



SUBMISSION

Productivity Commission Inquiry: Standards and Accreditation

April 2006

Introduction

Standards and accreditation play an important role in Australia's forest and timber industry. They are particularly important in ensuring that Australian timber and timber products are effectively marketed both domestically and overseas and are not disadvantaged when compared with alternative materials and products.

This submission focuses on two key issues relating to standards and accreditation which are currently of significance to the forest and timber industry. The first issue is the use of environmental assessment tools in the building sector which impact on the specification and use of timber in building design and construction. The second issue is the development and use of standards for the certification of forest management, with a particular emphasis on the Australian Forestry Standard.

Environmental Assessment Rating Tools for Buildings

In recent years there has been a marked increase in the development and use of evaluation tools for the purpose of assessing the environmental performance of buildings in Australia. These tools include quantitative impact assessment tools for the selection of building materials and technologies, and analysis and simulation tools for predicting energy consumption, lighting requirements and indoor environmental quality. They are used in the preliminary building design stages and in the whole building performance evaluation process.

Some of the tools can be categorised as 'assessment tools' which provide performance indicators to assist decision making between a limited number of building design alternatives. The remaining tools are categorised as 'rating tools', which determine the performance level of a building, against agreed standards which are often measured using a 'star rating' system.

The large number and diversity of these evaluation tools is creating increasing difficulties for building designers and specifiers who must identify the appropriate tools or information required for their particular purpose. Each of the individual tools address varying aspects of a building's environmental impacts, which often results in differences and inconsistencies in the specification of components for building design and construction.

A report recently prepared by the CSIRO for the Forest and Wood Products Research and Development Corporation (FWPRDC) identified several shortcomings with the many evaluation tools. The report, *Technical Evaluation of Environmental Assessment Rating Tools*, states 'most of the tools have limitations and weaknesses.....including having a narrow focus, lacking in-depth

assessment, needing professional assessors, requiring time-consuming data input, considering minimal economic criteria and lacking transparency in weighting environmental indicators.'

While it is acknowledged that the majority of these evaluation tools are not recognised as Australian Standards through the Standards Australia process, their implementation, particularly through regulations, may have widespread implications for standard setting in relation to building design and construction.

Although these evaluation tools are often intended for use on a voluntary basis, there is always the potential that they may be introduced for mandatory use through regulations. For instance, energy efficiency rating tools for residential buildings are mandatory through regulations in Victoria (NatHERS and FirstRate), NSW (BASIX) and the ACT (NatHERS).

The timber industry's principle concern is that these tools are generally developed without adequate consultation with industry. Therefore, the change in application of the tools from voluntary to mandatory through regulations may have detrimental consequences for any industry that has not had an adequate level of input into the standard setting process.

In the timber industry's case, the advent of these rating tools, associated procurement documents and energy rating regulations has already had an adverse economic impact on the industry through a reduction in the use of timber. This has also caused undesirable environmental outcomes in the building sector, as timber is the only truly renewable and environmentally friendly building material.

This situation is highlighted by the 5-star energy efficiency rating tool 'AccuRate', which is currently being revised by the Australian Greenhouse Office (AGO) for implementation into the Building Code of Australia (BCA). AccuRate is an example of a mandatory tool that has been adopted through regulations for an alternative purpose to that which it was originally developed.

The timber industry has outlined its serious concerns with the effectiveness of AccuRate and in particular its failure to recognise many of the environmental benefits of using timber in buildings when compared with alternative materials. Many of the industry's concerns were reinforced in a Productivity Commission Inquiry Report, *The Private Cost Effectiveness of Improving Energy Efficiency*, released last year.

In this case, the apparent failure of the standard setting process to address the concerns of the timber industry has resulted in an unfair assessment of timber in comparison with alternative building materials. This has led to a loss of market share for timber as a building material which has been demonstrated in Victoria through the state's adoption of 5-star regulations over 12 months ago.

Despite these concerns, the Australian Building Codes Board (ABCB) has proceeded with its decision to introduce mandatory 5-star energy efficiency regulations in the BCA from 1 May 2006. Many States have chosen not to adopt these new regulations based on similar concerns that the regulations may fail to achieve the desired outcomes. Therefore, the result has been an apparent failure to achieve national consistency in the standard setting process.

