



Australian Government
Department of Agriculture
and Water Resources

Australia's Illegal Logging Laws

Webinar 2 – Due diligence

September 2018



This webinar

- We will be exploring:
 - a deeper dive into the due diligence process
 - each of the risk assessment methods available in greater detail
 - useful resources to help you with your due diligence system
 - what happens when you are selected by the department for a compliance assessment
- What we **won't** cover (see the recording of the last webinar at www.agriculture.gov.au/illegal-logging)
 - why we have the illegal logging laws
 - what is regulated under the legislation (tariff codes)
 - our general compliance approach



Importer due diligence requirements

The due diligence requirements (for Australian importers) have four key parts:

1

Have a written system that sets out your due diligence process

2

Gather information on the timber product and supplier

3

Assess your risk to illegally logged timber.

Use one of three options

1. Timber Legality Frameworks
2. Country Specific Guidelines
3. Regulated Risk Factors

4

Mitigate your risk: if greater than low

Establishing a due diligence system – the basics

1

Before importing a regulated timber product, you must establish a **written** due diligence system

- The system must list the steps you will take to minimise your risk of importing illegally logged products

2

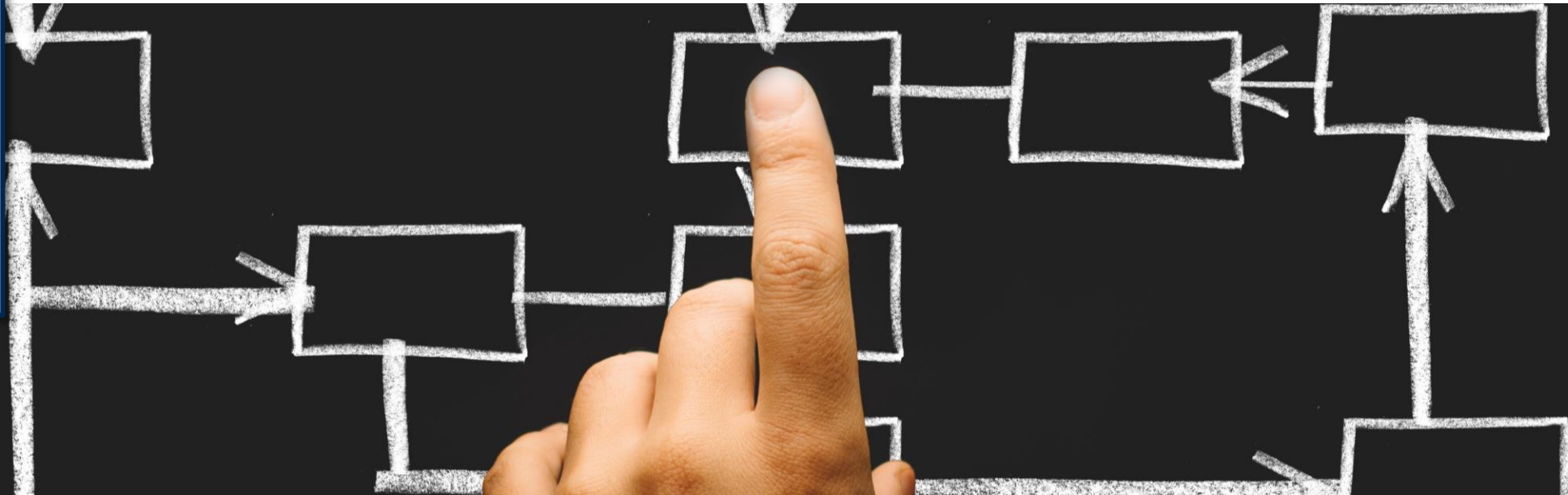
Your due diligence system should include:

1. Your details: business name (*if applicable*), street and postal address, contact number and email address
2. Your ABN/ACN and a description of your main business activity (*if applicable*)
3. Name and contact details of the person in charge of the system
4. A description of the steps you will take to minimise the risk of importing illegally logged timber

3

You need to provide a written copy of your system to the department if audited

4



Establishing a due diligence system

KEY RESOURCES

1

Our webpage gives you a detailed run-through of the due diligence process.

