

21 September 2015

Agricultural Export Regulation Review
Department of Agriculture
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Australian Forest Products Association (AFPA) submission on the Agricultural Export Regulation Review Discussion Paper.

The Australian Forest Products Association (AFPA) provides the following comment on the Agricultural Export Regulation Review Discussion Paper. AFPA attended a Department stakeholder consultation session on the 10 September 2015 in Canberra and provided verbal comment that should also be considered.

AFPA is the peak national body for Australia's forest, wood and paper products industry. We represent the industry's interests to governments, the general public and other stakeholders on the sustainable development and use of Australia's forest, wood and paper products. Our industry makes a significant contribution to the Australian economy especially in rural regions.

AFPA members include native forest managers, plantation growers, forest contractors, woodchip and log exporters, and wood and paper product manufacturers. These industries are both domestically focused and involved in significant international trade, including exporting timber and paper products (e.g. bulk woodchip, bulk and containerised logs, processed timber and paper products). Australia imports around \$4.6 billion of timber and paper products and exports around \$2.5 billion of forest products with a trade deficit of around \$2.1 billion per annum. The ability to cost effectively and efficiently trade is critical to maintaining and improving the industry's productivity and competitiveness to meet Australia's wood fibre and product needs into the future.

The Department of Agriculture (Department) is currently reviewing the current export regulation framework with a view to meet the needs of industry; by increasing flexibility; reducing unnecessary regulatory burden; and ensuring the regulatory requirements are clear, transparent and efficient. AFPA is a member of the Department's industry consultative committee (ICC) and has a strong interest in ensuring that the export regulation framework is efficient, equitable and reflects our export industry's particular characteristics.

We note that the current export certification cost recovery discussion is considered out-of-scope for this review. However, there is a key interaction between export regulation reform and ultimately the size of the government cost to be recovered, that needs to be both recognised and addressed by the Government (i.e. successful reform needs to result in better outcomes and reduced costs).

The following identified areas for reform and improvement include (not exhaustive):

- increase regulatory flexibility, reduce red-tape and streamline government processes;
- better recognise and address the differences between export products (e.g. timber product exports (low biosecurity risk and fibre) compared to grain exports (higher biosecurity and food related));
- what can industry or a third party more efficiently and cost effectively do, that the Department is doing now (e.g. industry Authorised Officer (AO) inspections of export products and ships, and accredited external training providers could train industry AO's);
- more timely and clearer processes, documentation and notifications - such as review and further streamline the process and timing for the issue of phytosanitary certificates especially for regional ports;
- better access to and more timely information, such as changes to country importing requirements;
- better access to, and availability of, pest identification experts;
- making fumigation requirements and processes more flexible reflecting the low biosecurity risk of timber products, efficacy of treatments and expertise of treaters;
- review the need for phytosanitary certificates for timber product exports to China (e.g. woodchips, export logs and other timber products) which have a very low risk (i.e. zero instance to date) of prescribed pest activity - there is existing precedents with timber export products to Japan not requiring phytosanitary certificates; and
- maintain the exemption for exports of unprocessed wood and woodchips from the annual licensing requirements under the Export Forestry Regulations via application of Regional Forestry Agreements (RFAs) and plantation forestry codes of practice approved by the Australian Government.

Please see Attachment 1 for more detailed proposed improvements to the current export regulation framework.

For further queries on, or clarification of, this submission please contact AFPA on (02) 6285 3833.

Attachment 1: Proposed export regulation review improvements

General and regulatory improvements

- maintain the exemption for exports of unprocessed wood and woodchips from the annual licensing requirements under the Export Forestry Regulations via application of Regional Forestry Agreements (RFAs) and plantation forestry codes of practice approved by the Australian Government;
- review the need for phytosanitary certificates for timber product exports to China (e.g. woodchips, export logs and other timber products) which have a very low risk (i.e. zero instance to date) of prescribed pest activity - there is existing precedents with timber export products to Japan not requiring phytosanitary certificates;
- significant efficiency gains and faster export ship loading can be brought about by reducing the 'time burden' of specific export certification regulations;
- better recognise and address the differences between export products (e.g. timber product exports (low biosecurity risk and fibre) compared to grain exports (higher biosecurity and food));
- it was mentioned by the Department during one of the consultations that the Export Control Act is being reviewed separately and is likely to have a scalable fines system rather than the large fines or prison term now in place - this type of approach would be welcomed;
- reviewing how existing certification and auditing processes (forest management certification or chain of custody certification) currently undertaken by companies could be recognised to support export requirements and ultimately reduce duplication;
- commercial product terms should not be included by other countries in the export certification process or phytosanitary requirements; and
- reforms and structures in other regulatory frameworks should be considered by this Review as a source of potential improvements, including:
 - biosecurity framework for imported products into Australia (e.g. frequency of, and targeted inspections related to assessed biosecurity risk); and
 - building and construction regulation with authorised building inspectors (e.g. comparable to the industry AO inspections) and utilisation of the framework of building standards and codes.