Standards Australia has stated their recognition of the problems that continue to arise from the duplication of efforts of various organisations in attempting to control environmental impacts and sustainability in the building sector. In a paper released in February 2006, *Sustainability in Buildings*, Standards Australia state 'there are currently many organisations striving to manage Australia's sustainability efforts and there is a real need to harmonise these efforts on a national scale. This harmonisation would help to combat the current inconsistencies between various

jurisdictions and avoid duplicating efforts when there are limited resources available for the development of solutions in this area.’

The timber industry is in favour of the concept of a more ‘centrally focussed’ approach, similar to that being proposed by Standards Australia. It would promote much needed national consistency and assist in rationalising market place specifications and procurement documents. However, if consistency and representativeness is to be achieved in the standard setting process, it is crucial that there is an adequate level of consultation with industry during this process.

There is certainly an important role for Standards Australia in ensuring that consistency and transparency is achieved in the standard setting process. However, it is important that this process is not driven solely by Standards Australia, as a private company with a vested interest, but by external parties including government, industry and other relevant stakeholders.

Currently, there is an element of risk to industry that Standards Australia may fail in adequately consulting with peak national industry bodies, such as NAFI, when selecting ‘expert’ members for standards committees. If this consultation fails to occur, much of the work undertaken by these committees will remain invisible and could potentially be detrimental to the industry at large.

Wherever possible, Standards Australia should be required to consult with peak industry bodies in the selection of suitable representatives for standards committees. This would ensure that the national interests of the industry were represented, rather than those of a particular individual or group. It would also allow peak bodies, such as NAFI, to distribute information to their industry on the outcomes of these standards committees.

A greater level of control needs to be applied to the development and use of voluntary and mandatory standards, such as those delivered through many of the evaluation tools discussed. More control would assist in ensuring that standards which have been developed for an unrelated or different purpose do not inadvertently lead to an inconsistent use of existing standards and are not promoted as being able to deliver unrelated or inappropriate outcomes. This is particularly relevant when the standards are included in regulations.

The stipulation of stricter criteria and greater government control would assist in determining whether or not a voluntary or mandatory standard should be developed and the process which needs to be followed should the standard be approved for development. There is also a need for more rigorous cost benefit analysis prior to the development of standards, irrespective of whether they are intended for voluntary or mandatory use.

Australia’s forest and timber industry views the standard setting process as an opportunity to bring a more scientific approach into the development of procurement documents and regulations. This is critical in ensuring that ideological positions and prejudices from particular groups and individuals are not given undue consideration in this process. Therefore, if this opportunity is to be realised, it is essential that our industry is provided with an adequate level of input into the standard setting process.

Forest certification and the Australian Forestry Standard

Independent certification of sustainable forest management has developed in Australia since early this decade and overseas since the mid 1990s. This has occurred in response to certain markets demanding that purchased timber products are certified under internationally recognised schemes for forest certification which encompass standard setting, accreditation and independent third party certification.

The Australian Forestry Standard (AFS) was developed between 2000 and 2003 in response to this demand. It is the only forest management certification standard that is specific to Australian conditions and is recognised internationally via a leading sustainability framework.

The AFS is owned by Australian Forestry Standard Limited, who developed the standard in their capacity as an accredited Standards Development Organisation (SDO). It is recognised as a formal Australian Standard by Standards Australia and is part of Australia's conformity assessment framework.

The Australian Government, as well as the State and Territory Governments, played an important role in the development of the AFS. The Australian Forest Certification Scheme, of which the AFS is the forest management standard, is recognised internationally through its membership of the Programme for the Endorsement of Forest Certification (PEFC) Schemes. PEFC is a global umbrella organisation for the assessment and mutual recognition of national forest certification schemes developed in a multi-stakeholder process.

Currently over 5 million hectares of Australia's public and private forests managed for timber production are certified under the AFS and, with more organisations expected to be certified over the next two years, that figure is expected to double. Forestry organisations who have achieved AFS certification include the Queensland, Tasmanian and South Australian governments' forestry operations, as well as many of Australia's major private forestry corporations.

Many organisations have chosen or are choosing the AFS as their forest management standard as it was developed by Australia for use in Australia's forested environment. Also, the standard contains a registered Australian Standard trademark which links it into the international conformity assessment framework.

While Australia's forest and timber industry have strongly supported the development and use of the AFS, this support has not been shared by some Environmental NGOs who have indicated their opposition to the standard and their preference for an alternate forest certification scheme.