- See <http://www.agriculture.gov.au/forestry/policies/illegal-logging/importers/due-diligence/>

Example system: Australian Timber Importers Federation (ATIF) Legality Compliance Toolkit

- <http://www.agriculture.gov.au/forestry/policies/illegal-logging/importers/resources/>

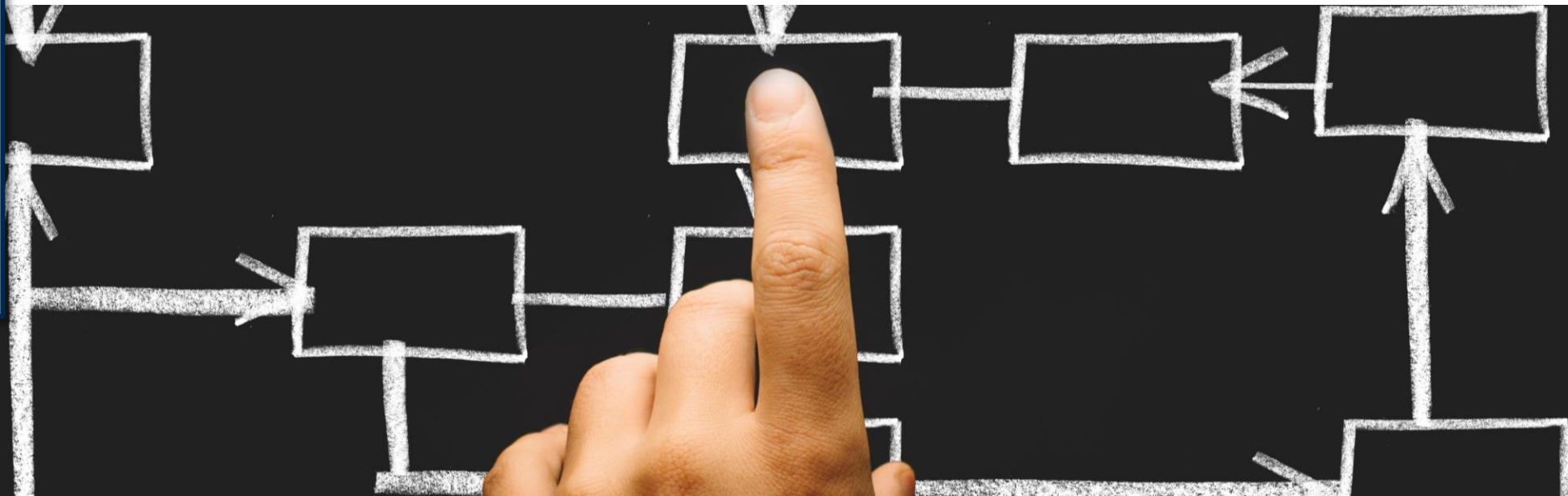
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New system: Australasian Furnishing Association (AFA) Timber Due Diligence Toolkit

- Not yet published - subscribe to our illegal logging e-updates for notice of its publication.
- Subscribe at <http://www.agriculture.gov.au/forestry/policies/illegal-logging/get-updates/>

