



Submission No 11

## **Inquiry into Illegal Logging Prohibition Bill 2011**

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Chair

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**On behalf of:** New Zealand Wood Processors' Association  
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Joint Standing Committee on Foreign Affairs, Defence and Trade  
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### **AUSTRALIA'S ILLEGAL LOGGING PROHIBITION BILL 2011**

The Wood Processors' Association of New Zealand (WPA) is an organisation representing the interests of the wood sector in New Zealand. Our membership is broad: spanning solid wood, engineered wood, pulp, paper, wood fibre recycling and bioenergy producers. WPA's members handle around 80-85% of the wood fibre processed in New Zealand. Through incorporation of the New Zealand Frame and Truss Manufacturers' Association (FTMA) and representing the New Zealand Pine Manufacturers' Association (PMA) we also submit on behalf of the vast majority of New Zealand's wood product manufacturers. PMA's members collectively account for 10% of New Zealand's forest and wood product total exports.

Australia is New Zealand's biggest export market for processed and manufactured wood products. Our trade with Australia in 2010/11 was valued at NZ \$ 1 billion. Our interests in this Bill are as manufacturers of wood and paper products derived from sustainably-managed, plantation forests in New Zealand and from recycled paper including household waste paper collections.

WPA, FTMA and PMA have been working with the New Zealand Institute of Forestry (NZIF) in preparing submissions for the Joint Standing Committee on Foreign Affairs, Defence and Trade, and refer you to the NZIF submission for more detail relating to the issues raised below.

We fully support the overarching intent of the Bill - to stop trade in illegally-harvested, natural forests. WPA and PMA are co-signatories to the *Accord to Eliminate Illegal Forest Products in New Zealand* signed in 2008. We recognise this as a problem of global concern and that policy intervention is necessary to halt the loss of natural forest, natural forest habitats and related ecosystem services. However any policy intervention must be well-targeted to avoid detriment of livelihoods derived from legitimate international trade in forest products.

Our concerns lie in the fact that the very broad definition of the Bill's purpose and the proposed resolution of matters of interpretation and application through development of subordinate legislation will create considerable uncertainty for New Zealand exporters. The scope of what constitutes a legal wood product is not well defined in the Bill. Thus there is risk of significant increase in regulatory and compliance burdens / costs on importers and their suppliers. As a result of this, the Bill, as currently worded, would discourage the imports of wood products into Australia from New Zealand and elsewhere.

Our presumption is that the Bill is only intended to address 'legality' in the limited sense of compliance with laws related to local forest management. In the case of New Zealand this would refer to the comprehensive legislative supervision currently placed on forestry via the Resource Management Act (1991) and the Forests Act (1949). It is not intended to cover all other aspects of legislation relating to the industry that could include the Health and Safety in Employment Act, Income Tax and Land Transport Act etc. That said, we have been advised through DAFF's public meetings on the Bill that compliance with other laws could well be "in scope". Such broad scope would make the efficiency of assurance problematic, for example, by creating confusion between exporters and importers as to the full requirements of a due diligence declaration. WPA would appreciate your clarification on this issue and in particular that the 'law' relevant to the Bill is limited to specific aspects of forest management.

New Zealand's production forests are almost entirely exotic plantations and are in private ownership. All are subject to effective legislation, administered and strictly enforced by national and local authorities. Additionally, approximately 50% of these plantations are privately certified by the Forest Stewardship Council, with one (of many) criteria for eligibility being that the wood is 'legally' sourced. The remaining 50% choose not to privately certify because cost is prohibitive or because requirements in excess of the law are considered uneconomic and impractical. The existence of comprehensive regulatory frameworks and institutions coupled with close scrutiny of the forest industry by authorities renders New Zealand a negligible risk as a source of illegal wood products. We note DAFF's expert assessment (2011) on wood products from New Zealand concurs with this.

In the interests of maintaining unhindered trade we suggest that the Governments of Australia and New Zealand explore cooperation to attain formal, mutual recognition of the systems of legal enforcement and compliance operating in both countries with respect to forestry. A risk-based approach to this (consistent with the multilateral processes in place for quarantine, for example) would mean that border control resources could then be targeted at wood products from sources of "greatest return" from a risk management perspective. As a country of negligible risk, and under this relationship, New Zealand's assurance to Australia could be provided by way of annual bilateral attestation of compliance with national and local law.

We would be happy to provide further information and clarification on request. New Zealand's WPA, FTMA and PMA would also welcome the opportunity to participate in future working groups or to appear before the Joint Standing Committee should that be required.

Thank you for the opportunity to comment on this Bill.

Yours sincerely

*(by email)*

Mark Hansen  
Chair, New Zealand Wood Processors' Association

*And on behalf of:*



The New Zealand Frame and Truss Manufacturers' Association, and

The New Zealand Pine Manufacturers' Association