This has been demonstrated by the recent efforts of ENGOs to discredit the AFS in various overseas countries including Japan, which is a major importer of Australian woodchips, and in countries throughout Europe. ENGOs have been actively lobbying overseas governments and industries by encouraging them to introduce trade barriers against the importation of AFS certified timber products from Australia.

Overseas countries are increasingly developing timber procurement policies which are intended to prevent or restrict the importation of timber from forests that are not legally and sustainably managed. Australia's forest and timber industry is concerned that impediments to the trade of AFS certified timber, which is legal and sustainable, may be introduced through these policies due to the influence from misinformation which is dispensed during ENGO lobbying activities.

While such impediments to trade are yet to occur on a widespread scale, there is potential for overseas countries to stipulate their 'non-acceptance' of AFS certified timber from Australia. The Governments of the UK and Belgium, which were included in the ENGOs' lobbying campaign, are currently reviewing their timber procurement policies and consideration is being given to the 'acceptance' and 'non-acceptance' of various forest certification schemes around the world, including the AFS.

Any restrictions on the trade of AFS certified timber products, would clearly defeat one of the primary purposes for which the standard was developed, and that is to maintain overseas market access for timber products derived from sustainably managed forests certified under the AFS. The timber industry is opposed to the implementation of any such trade restrictions, especially where

those restrictions fail to reflect Australian Government support for, and involvement in, developing a nationally-accredited standard for forest certification, such as the AFS.

It should also be noted that while the AFS currently has status as an Interim Australian Standard, AFS Limited is managing a review process to provide Standards Australia with a reviewed standard for recognition as a fully approved Australian Standard. In light of this, representation has been made by ENGOs to Standards Australia recommending that the AFS is not granted this status on the basis of their perceived deficiencies with the standard.

Such mechanisms for comment are usually through the SDO and its Technical Committee. In this case, ENGO comment was made last year directly to Standards Australia, who are not in a position to contribute to the review in their role as the final arbiter of the standard setting review process undertaken by AFS Limited.

There is clearly a need for a mechanism to be implemented which prevents the status conferred on an approved Australian Standard, such as the AFS, from not being recognised and potentially rejected overseas on the basis of misinformation received from detractors of that standard. It is currently unclear whether the responsibility for addressing this issue lies with Standards Australia through their recognition and endorsement of the standard, the Australian Government as an endorser of the standard, or the industry to which the standard relates.

Clearly there is a role for Standards Australia and the Australian Government in providing a greater level of support for the standard, particularly in terms of defending its acceptance overseas. A closer link between Standards Australia and the Australian Government would greatly assist in defending the status of an approved Australian Standard, such as the AFS, overseas.

Australia's forest and timber industry would like to see Standards Australia offer the same level of support for its Australian Standards which have been developed by an accredited SDO, such as the AFS, as the standards developed by Standards Australia itself. This support should be demonstrated both domestically and internationally.

Conclusion and Recommendations

There is definitely a need for government and industry to have a greater level of input into the standard setting process, which should not be driven solely by Standards Australia in their capacity as a private company with a vested interest.

This could in part be achieved by a greater level of consultation from Standards Australia with peak industry bodies such as NAFI in the selection of suitable members for standards committees. This would ensure that the national interests of the industry are represented, and allow the peak bodies to distribute information to their industry on the outcomes of these committees.

There also needs to be a greater level of control applied to the development and use of voluntary and mandatory standards to ensure that standards which have been developed for an unrelated or different purpose do not inadvertently lead to an inconsistent use of existing standards.

The stipulation of stricter criteria for standards development and greater government control would assist in determining whether or not a voluntary or mandatory standard should be developed and the process which needs to be followed should the standard be approved for development. More rigorous cost benefit analysis prior to the development of standards is also needed, irrespective of whether they are intended for voluntary or mandatory use.

A mechanism is also required which prevents the status conferred on an approved Australian Standard, such as the AFS, from not being recognised and potentially rejected overseas on the basis of misinformation received from detractors of that standard.

Standards Australia and the Australian Government should provide a greater level of support for approved Australian Standards, particularly in terms of defending their acceptance overseas. A closer link between Standards Australia and the Australian Government would greatly assist in defending the status of an approved Australian Standard, such as the AFS, overseas.

Also, Standards Australia should offer the same level of support for its Australian Standards which have been developed by an accredited SDO, such as the AFS, as the standards developed by Standards Australia itself.