3

4



Gathering information

1

2

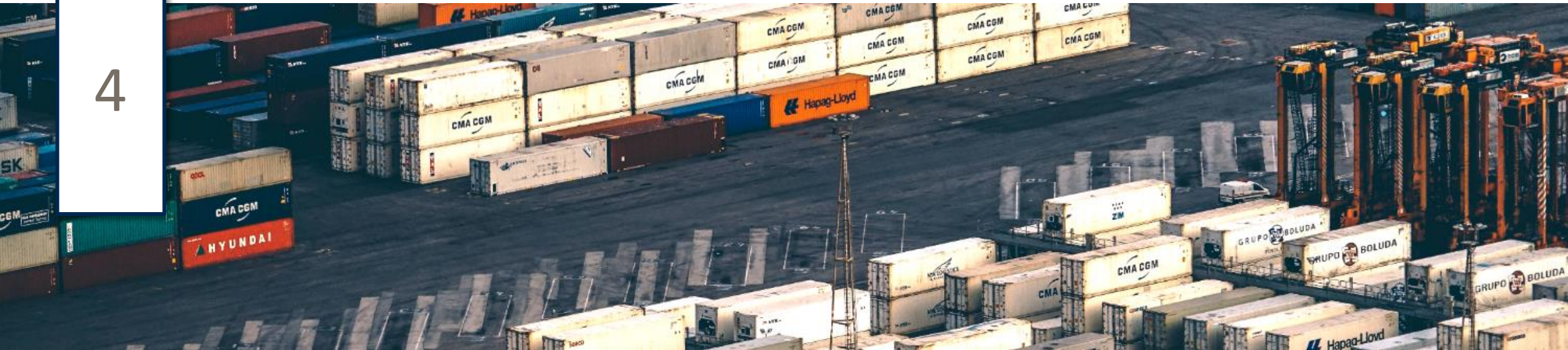
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Must endeavour to gather the following information – where “reasonably practicable”:

- Description of the regulated timber product
- Information about the timber within the product
 - Name of the species
 - Area of harvest
 - Evidence the timber hasn’t been illegally logged
- Supplier name, contact details and location
- Country of manufacture
- Proof of purchase*

* Note: The information should be gathered before committing to import the product. Proof of purchase should be added once the importer has conducted their due diligence and chosen to acquire the product(s).



Risk Assessment

1

The Regulation provides three methods to conduct your risk assessment:

- Option 3A – **Timber Legality Framework (TLF)**
- Option 3B – **Country Specific Guideline (CSG)**
- Option 3C – **Regulated Risk Factors**

2

You must use one of the above methods

3

You must come to a reasonable risk conclusion

4

Your risk conclusion must be supported by the information you have gathered



Timber Legality Framework: **RISK ASSESSMENT OPTION 3A**

1

The Regulation recognises forest management and chain of custody certification from:

- Forest Stewardship Council (FSC) - <https://info.fsc.org/>
- Programme for the Endorsement of Forest Certification (PEFC) - <https://www.pefc.org/find-certified/certified-certificates/>

2

You must **confirm that your product is certified:**

- Check the unique FSC or PEFC certificate code quoted on the certificate or invoice
- Check the supplier is the certificate holder
- Check that the certificate applies to the product you're seeking to import
- Check the certificate is still valid
- Check invoices/delivery notes – make sure you are receiving certified product

3

4

You need to **consider any other information you are aware** of that suggests the product contains illegally logged timber or wood fibre

Timber Legality Framework: RISK ASSESSMENT OPTION 3A

KEY RESOURCES

1

Our webpage gives you each of the specific steps you need to follow to check that the certification is legitimate and valid

- See: www.agriculture.gov.au/forestry/policies/illegal-logging/importers/due-diligence/

For more information about FSC visit – www.fsc.org

2

For more information about PEFC, and it's endorsed national standards, visit – www.pefc.org

