



SUBMISSION TO THE HOUSE OF REPRESENTATIVES ENVIRONMENT COMMITTEE INQUIRY INTO STREAMLINING ENVIRONMENTAL REGULATION

April 2014

Introduction

The Australian Forest Products Association (AFPA) welcomes the opportunity to make a submission to the House of Representatives Environment Committee Inquiry into streamlining environmental regulation.

AFPA is the peak national industry body representing the Australian forest, wood and paper products industry's interests to governments, the general public and other stakeholders on matters relating to the sustainable development and use of Australia's forests and associated manufacturing and marketing of wood and paper products in Australia.

AFPA members are directly involved in growing and managing commercial forests as well as processing wood and fibre resources for products such as sawntimber, engineered wood products, pulp and paper and woodchips for further value adding. The forest and forest products industry has considerable experience in complying with environmental planning and regulatory requirements for sustainable forest management as well as for specific project based activities such as the establishment of new processing facilities.

Policy principle

As an overriding policy principle, AFPA supports the Coalition Government's commitment to reduce unnecessary environmental regulation while maintaining appropriate environmental standards. In particular, the one stop shop for environmental approvals has significant scope to simplify the approvals process

across federal, state and local jurisdictions while maintaining environmental standards.

It is important that environmental regulation is undertaken in accordance with efficient and best practice public policy by:

- streamlining approval processes where relevant;
- removing unnecessary duplication and bureaucracy; and
- reducing compliance costs on projects and businesses across the economy.

Jurisdictional arrangements, regulatory requirements and the potential for deregulation

Single assessment and approvals process

AFPA notes that the national reform agenda for environmental regulation has built on the Council of Australian Governments (COAG) process, which has previously endorsed:

- a more proactive approach to protecting Australia's environment through more strategic assessments and regional environmental plans;
- new national standards for accrediting environmental impact assessments and approvals to better align Commonwealth and state systems;
- development of bilateral arrangements for accreditation of state assessment and approval processes; and
- inter-jurisdictional taskforces to examine and facilitate removal of unnecessary duplication and reduce business costs for significant projects.

The Australian Government has developed these principles further for the one stop shop process with an implementation framework comprising:

- a Memorandum of Understanding between each state and the Commonwealth Government;
- agreement on bilateral assessments and updating any existing agreement with each state; and
- negotiation of approval bilateral agreements within 12 months.

With respect to land management activities such as forestry, there can be a lot of overlap between state and Commonwealth environmental regulation such as species management requirements. In this regard, the one stop shop offers significant benefits to industry from a single environmental assessment and approvals process that includes a single lodgement and documentation system. The benefits of such a streamlined process would include reduced duplication between state and Commonwealth laws, reduced bureaucracy and the removal of unnecessary administrative costs.

In order to maintain the overall environmental integrity of the framework, AFPA also acknowledges the importance of appropriate environmental standards and accreditation processes between state and Commonwealth governments.

Strategic or regional level assessments

Another key feature of environmental regulation in the forest industry has been the use of strategic assessments and bilateral arrangements for achieving environmental outcomes via the Regional Forest Agreements (RFAs). The RFAs were put in place to:

- a) resolve long standing native forest land use conflicts between state and federal governments through agreed 20 year commitments;
- b) improve the national reserve system and conservation outcomes through the addition of significant forest areas to the comprehensive, adequate and representative (CAR) forest reserve system;
- c) evaluate and accredit state based ecologically sustainable management systems in multiple-use areas available for wood production; and
- d) provide for long term investment and certainty in the forest industry.

The RFAs were underpinned by Comprehensive Regional Assessments (CRAs) that included significant investment in scientific studies and ecosystem mapping, that shaped the agreements and provided for environmental protection and biodiversity conservation measures, including the listing of priority threatened species and ecological communities within each RFA region and measures to protect them.

Given the comprehensive landscape approach to achieving environmental, biodiversity and socio-economic outcomes in RFA regions, forestry operations are recognised as having met the requirements of the *Environment Protection and Biodiversity Conservation (EPBC) Act*. The robust environmental standards of the RFAs are well documented¹, which represent a regional and bilateral based approach to environmental assessment and approvals. The RFAs have accredited

¹ Montreal Process Implementation Group for Australia and the National Forest Inventory Steering Committee (2013). *Australia's State of the Forests Report 2013, Five-yearly report*. Indicator 7.1a: Extent to which the legal framework supports the conservation and sustainable management of forests.

State/Territory environmental management processes and ongoing monitoring and improvement including through the 5 yearly reviews.

AFPA fully supports the 20 year rolling renewal of the inter-governmental RFAs, in order to streamline regulation and provide for ongoing world best practice in environmental management and sustainable forestry operations together with improved certainty for industry investment.

Prior to the establishment of the RFAs, timber harvesting operations were subject to EPBC requirements on a 'coupe by coupe' basis, which effectively triggered an environmental assessment and approval process whenever a parcel of wood was harvested in an area that contained a matter of national environmental significance (e.g. a listing of a threatened species that occurred in the region). This piecemeal approach to the environmental assessment of harvesting operations made it a highly costly and administratively burdensome process across the regions where native forestry operations were occurring on a routine basis. This led to significant costs to industry in terms of the time and resources needed to comply with both State and Commonwealth approval processes.

The RFAs addressed this duplicative and piecemeal approach by undertaking the CRAs and accrediting state processes that met the appropriate Commonwealth standards, thereby removing the need for Commonwealth approvals over the life of the RFAs. This has significantly reduced the administrative and compliance costs for designated forestry operations in the RFA regions.