Export certification system improvements (MICoR/EXDOC)

- review and further streamline the process and timing for the issue of phytosanitary certificates (especially for regional ports);
- there is a lack of information and timely remedy for exporters about what to do when there is an error or omission with export documentation - missing documentation can lead to lengthy delays yet there does not seem to be a 'priority system' in place for dealing with these circumstances;

- the information that the Department provides to support export activities including country importing requirements needs further improvement to be continually accurate, accessible and up-to-date - it is also difficult to find, especially for emerging export markets;
 - an example is that Australian export certification requirements for export woodchips to China mentions there is a need for a phytosanitary certificate but the links to the actual requirement are not current and lead to nowhere;
 - by comparison a simple search in the NZ system for *Forest Products import requirements China* brings up all the necessary information including list of prohibited organisms - this could be easily improved.
- industry experience is that the current email system has a two (2) day turn around which is seen as too long and can result in expensive shipment delays;
- improved offshore intelligence and reporting back by the Department to affected industry is needed, such as early communication by the Department for upcoming changes to rules or county importing requirements is seen as necessary for business planning;
- it would be more efficient if exporting information is searchable by specific export products in order to streamline the necessary information available to businesses - currently the information is consolidated making it time consuming and difficult to access the relevant parts;
- review the proposed significant penalty on re-issuing the phytosanitary certificate (e.g. \$500) - the use of an increasing penalty system would be fairer; and
- the Department could provide to industry (via the Department website) a continually updated contact list of key departmental staff and/or roles that can act as a liaison with key export markets, especially important when things go wrong or changes occur.

Current export certification inspections and Authorised Officer (AO) improvements

- what can industry or a third party more efficiently and cost effectively do, that the Department is doing now (e.g. industry Authorised Officer (AO) inspections of export products and ships, and accredited external training providers could train industry AO's);
- the process for training AO's should be further streamlined and conducted online as much as possible:
 - it is understood that AO training is actually only relatively short in total time (i.e. as little as 4 hours) but industry experience of the whole approval and recognition process has at times taken 2-3 months to complete - this needs to be significantly reduced to a small number of days; and
 - currently AO training is focused on the inspection process - an increased focus should be placed on basic diagnostics training.

- better solutions are needed for diagnostic support when existing Departmental inspectors (or industry AO's) are not trained to a level whereby they can identify the broad cross section of insects. Alternative arrangements should be made available such as shared entomologists or industry experts to carry out species identification at the ports or a better remote online system of timely and accurate insect identification. Potentially there could also be an accreditation of third party entomologists with the authority to sign off on the species identification;
- Departmental inspectors and industry AOs should be able to conduct woodchip, export log and ship inspections both in and outside daylight hours. Examples of areas of reform include:
 - allowing inspection for prescribed pests of export logs and woodchip at night with suitable lighting and safe work practices identified;
 - allow inspections of export log yards at night;
 - allow vessel hold inspections at night;
 - allow vessel hold inspections at anchor; and
 - allow industry AO's to conduct hold inspections.
- note current work undertaken by industry and the Department indicates that outside daylight hours inspections can be done both safely and effectively.

Container export improvements

- currently export logs with bark on in a log yard are required to be inspected for presence of insects and are currently mandatorily treated (e.g. fumigated). As fumigation is both mandatory and effective, the need to inspect export logs with bark on prior to fumigation should be reviewed;
- the process of applying for, and receiving a, phytosanitary certificate should be reviewed and streamlined for containerised exports. For example:
 - currently businesses need to obtain a Request for Permit (RFP) number in order to get a container inspected;
 - the container and goods are then inspected but an AO cannot authorise the Export Compliance Record (ECR) until the timber has then been treated (e.g. fumigated);
 - once treatment has occurred the AO will issue the ECR and associated documentation which are then sent off with all other required documents to get phytosanitary certificate issued;
 - Proposed process improvements include:
 - the RFP number could be computer generated and considered simply the number of that shipment;
 - the ECR and associated documentation could be issued immediately on the spot by the AO if the container is in good condition and the export products pass the necessary importing country requirements; and
 - all documents could then be sent off to obtain the necessary phytosanitary certificate

Fumigation requirement improvements

- adopt an alternative method of conducting fumigation of log export vessels while they are on route to their destination, rather than at berth side during loading (e.g. use of phosphine socks to release chemical over several days within the holds, fumigation process undertaken and data collected by registered expert fumigator) - refer to the existing fumigation process for export log from NZ to China; and
- consideration of auditing the existing fumigation process (i.e. by checking data collected during the fumigation process) for export logs rather than the existing practice of inspecting test packs of fumigated log exports.