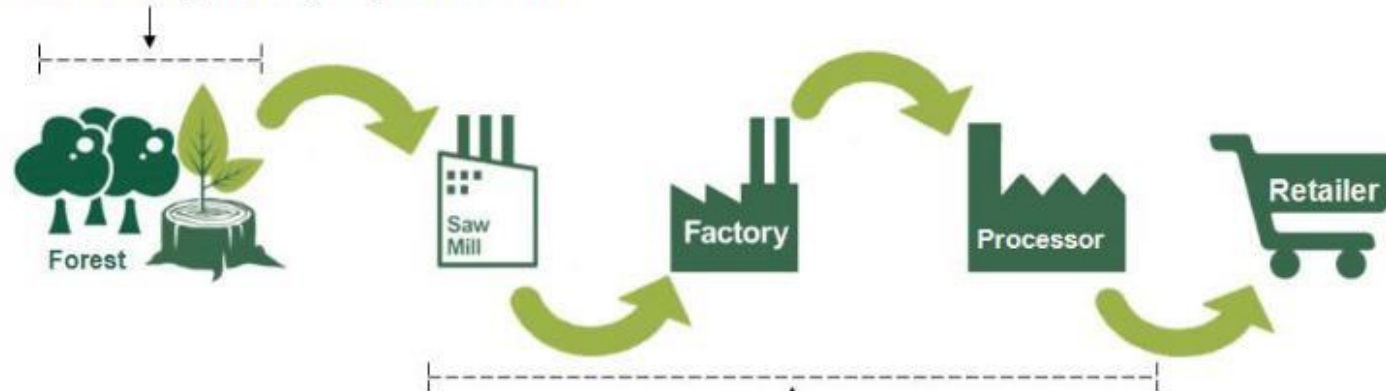
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Are the certification claims not stacking up?

- Ring us (1800 657 313) or email us (ILCA@agriculture.gov.au)

4

Forest Management (FM) certification



Chain of Custody (COC) certification

Country Specific Guidelines: **RISK ASSESSMENT OPTION 3B**

1

CSGs help importers to understand legal frameworks that regulate logging in key supply countries:

- Describes information that can be obtained from suppliers to demonstrate legality
- Can only be used where the country of harvest and supply are the same
- Developed collaboratively by Australian and foreign governments

