

**Submission  
No 389**

**INQUIRY INTO MANAGEMENT OF PUBLIC LAND IN  
NEW SOUTH WALES**

**Organisation:** Weathertex Pty Ltd

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The Director,  
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NSW Legislative Council,  
Parliament House  
Macquarie Street  
Sydney

31 August, 2012

### **Submission to The Inquiry into Management of Public Land in NSW**

**Dear Committee Secretary,**

Weathertex wishes to lodge a submission for the consideration of the House of Representatives Standing Committee on Agriculture, Resources, Fisheries, and Forestry into the current and future prospects of the Australian forestry industry.

Weathertex is a mature business now in its seventy third year of operation. The business directly employs 90 people and many more indirectly. Weathertex was commissioned at the current site by the Masonite Corporation, who was responsible for commencing similar operations around the world.

Initially, the product was unique and enjoyed limited competition from other products. Over time this environment changed and the survival of the factory became dependent upon the production of Weathertex, a high quality and highly value added product. Considerable research, development and capital investment has been injected into the process to ensure the future of the business. The result is the establishment of a strong and proud business positioned for growth in the future. This growth expectation is based on the growing popularity of light weight construction in Australian and International markets.

Weathertex displays impressive environmental credentials as the Weathertex product lifecycle sequesters more CO<sup>2</sup> than is generated during manufacture. Ongoing investments in our industry and products created from timber depend on resource security in the form of legislated Forest Agreements and specific Wood Supply Agreements.

NSW Forest Agreements were set up to provide certainty for industry, conservation and the community while delivering the Government's forest policy:

- to protect environmental values in a world class system of national parks
- to encourage the creation of strong and competitive ecologically sustainable forest industries
- to manage all native forests in an ecologically sustainable way.

The timber industry has wholly delivered its part in this strategy through investment in value adding, job creation and skills development. The greatest constraint upon forest industries in NSW is the lack of confidence that governments may deal fairly with integrity and honesty,

with the supply commitments that they have placed into legislation, contracted to industry, and with the faith on which industry has invested. As reports persist of the continual locking up of native forest into parkland without the new release of managed forest area, the shortage of saw logs to timber milling operations and the inability of NSW forests to fulfill contractual supply obligations, Weathertex feels compelled to voice its concerns as a respected member of the timber community.

Forest assessments have reserved large tracts of land, without justification, without sound assessment, and without a balance of conservation values with social and economic values. Counter-intuitively, plantations were also placed into the reserve system. In many circumstances the conservation values can and should be improved through management. Many reserves created since 1995 are still without management plans and the values for which they were reserved remain illusive. Reservation now only exposes those values to catastrophic risk of wildfire and other problems of neglect.

At present, under the current regulations restricting access, the small area of forests able to be harvested on the North Coast are being overcut due to the shortfall in supply. Timber is now supplied from fewer operations which have significantly reduced supply chain resilience to disruptions due to rain and diseases. The loss of diversity inhibits species variation of the supply mixture causing cumulative processing issues for value adding industries such as Weathertex.

Where Government policy aims to produce a strong competitive sustainable forest industry, failure of management and leadership of Forests NSW to keep control of the resource for all stakeholders has created divisions within the industry causing disharmony and ultimately fragmentation, where only the smartest and biggest will survive.

Industry has relied on the yield determinations of Forests NSW, the Comprehensive Regional Assessments and the delivery of resource in accordance with Wood Supply contracts. To maintain and continue investment into the timber industry we need resource security to 2026 in Weathertex's case and beyond. That security will then deliver rural and regional income, jobs in country towns and a sustainable timber supply for building construction and infrastructure development.

With Regional Forest Agreements still relatively young (ie only 4 – 8 years in age), there is a risk that resource security could be limited as agreements may not be rolled over at their anniversary. How can industry be assured that the end of contracts does not ultimately mean the end of their business? Weathertex expects that its supply contracts will be delivered for their full term. We also expect that we will be able to extend supply contracts into the future to ensure our ongoing operations and the sustainability of our business and the jobs of our staff.

The balance between conservation values and social and economic outcome of forest management needs to be re-established. Properly managed forests ensure, protect and can improve conservation outcomes, store carbon and earn income to justify management, as they have done for the past 100 years.

It would appear that due to the current state of play and possibly the anticipated future, there is minimal investment by organisations in either the timber or plantation industries. While this could be said to be an adjustment to the current market, it certainly does not support the carbon sequestration opportunity and subsequent significant environmental benefits for sustainably harvested timber from both National Parks and State Forests. Timber should be a growing and sustainable industry, which will ultimately deliver the full promise of what the now well known science describes. Forests NSW have reduced saw log supplies and pulp wood supplies over the last ten years and the process of gaining timber from private operations is also diminishing due to the difficulty experienced by these operators.

This appears to be at odds with policy goals with the import of \$2 billion of forest products every year and the \$405 million of sawn timber into Australia from 2009 – 2010; some inevitably from non sustainable and illegal timber operations. The future shortfall of Australian timber products will rely on imports greatly increasing the embodied energy of all products involved. Reducing available Australian forests for controlled management is not a solution for environmental conservation; it is a political illusion and a deferral of responsibility.

Weathertex is supportive of a coordinated and fair approach to the management of a sustainable resource which is fully recognised for what it can deliver to the world in which we live.

As a member of the NSW Forest Products Association we fully endorse the comprehensive submission by the FPA. It has been with their representation and participation in establishing a sound balance with resource security that we have invested many millions of dollars, employed people in country towns and have substantially improved the value of timber products from State Forests of NSW.

We appreciate the opportunity to submit our concerns and would be interested in discussing these further as appropriate.

Yours faithfully,

Paul Michael  
CEO & Chairman