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Export Legislation Taskforce
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Australian Forest Products Association (AFPA) submission on the Agricultural Export Regulation Review Discussion Paper.

The Australian Forest Products Association (AFPA) welcomes the opportunity to make a submission on the *Exposure Draft Export Control Bill 2017*. AFPA supports the intent of the Bill to streamline and strengthen current export legislation.

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.

The forest, wood and paper products industry is one of Australia's largest manufacturing industries with an annual turnover of approximately \$23 billion. Around 120,000 people are directly employed along the industry value chain with a further 200,000 jobs supported through flow-on economic activity.

Each year our industry produces around 5.1 million cubic metres of sawn timber, 1.7 million cubic metres of wood-based panels, and more than 3.2 million tonnes of paper and paperboard products. Australia has an overall trade deficit in wood and paper products of approximately \$2.4 billion per annum (2015/2016). Exports from Australia include finished wood and paper products, raw wood fibre (woodchip and logs) and recycled wood fibre (recovered paper) and conversely imports to Australia are predominately highly processed or manufactured wood and paper products.

Australia's commercial environment is completely exposed to international trade, but it is not a level playing field. Australian producers face significant international competition, and there are increased incidences of international producers engaging in predatory pricing, as well as selling products with varying levels of quality, dubious standards and environmental compliance, and imports that are produced with government support (ranging from direct financial support to tariff assistance and tax credits). The price of these products may not reflect the 'true' cost of inputs for competing products around the world.

The ability to cost effectively and efficiently trade is critical to maintaining and improving the Australian industry's productivity and competitiveness to meet Australia's wood fibre and product needs into the future and support local jobs. For these reasons, it is vital that

Australia's export regulation framework is efficient, equitable and reflects our export industry's particular characteristics.

AFPA notes the Department's advice that the current export policies will not change as part of the introduction of the new Act, and that current legislation will continue to apply until it sunsets in 2020. Beyond the legislation, existing Regulations and Orders will be replaced by a set of Export Control Rules will be developed from 2018 in consultation with affected industries.

AFPA notes that the Rules will replace the existing framework of commodity-specific disallowable legislative instruments, such as the Export Control (Hardwood Wood Chips) Regulations 1996 and Export Control (Unprocessed Wood) Regulations. Consequently, most of the reforms our industry would like to pursue with the Government are not captured by the draft Bill, and will need to be progressed through the Rules development process. In most cases, AFPA is already actively working with the Department to progress these matters, or at least raised them previously with the Department, including in prior submissions to this process. These include:

- **Securing alternative fumigants for log exports to China:** AFPA has been working with DAWR over recent years on progressing alternatives to methyl bromide for the fumigation of logs exported to China. In particular, AFPA has sought to make a case to the Chinese Government to allow the use of an alternative fumigant – phosphine – which can be delivered in transit rather than at wharf, and would significantly reduce congestion at Australian ports used by our industry. New Zealand has had China's approval of phosphine as a log fumigant for the past 10 years under an open-ended trial, and AFPA urges DAWR to progress this project as a priority.
- **Better recognition of forestry-specific characteristics in phytosanitary requirements:** Under the existing frameworks, forest products exports are often subjected to the same phytosanitary requirements as grain commodities, even though they are not for consumption. For example, the current 'Registered Establishment Audit and Performance Standards' still reflect grain procedures and tolerance levels (i.e. zero insects) that are not relevant to wood fibre exports. The Rules drafting process present an opportunity to review existing requirements to better align with the specifics of forest products and reduce unnecessary red tape.
- **Roll-out of external Authorised Offices for bulk vessel inspections at berth:** DAWR recently approved the extension of the job function, inspection of empty bulk vessels at berth, to external Authorised Officers (AOs). This is a welcome development, as the exclusion of this function has been a source of delay and congestion for AFPA members during peak periods. AFPA will continue to work with the Department to ensure the successful implementation of this initiative.
- **Phytosanitary requirements – reducing the number of live insects requiring nil tolerance for inspected samples of forests products:** The current list of live insects requiring nil tolerance for forest products under Australian phytosanitary requirements contains 125 insect species, many of which are not relevant to commodities. AFPA is currently working with DAWR's Plant Export Operations team on significantly reducing this list by removing irrelevant species, while still meeting tolerance levels required by our trading partners.

- **Need for clarity around the drafting and future amendments to the Rules:** AFPA notes that in future, minor changes to the Rules will be made by the Secretary of the Department of Agriculture and Water Resources, with the intention of making the system more responsive and flexible to changes in technology and the global trading environment. While AFPA supports the intent, there needs to be more clarity around how industry will be consulted when rule changes occur under this new process.

In relation to the draft Bill, AFPA raised an issue with the Department regarding the Bill's introduction of a singular Fit and proper person' test as a condition of granting an export licence. Such a test is currently not required for forest products, and the Department has acknowledged this oversight. AFPA is satisfied with the Department's commitment that the Bill will be amended to ensure there is no change to the fitness and propriety assessment for forest products.

The new framework also introduces a new, graduated enforcement regime to allow for more proportionate responses to non-compliance. The draft Bill reflects this by adopting monitoring, investigation and enforcement powers prescribed by the Regulatory Powers (Standard Provisions) Act 2014. The Department advises that these measures will allow the department to rely on a graduated regime of sanctions that provides a more proportionate and better targeted response to non-compliance from exporters and others involved in the export system. AFPA supports the intent of this measure, and look forward to working with DAWR on developing the Rules to ensure there are no adverse consequences and no additional regulatory burden for the forest products industry.

For further queries on, or clarification of, this submission please contact AFPA Senior Policy Manager Victor Violante on (02) 6285 3833.



Yours sincerely

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