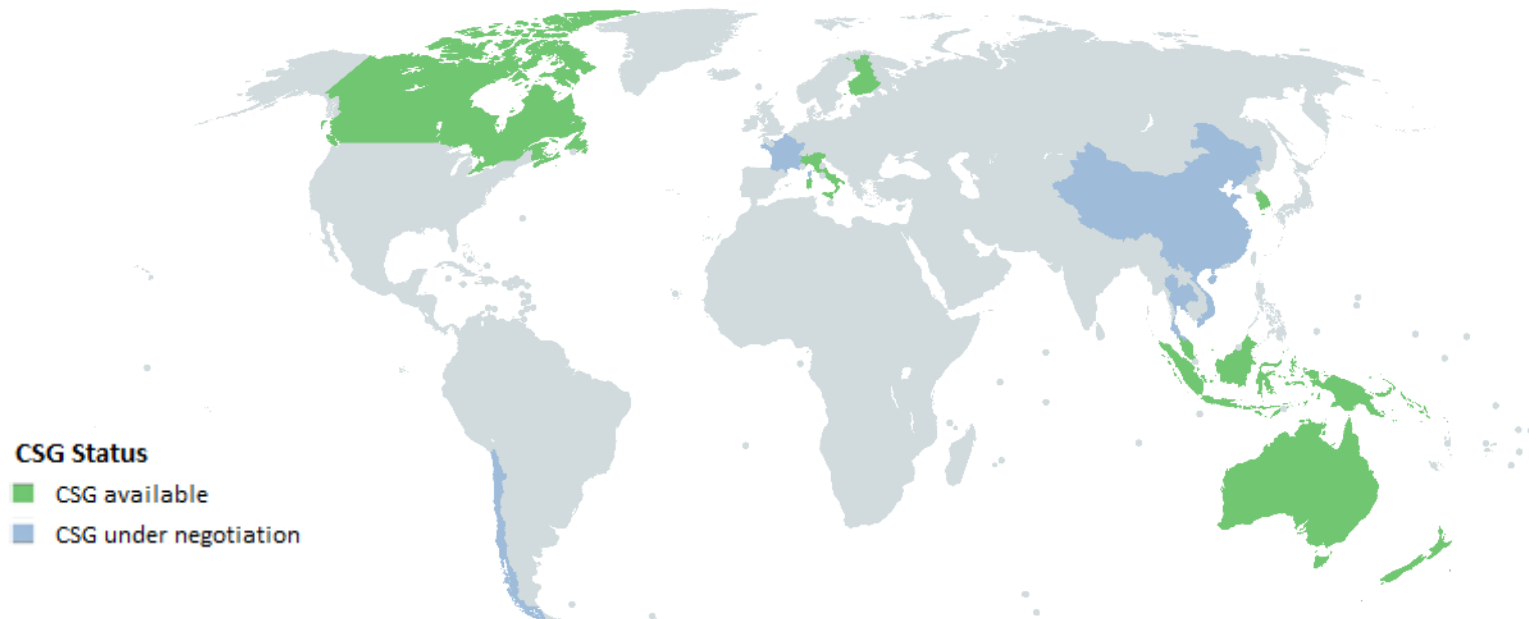
2

You need to consider any other information you are aware of that suggests the product contains illegally logged timber or wood fibre

3

Current CSGs: Canada · Finland · Indonesia · Italy · Malaysia · New Zealand
Papua New Guinea · Republic of Korea · Solomon Islands

4



Country Specific Guidelines: **RISK ASSESSMENT OPTION 3B**

KEY RESOURCES

1

All of our CSGs can be found on the Resources for Importers page on our webpage

- See: www.agriculture.gov.au/forestry/policies/illegal-logging/importers/resources

2

Steps to use the CSG:

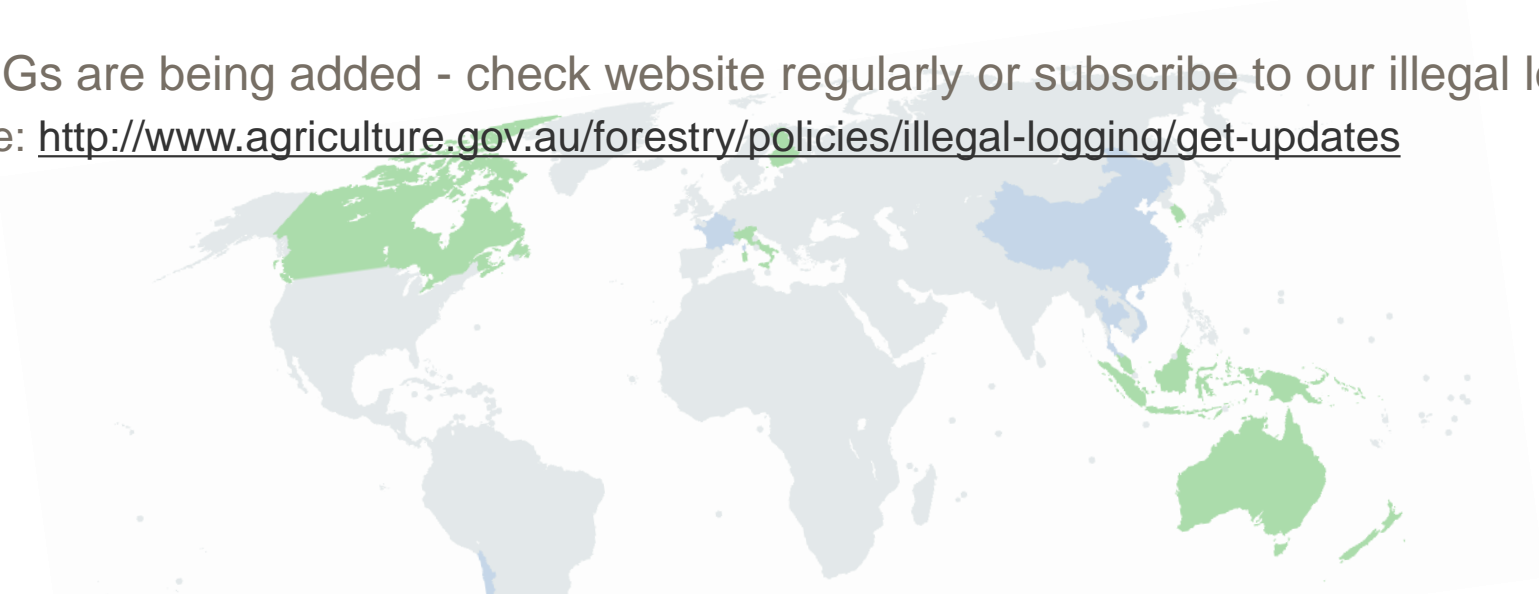
1. Check the wood was harvested in the country with the CSG – if not; you **cannot** use the CSG
2. Read the CSG - understand what information and documents are available
3. Have you got the information and documents detailed in the CSG?
 - If you do, compare all of your information and documents to arrive at your determined level of risk
 - If not, follow up with supplier – can they provide the information and documents?
4. Is there anything else which suggests the product could be from illegally harvested timber?

