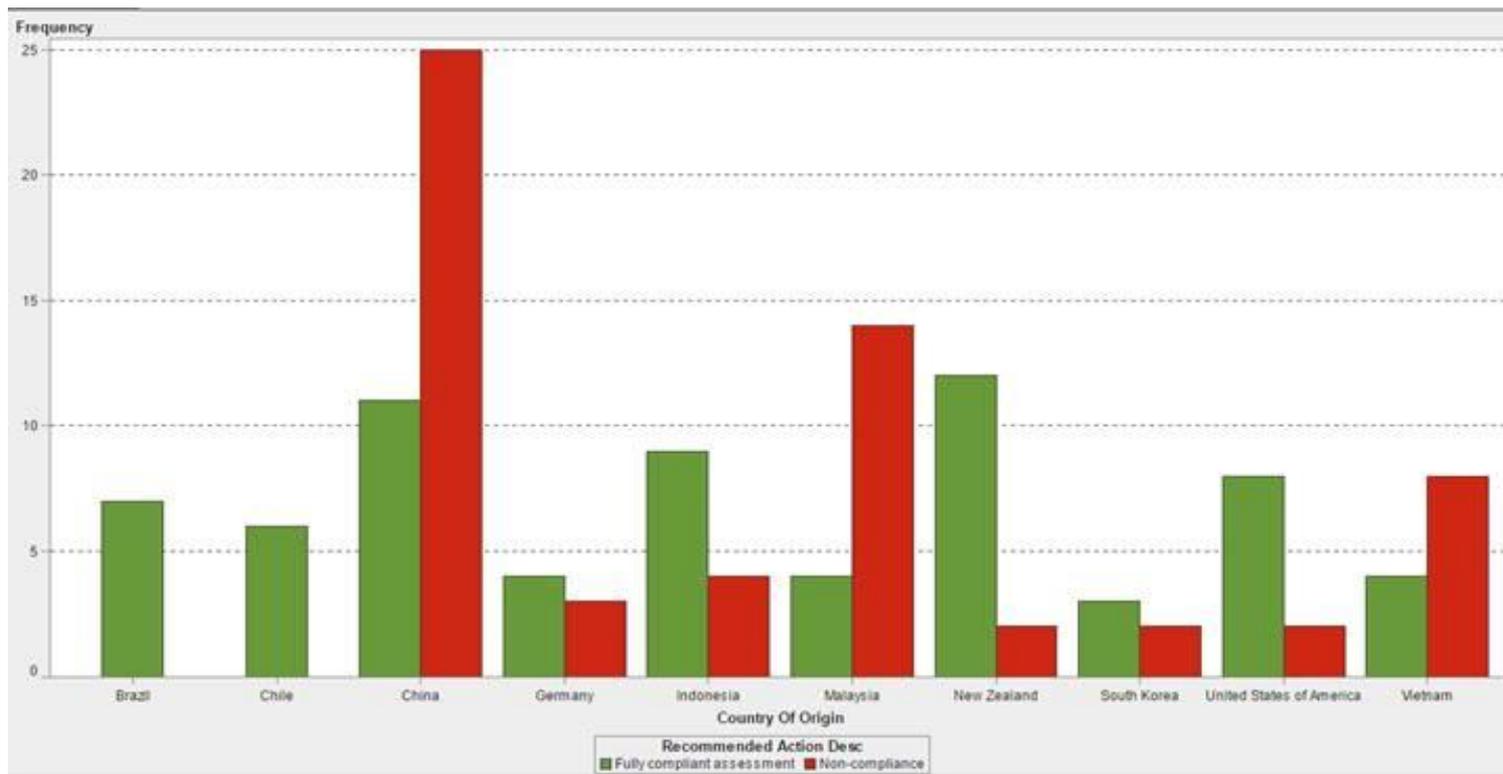
- 40% non-compliant, 45% compliant, 10% exempt/not timber, 5% did not respond to information request.
- About 30% are relying on FSC/PEFC certified product
 - problems with assuming that certified suppliers only sell certified product
- The assessments raise awareness and *trigger* due diligence for some businesses
- Few businesses are relying on the Country Specific Guidelines
- Some trends in compliance based on product or country of origin



Furniture: high level of non-compliance.

Casks and barrels: had a high level of traceability to area of harvest (France).

Paper: has a high level of compliance, 30 used certification. Non-compliances found with highly processed paper products - surgical gowns, baking paper, sticky notes..



Higher non-compliance: most frequent from processing countries (China, Malaysia, Vietnam). Products are generally more complex (furniture, paper) and have more complicated supply chains.

Higher compliance: when from producer countries (Brazil, Chile, New Zealand) - generally non-manufactured timber (sawnwood) and simple supply chains.

Enforcing non-compliance - in a 'soft start' period

- A soft start period has been implemented to allow importers time to adjust their systems – was until May 2016 – maybe now end of 2016.
 - The soft start includes:
 - Not issuing infringements for non-compliance
 - Working with importers and processors to encourage them to understand and comply
 - Working with businesses who volunteer for assessment
- But can still -
- Prosecute serious breaches of the Act
 - issue formal non-compliances against the penalty provisions and recommended actions that can be taken into account in future
 - Gather information to change to risk targeting



Independent review

See www.agriculture.gov.au/forestry/policies/illegal-logging/small-business-impacts-review



- Government commissioned an independent review on 1 December 2014, with report due to the government in March 2015.
- Policy focus on deregulation, particularly of small businesses.
- Review to *test appropriate balance between the cost of compliance to small businesses and reducing the risk of illegal timber entering Australia.*
- Report recommended a package of regulatory and non-regulatory reforms to minimise the costs of compliance to small businesses.
- The government response released last month was for in-principle support and committed to progressing five recommendations.
- **The two regulatory change recommendations must be put through an extensive review process, open to stakeholder engagement.**



Recommendations



Potential regulatory changes to be explored as options

- 1 – Increase the individual consignment exemption value threshold in the Regulation from AUD\$1,000 to \$10,000.
- 2 – Establish simplified ‘deemed to comply’ arrangements in the Regulation for certified product and Country Specific Guidelines.

Non-regulatory

- 3 – Undertake voluntary compliance assessments that assess an individual business’ compliance with the Regulation.
- 4 – Fast track the development of additional Country Specific Guidelines.
- 5 – Fund the development of better and more targeted guidance or training workshops for importers and processors.



Australian Government

**Department of Agriculture
and Water Resources**

More information?

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

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Thank you