The 2009 Hawke review into the EPBC Act recommended that the Commonwealth work with the States and Territories to improve the efficiency of environmental impact assessments and expand the role of strategic assessments and bioregional plans.

AFPA suggests that the strategic assessments and bioregional approaches adopted in the RFAs are a useful model in the context of bilateral agreements for assessment and approval processes for other classes of activities or projects in a defined area, where they have met the appropriate Commonwealth conditions and national standards.

Areas for improved efficiency and effectiveness of the regulatory framework

National environmental reporting

Over the past decade there has been an increase in mandatory environmental reporting for large manufacturing enterprises. These requirements include national reporting on energy use and carbon emissions under such programs as the National Greenhouse and Energy Reporting Scheme (NGERS) and the Energy Efficiency Opportunities (EEO) program. There are also a range of state reporting

requirements. In formulating future policy and reducing red tape, consideration should be given to streamlining both national and state reporting requirements and minimising duplication wherever possible.

Land use regulation

In addition to environmental reporting requirements, many plantation and native forest operations are subject to a broad range of state and local government land use planning and environmental regulations. These requirements relate to such issues as water policy, plantation establishment, local heritage protection, waste management and codes of forest practice for example. It is important that such regulations are streamlined as much as possible across state and local boundaries in order to promote efficiency and consistency across jurisdictions. It is equally important that regulation of plantation forest activities are treated consistently with respect to other agricultural activities.

Chemical use regulation

The regulatory framework for agricultural and veterinary chemicals use is another area of environmental regulation where significant improvements in efficiency and effectiveness can be made. While on a lower relative scale compared to other agricultural industries, the plantation forest industry does rely on the use of some chemicals to maintain and improve its productivity and competitiveness, within appropriate environmental safeguards.

In recent years, the agricultural chemical regulatory framework has actually increased the amount of regulation and administrative cost via the *Agvet Chemicals Legislation Amendment Act 2013* (i.e. the 2013 Act).

A number of significant concerns were raised by AFPA and other stakeholders regarding these changes, which included:

- The lack of any real reform and regulation simplification. The 2013 Act appeared to increase the amount of red tape, process and cost recovery (fees), with very little in the way of increasing efficiencies and certainty;
- The proposed re-approval and re-registration process would have increased costs and uncertainty for industry, making it very difficult to maintain the existing suite of chemicals and minor uses that our industry relies on;
- The proposed risk assessment process. There remains continued uncertainty in the detail and application by the regulator of the proposed risk assessment framework underlying the approval process. This framework and the selection of re-approval and re-registration periods, needs to be better aligned with the principles of assessment for 'risk' rather than 'hazard'; and

- The issue of minor use. Due to the forest industry's relatively small chemical use, the continued availability of minor use permits coupled with an effective and streamlined minor use permit approval process, is essential to ensure chemicals are available to use for forestry applications. The 2013 Act did not include an appropriate framework for dealing with the issue of minor use.

Overall, this was considered poor regulation, as it introduced additional tests, hurdles and regulation that did not provide any clear benefit to agvet chemical registrants, users or the environment. AFPA therefore supports proposed amendments via the Exposure Draft Agricultural and Chemicals Legislation Amendment (Removing Re-Approval and Re-registration) Bill, including:

- *Removing re-approval and re-registration*

AFPA supports amendments to remove the mandatory re-approval and re-registration provisions introduced by the 2013 Act. The mandatory re-approval and re-registration provisions were unnecessary and did not meet the often stated objective to '*increase the scrutiny of chemical constituents and products through a scheme that minimises impacts on industry*'. The additional regulatory processes were likely to increase costs and uncertainty for industry, making it very difficult to maintain the existing suite of chemicals and minor uses. AFPA also notes that the Australian Pesticides and Veterinary Medicines Authority (APVMA) still retains a re-consideration process of registered chemicals based on an ongoing process of assessment of human health or environmental risks.

- *Reducing red-tape by allowing for less frequent renewal of registration*

AFPA supports amendments to allow for less frequent renewal of registration. In relation to the frequency of renewals, a potential model could be where the reasonably assessed risk of the chemical is higher, the shorter the frequency of renewal of registration (for example an assessed high-risk chemical could have a one (1) year renewal and longer intervals for lower-risk chemicals).

- *Addressing concerns with chemical product quality*

AFPA understands the Government's policy objective for the APVMA to improve its ability to secure information about the safety of chemicals supplied in the market. AFPA urges that any reform in this area be scientifically based, targeted at areas of concern, and aligned with the principles of assessment for 'risk' rather than 'hazard'. AFPA supports the implementation of an effective and practical safeguard system to be applied to the APVMA in relation to this issue. The safeguard system would prevent the APVMA from requiring information unless it believes it is reasonably necessary to protect human, animal, plant or environmental health or safety, or implications on trade.

AFPA proposes that there are still significant further reform areas of agvet chemical regulation that will need to be addressed. These include:

- *Proposals on risk assessment process*

There remains continued uncertainty in the detail and application by the regulator of the proposed risk assessment framework underlying the approval process. This framework needs to be both scientifically based and aligned with the principles of assessment for 'risk' rather than 'hazard'. Further reform in this area is needed.

- *Minor use*

Due to the forest industry's relatively small chemical use, the continued availability of minor use permits coupled with an effective and streamlined minor use permit approval process, is essential to ensure chemicals are available to use for forestry applications. Further reform and red-tape reduction is needed to ensure that minor uses are equitably considered in the regulatory framework.