3

New CSGs are being added - check website regularly or subscribe to our illegal logging e-updates:

- See: <http://www.agriculture.gov.au/forestry/policies/illegal-logging/get-updates>

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Regulated Risk Factors: **RISK ASSESSMENT OPTION 3C**

Must be used when the requirements for Timber Legality Framework and Country Specific Guideline methods cannot be met

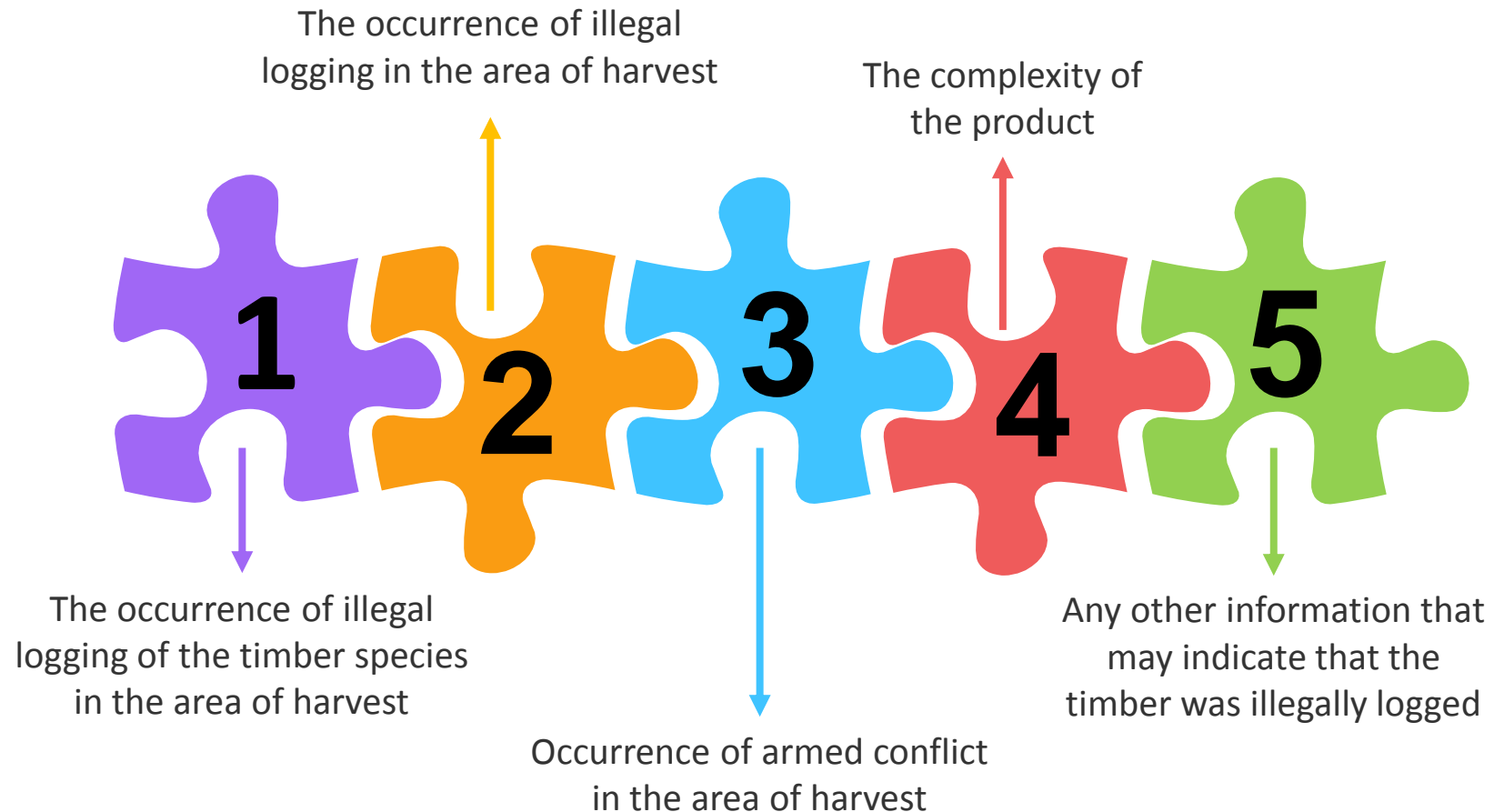
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Five questions about risk that importers must assess:

