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PNG hastens audits on legal compliance

'Erroneous' claims on logging hit exports

By JIM BOWDEN

VOLUNTARY implementation of credible verification schemes is progressing well in Papua New Guinea with significant participation by exporters to Australia and New Zealand.

Executive officer of the PNG Forest Industry Association Bob Tate told T&F e-news the global financial crisis had resulted in a dramatic collapse in PNG markets in Asia, particularly China.

"This naturally has tested everyone's resolve," he said. "However, we anticipate a continuing improvement in demand and export orders – perhaps not back to pre-meltdown levels just yet, but certainly sustained growth."



He said pressure from markets was compelling logging and wood processing companies to be independently audited for legal compliance before logs and wood products left the

country for overseas markets. "Often erroneous and exaggerated claims that the forest industry in PNG operates illegally have the potential to

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THIS ISSUE

- Industry stakeholders welcome CIE report
- Illegal logging issues 'floated' at the Gabba



▲ Brains of wood promotion join 'webinar'

- 'Silver' wood podium for Olympic gold medalist
- Tassie zones 100,000 ha for special timbers
- Packed program for industry trainers
- Events – what's on in 2010?

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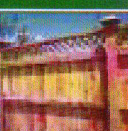
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Timber legality plays useful role in governance reforms

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severely restrict our exports of processed wood products to our traditional markets, particularly in Australia and New Zealand." Mr Tate said.

"This comes at a time when the PNG Government, with broad industry support, is initiating policies to encourage the expansion of the wood processing sector, already a significant exporter of PNG manufactured products.

The association is encouraging its members to seriously consider participation to enable the sustainability of their shares in export markets for processed products.

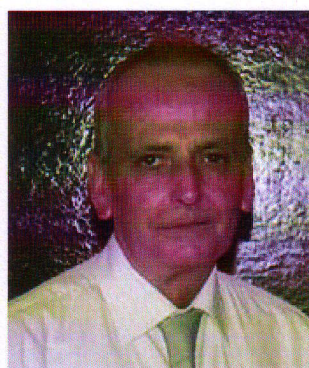
The scheme is voluntary and the decision to participate was the prerogative of the individual companies

The world renowned quality assurance, product testing and systems auditing firm, SGS, has been carrying out thorough audits of the companies using the Timber Legality and Traceability Verification standards, using auditors from South Africa.

Under timber legality and traceability verification (TLTV), Saban Enterprises, a subsidiary of the Rimbunan Hijau Group (RH), was audited and a certificate was issued in December 2008. The company is now subject to annual surveillance for the next five years after it started in August last year.

PNG Forest Products and Stettin Bay Lumber Company were audited late last year and are awaiting peer review prior to being granted certification for full TLTV and verification of legal origin (VLO) respectively.

Vanimo Forest Products and Amanab Forest Products, subsidiaries of the WTK Group



Bob Tate .. independent audits for legal compliance.

of Companies, operating in West Sepik Province, have been preparing since October for audit (internal) under VLO and are now in the process of applying to SGS this month.

The RH group of companies had started its own internal audit for RH Timber Processing Ltd at Panakawa and Wawaoi

Timber Co at Kamusie, Western Province.

PNG Forest Industries Association assistant executive officer Gabriel Samol says the executive committee decided in 2007 to pursue and to adopt an appropriate timber legality verification standard.

"The scheme is voluntary and the decision to participate was the prerogative of the individual companies," he said. "The TLTV program is and remains a legal verification scheme and does not make any claims in regard to either 'sustainability' and or 'forest management verification/certification'.

"The timber legality verification could play a useful role in the wider forest governance reforms."

Mr Samol said he believed that

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Skilled trade shortage widespread, says HIA

THE availability of skilled tradespeople across trades and regions in the residential sector is deteriorating, says a new report from the Housing Industry Association.

Chief economist Dr Harley Dale said that there was a shortage of labour in 10 out of 13 skilled trades at the end of 2009, compared to eight trades being in shortage in the September quarter.

