



Australian Wood Panels Association Incorporated

SUBMISSION TO PRODUCTIVITY COMMISSION

REVIEW OF STANDARDS AND ACCREDITATION

Introduction

The Australian Wood Panels Association (AWPA) represents all Australian manufacturers of Particleboard and Medium Density Fibreboard (MDF) and has existed since the introduction of particleboard manufacture in Australia in the 1960's.

Through all this time, AWPA has been committed to the development and updating of Australian Standards for their product range. All Australian manufacturers of Particleboard and MDF have made a voluntary, public commitment to meet the requirements of relevant Australian product standards.

In recent times, AWPA funded the re-activation of the ISO committee for Wood Panels and this funding has enabled Standards Australia to provide the secretarial services for two of the three sub-committees of ISO TC 89. AWPA also supports the Australian chairman of these two sub-committees. This financial commitment to international standards is intended to assist export of Australian wood panels particularly to Japan.

Our commitment to Standards has raised issues for the Wood Panels Industry and these are outlined in our Submission.

Submission

This submission relates to Terms of Reference concerning *effectiveness of standards setting* and the *role of Government*. It addresses questions relating to *standard setting arrangements* and their *appropriateness to meet domestic market challenges*. We are concerned about the effect of current arrangements on *competition and quality, safety and performance of products*.

Issues covered by this Submission are:

- Australian Standards for wood panels are not mandatory and non-conforming product is being imported into Australia
- Non-conforming product is cheaper than conforming product so local manufacturers are disadvantaged
- When performance issues arise (especially those relating to safety), the reputation of all wood panels can be adversely affected.

Commitment to Standards

All Australian manufacturers of particleboard and MDF voluntarily undertake to meet all requirements of the Australian Standards for these products. These requirements include mechanical and physical properties and an all-important health and safety requirement for low formaldehyde emission.

Formaldehyde is a chemical used in the glues that bond wood particles and fibres together. Small quantities may be emitted from finished products. To ensure health and safety of workers and users of these products, an international classification called "E1" is defined in Australian Standards. As part of the voluntary compliance, all Australian products are labeled "LFE E1", meaning "Low Formaldehyde Emission". This form of labeling is part of the standard and was introduced after consultation and negotiations with the relevant Trade Union (CFMEU).

A recent review of Formaldehyde by the Department of Heritage & Environment under the NICNAS program has reviewed potential health effects of formaldehyde and recommended low formaldehyde emission (LFE) products.

Market Challenges

Commitment to the Standard and LFE E1 products is only made by Australian producers, most importers of wood panels make no such commitment. Some imported products have been found with the "LFE" designation but with 4 to 5 times the formaldehyde emission level specified for the E1 classification.

Wood panels made with low formaldehyde emitting glues and resins are more expensive to produce; the resins are more expensive, sometimes higher resin levels are needed to achieve product quality and production rates are often slower. So while standards are optional, importers of high formaldehyde emitting panels have an unfair advantage in the marketplace. Certainly users can insist on products that comply with Australian Standards but there is always a temptation to buy cheaper products. Users are urged to avoid imported wood panels that are not branded for compliance with Australian Standards but confirmation becomes more difficult when finished furniture components are involved. The ultimate consumer is usually unaware of the status of products selected by fabricators.

So the commitment by Australian wood panel producers to product performance and safety through their voluntary compliance with Australian Standards, has resulted in a disadvantage in the marketplace.

Enforcement of Standards

The Issues Paper confirmed that about 35% of Australian Standards are mandatory under Government Legislation and the Australian Standards submission discussed the process of Regulatory Impact Statement (RIS) that is required before standards can have the force of law behind them.

There are several ways a Standard could have legal backing and product status confirmed:

- The relevant Australian Standard could be mandatory for all products in the Australian marketplace
- All products (both local and imported) could be required to state what standards are met
- Mandatory labeling could be required for compliance with the Australian Standard or for key properties; eg wood panels could be obliged to state their formaldehyde emission classification on product or pack labels.

The AWPA requests a review of the whole process for allowing imported products to be sold in Australia and when and how the mandatory application of Australian Standards should apply. Aspects of such a review could include cases where consumer safety is involved and where all Australian producers commit to local standards.

A clear process needs to be available to local industry to present their case for mandatory application of Standards. Indeed the legal status of a Standard could be covered in the Standard itself so that all users of the Standard are clear on this point. When there is no legislative backing for a Standard, the process of achieving such backing and conditions under which a request might be successful, could be set out as part of the preamble of the Standard or as a concluding statement.

Recommendation

The AWPA believes that the effectiveness of Australian Standards can be frustrated by the easy access to Australian markets by sub-standard imports. Each Australian Standard should confirm if it has legal backing and if not, advise how this could be achieved. Legal backing could take the form of a requirement for full conformance, partial conformance or just the requirement to state on labels whether the product does conform to an Australian Standard.

We thank you for the opportunity to make this Submission.

On behalf of the Australian Wood Panels Association

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