2

3

4



Regulated Risk Factors: **RISK ASSESSMENT OPTION 3C**

KEY RESOURCES

1

1. The prevalence of illegal logging in the area or areas of harvest

- Chatham House: Illegal Logging Portal – www.illegal-logging.info
- Forest Legality Alliance: Forest Products Risk Tool – www.forestlegality.org/risk-tool/
- World Resources Institute: Global Forest Watch – www.globalforestwatch.org
- NEPCON: Timber sourcing hub – www.nepcon.org/sourcinghub/timber/
- European Timber Trade Federation: Timber Trade Portal – www.timbertradeportal.com/en/
- NEPCON, FSC and Rainforest Alliance: Global Forest Registry – www.globalforestregistry.org

2

3

4

Regulated Risk Factors: **RISK ASSESSMENT OPTION 3C**

KEY RESOURCES

1

2

3

4

2. The prevalence of illegal logging of the specific species of tree

- Australian Department of the Environment and Energy: CITES section – www.environment.gov.au/biodiversity/wildlife-trade/cites/
- CITES Species Checklist – <http://checklist.cites.org>
- IUCN Red List – <http://www.iucnredlist.org>



Regulated Risk Factors: **RISK ASSESSMENT OPTION 3C**

KEY RESOURCES

1

2

3

4

3. Prevalence of armed conflict in the area of harvest

- Australian Government: Smart Traveller – <https://smartraveller.gov.au>
- Global Conflict Tracker – <https://www.cfr.org/interactives/global-conflict-tracker#!/global-conflict-tracker/>



Regulated Risk Factors: RISK ASSESSMENT OPTION 3C

KEY RESOURCES

1

4. Complexity of the product

2

5. Any other any other information that may indicate the product is derived from illegally logged timber

3

- Things to look out for include:
 - being asked to pay a bribe or potentially forged, inconsistent or missing documents
 - the supplier is known to deal in illegally logged timber
 - goods being sold significantly below the market rate
 - appropriate taxes not included in price
 - you're unable to get rational answers to questions
- NEPCON: Guide to spotting fake documents – <https://www.nepcon.org/newsroom/fake-documents-how-spot-them-and-what-do-about-them>

4

4

1

2

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- 4



Illegal Logging Compliance Audits

The department regularly conducts desktop audits – checking compliance with due diligence requirements

- If chosen, we will write to you: **Request for Information Notice**
 - We will specify a particular regulated timber product you have imported
- Will be checking for:
 - ✓ Do you have a due diligence system that has all necessary information?
 - ✓ Have you gathered all of the required information?
 - ✓ Have you undertaken a reasonable risk assessment using a suitable method?
 - ✓ (If necessary) Have you undertaken suitable risk mitigation steps?
- Will provide advice on whether you have met the requirements + any improvements required
 - We may follow up to ensure you have implemented required improvements





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