

5 May 2011

Committee Secretary
Senate Standing Committee on Rural Affairs & Transport
PO Box 1600
Parliament house
Canberra ACT 2600
Email: rat.sen@aph.gov.au

Submission into the Inquiry into the exposure draft and explanatory memorandum of the Illegal Logging Prohibition Bill 2011

Dear Committee Secretary,

I refer to the abovementioned inquiry and make the following submission for consideration by the committee. It is our expectation that the Senate Committee will invite us to make face-to-face submissions when the hearings of that committee are convened in the coming months.

Furnishing Industry Association of Australia Ltd (FIAA) is an industry association representing the furniture and furnishing industry in New South Wales, ACT, and South Australia. In our current form, we have been in existence since 1948, although our origins go back many decades prior to that. The overwhelming majority of our members manufacture residential furniture, commercial furniture or built-in cabinetry such as kitchens, wardrobes and other installed case goods.

FIAA is also a member of Furniture Australia, a national group of industry associations in the furniture & cabinetmaking industries, and more recently a member of the FCJ Alliance, a larger network of industry bodies involved in furniture, cabinetmaking and joinery within Australia. Our understanding is that Furniture Australia and some of its other member associations will also be making submissions in relation to this inquiry.

Industry Background

The industry's value to the Australian economy is substantial, valued at \$AUS 27.4 billion, and employing approximately 100,000 employees throughout Australia – much more than the TCF and Vehicle Manufacturing industries combined. The manufacturing base of our industry has suffered enormously over the past ten years, as it has had to compete with imported product, the majority of which is sourced from China. As an example, our statistical analysis shows that the share of Australian made furniture in the retail market for free-standing household furniture has fallen below 50% since the reduction of import tariffs, the rise of China as a manufacturing powerhouse, and the cumulative saturation of indifference by Governments at political and administrative levels towards blue-collar

industries and workers. FIAA will never support the reintroduction of tariffs, notwithstanding Australian Federal and State Governments continued use of reverse tariffs to hobble Australian manufacturing. FIAA will however emphatically support legislation and programs which protect our planet and our people. The proposed illegal logging legislation goes some way towards that goal.

Committee members and their advising public servants need only look around the rooms they occupy in Parliament House and in Government offices to see a glimpse of the extent of our industry – seating, workstations and desking, cabinetry, and so on. These products tend to be at a higher quality level, with Government specifiers preferring the security of high quality components and finishes, long term durability, and ergonomic and OHS-compliant components and completed products. On the other hand however, the furniture and cabinetry that conspicuously occupies floor and wall space in the home, can be of much more variable quality and origin. Householders/ home owners are generally not as diligent with specifications, relying much more on economic criteria, specifically price, to determine their furnishing requirements.

And from this point comes the opportunity for businesses to sell furniture/cabinetry or their components, to the public – any furniture/cabinetry or their components, even if the timber or timber-based component has come from sources we known as *illegal logging*.

FIAA Position

FIAA supports the enactment of legislation **and** regulations shortly thereafter that will effectively prohibit the sale of illegally logged timber in the Australian marketplace. In particular, we advocate the following concepts:

1. That illegal logging is a major driver of global deforestation and that this responsible for approximately 20% of global emissions of greenhouse gases. To consider enacting a *carbon tax*, without concomitantly enacting this legislation and regulations, could only be considered negligent. Notwithstanding the enormously and hugely significant effects of our over-inflated \$AUS currency, the *carbon tax* on its own will inevitably lead to increased importing of furniture/cabinetry products and related componentry, with much of this likely to come from illegally logged sources.
2. The laws should specify a requirement for importers to disclose specified information at the point of importation in a declaration form. Such information would include the species, country of origin, quantity and value and supporting documentation of legal verification or certification. No documented verification then no import clearance by customs.
3. Federal Government budgets must reflect some increased commitment to funding inspection, clearance and enforcement of the legislation and regulations. The presumption is that this will be through the Customs Department. No funding for enforcement and vigilance will only translate into this whole exercise being deemed as a PR/Spin exercise, and another insult to ordinary working Australians.

4. The Federal Government will need to speedily commission an independent assessment of the risk levels of timber and wood-based products from export countries to assist in providing guidance to risk of illegality. Product manufactured in any country but which contains high-risk protected rainforest species logged from high risk countries needs to be identified and subjected to more prudent scrutiny.
5. The Federal Government must initiate an approved testing regime, whereby imported product, particularly furniture/cabinetry and related componentry is routinely tested by chemical, biological and other modern technology, in order to ascertain the component species and country of origins of the components of the imported products. Such an ethical testing regime ought be financed by a small levy on all imported product based on a combination of volume, value and testing cost-recovery.
6. There should be no exemptions in relation to product which only has a small percentage of timber constituting its final value or its final volume or surface area. All timber must be verified as having been from legally logged sources. **No exceptions. All timber products.** Exceptions will only lead to the perception of corruption.
7. The Act and regulations need to include provisions allowing interested parties to take action against a breach under the Act/Regulations.
8. Where a retailer, builder or other supplier to a consumer (that is an individual citizen or other Australian resident) or to another business, company, association or other incorporated body or Government department later discovers that it has sold product on the basis that it was not from illegally logged sources, and it is subsequently discovered that the product does not qualify as being legally logged, then that retailer, builder or other supplier must undertake a full recall of that product to all purchasers of the said product. Where that product has been sold in larger volumes to the public and the individuals who purchased said product cannot be readily identified and contacted, then a public product recall must be conducted in the same format as specified currently though the ACCC.
9. The emphasis of the legislation and regulations must be that the timber constituted products must contain legally logged timber rather than not contain illegally logged timber.

Our organization looks forward to making further presentations as soon as the Senate Committee convenes its first hearings later this year.

Martin Lewis
Chief Executive Officer
Furnishing Industry Association of Australia Ltd