"Trade rates, meanwhile, are on the rise again, but remain lower when compared to late 2008," Dr Dale said.

"Price pressure is still modest and trade availability, while deteriorating, is still considerably better than it was up until late 2008. So it is a favourable time to build a new home or renovate an existing property."

"The clock is ticking, however, given the competition across different sectors in 2010 for a limited pool of skilled labour. There is a clear risk that labour shortages will re-emerge as a significant constraint on the rate of recovery in both new home building and renovations by the middle of this year."

New figures released last week show that almost 90% of temporary skilled migrants who were granted Subclass 457 visas in 2009-10 to date are managers and professional workers. The figures also show that the average total salary package for all new temporary skilled migrant workers is almost \$100,000 – an increase of \$10,000 on the same time last year.

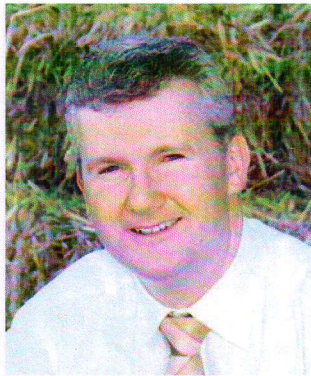
Industry stakeholders welcome government's response to final CIE report on illegal logging

TIMBER traders have welcomed a Canberra announcement that recognises the input of industry stakeholders into federal policy on illegally-logged timber.

The Centre for International Economics (the CIE) has released its final report to the federal Regulation Impact Statement, which is seen as another step towards implementing the Rudd Government's election promise to combat illegal logging.

Commenting on the report, the Minister for Forestry Tony Burke said the key task for government was to determine the most efficient and effective means of identifying illegal timber products.

"We will take into account the CIE report together with the issues raised by industry stakeholders and the work of other governments, particularly



Tony Burke .. working with industry stakeholders on illegal timber.

the US and the European Union to identify and restrict trade in illegally logged timber products," Mr Burke said.

"The government will now move to finalise its illegal logging Regulation Impact Statement and identify its preferred approach."

Mr Burke said the Government accepted the critical importance of working with countries to tackle these problems and had established formal agreements with China, Indonesia and Papua New Guinea.

Although the CIE report estimates the global cost of illegal logging to be more than \$106.5 billion dollars a year, it believes more than 90% of timber imported into Australia is legally logged.

Technical manager of the Australian Timber Importers Federation John Halkett said in Brisbane industry welcomed the CIE report.

"We will continue to work with the Minister to reach an outcome that meets government policy objectives and satisfies industry requirements," he said.

• **Queensland industry meeting, Page 7**

Verification way forward for companies

From Page 2

after internal assessment, many companies would make formal applications for audit soon.

"Members of the industry, based upon market demand and more general market concerns about claims of illegal logging, are encouraged to participate in

appropriate legal verification and or certification schemes. TLTV is a way forward for most of our companies involved in wood processing for exports."

Mr Samoi said all such schemes were voluntary, market-driven mechanisms which provided independent third-party assurance.

Connecting the pieces

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RADISSON HOTEL, MELBOURNE, TUESDAY, MAY 18**

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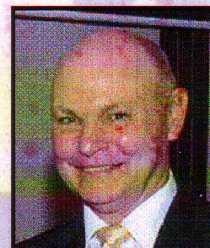
Top field of speakers representing federal government, FWPA, HIA, transporters, the Canadian and New Zealand forest products industries and many other sectors associated with the timber supply chain.

Seminar speakers will include leading timber supply chain experts, marketing specialists, technology providers and regulatory authorities.

'The seminar will appeal to the broad cross-section of companies and organisations in the timber supply chain, their suppliers, supporters and related businesses and interests. Leading experts and specialists will cover a range of topics, including the changing nature of housing construction and the

timber industry; product innovation and marketing activity; the 'drivers' for change; and the emerging factors that will impact on future timber supply chain business performance'

*Peter Roberts, CEO,
Timber Merchants Association.*



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