

**SUBMISSION No. 86**  
**Inquiry into the Australian forestry industry**

**NEWELLS CREEK SAWMILLING CO**

**S.A.RELF & SONS PTY LTD**  
**TIMBER MERCHANTS**

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The Secretary  
House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry  
Parliament House  
CANBERRA ACT 2600

14 April 2011

Dear Committee Secretary,

**Inquiry into the current and future prospects of the  
Australian Forestry Industry**

Newell's Creek Sawmilling Co wishes to lodge a submission for consideration by the House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry into the current and future prospects of the Australian Forestry Industry.

**About THE COMPANY**

Newell's Creek Sawmilling Co operates 2 sawmills at Bulahdelah in NSW; Newell's Creek Sawmill (14km north west of Bulahdelah) and SA Relf and Sons (in Bulahdelah), milling hardwood sawlogs, in conjunction with further processing operations, to produce hardwood flooring, decking, timber rails and a wide range of other timber products.

The Company are also engaged in Harvesting and Haulage contracts with FNSW, 3 Harvesting contracts with a annual volume of 65,000m<sup>3</sup> and 4 Haulage contracts with a annual volume of 135,000m<sup>3</sup>.

The Group of Companies assets are currently valued at \$20 million.

The Group of Companies annual turnover is \$15 million (\$6.6 million sawmilling and \$8.4 million harvest and haul).

Timber products are sold into a wide range of building and construction products, (including a large segregation of species) into the following cities; Newcastle, Sydney and Melbourne. A significant number of the markets are for public infrastructure timbers.

Hardwood flooring, decking, rails, construction grade timber, mining timber and pallets.

Annual sales revenue amounts to \$6.6 million (sawmilling). These timber markets include the full range of hardwood species, most of the products are only available from native forests, plantation resources may only produce a very limited range of timber products.

The Group of Companies employs a total of 100 people, and pays wages amounting to \$4 million per year.

The Group of Companies operations source log supply from:

- Forests NSW under wood supply contracts as the core resource for operations. We note that these contracts include available plantation sawlog resource, and that Forests NSW may make these supplies from private resources that they may access from time to time.
- Private native forest operations available from individual landowners with approvals under the Native Vegetation Act.
- Private hardwood plantations

Log supplies are of the full range of hardwood species available in the area.

Following forest assessments in 1998, Forest Agreements and the NSW government's forest industry reform agenda The Group of Companies obtained wood supply contracts with Forests NSW and the State of NSW to secure resource until 2018. The Group of Companies was required to invest in value added processing in

accordance with the government's policy; funding assistance for particular projects became available as listed below under FISAP funding.

The Group of Companies also invested as follows over the past 10 years for value adding in the sawmills, and equipment replacement in Harvesting and Haulage under FNSW contract requirements:

Year	Project	Value
<b>Sawmilling</b>		
2001	Kilns (FISAP funding)	\$70,000
2004	Twin Edger, Saw bench x 2	\$361,000
2005	Wadkin Planer, crosscut saw	\$205,000
2007	Twin edger, Volvo loaders	\$660,000
2008	Dust extractor	\$106,000
2009	Volvo loader	\$212,000
2010	Chipper, Weighbridge, JD loader	\$707,000
<b>Harvest</b>		
2001	Logging Equipment (FISAP funding)	\$153,000
2002	Logging Equipment (FISAP funding)	\$248,000
2005	Logging Equipment (FISAP funding)	\$700,000
2007	Logging Equipment	\$281,000
2008	Logging Equipment	\$410,000
2009	Logging Equipment	\$795,000
2010	Logging Equipment	\$350,000
<b>Haulage</b>		
2004	Truck and Trailers	\$890,000
2006	Truck and Trailers	\$880,000
2008	Truck and Trailers	\$710,000
2009	Truck and Trailers	\$460,000
2010	Truck and Trailers	\$1.4 million

Total invested the past 10 years >\$9.6 million

In 2003 those contracts were reduced, amended and extended until 2023. Contracts were also entered into for lower sawlog qualities. Further development of the business was then possible.

We are now very concerned with:

- Continual pressure within government to diminish resource access
- Unrelented exposure to interruptions, interference and sabotage by minority radical groups, acceptance and the condoning of those actions by government
- Continual threats to conduct new inquiries which will re-assess resource and consequently contracted supplies
- Continual increase in restrictions to resource access by government and agencies by environmental policy and strategy development
- Acceptance of representations that plantation grown timber may be a substitute for native forest hardwoods
  - in volume,
  - in time,
  - in products, and
  - in environmental outcomes.
- Government failure to deliver and manage plantations to meet future resource demand for hardwood sawlogs
- Restriction of plantation development to cleared land, prevention of development and silvicultural treatment of degraded native forests
- Failure of plantation investment schemes
- Government equivocation on delivery of the existing supply contracts
- Forests NSW failure to manage harvest arrangements to ensure delivery
- Continual decline in sawlog size, quality and species mix diminishing our commercial viability.
- Extraordinary escalation of log supply costs, severely diminishing commercial viability
- Australia's depressed building sector, causing timber market recession, limiting prices available (in strong competition with imports) further diminishing commercial viability
- Failure to acknowledge environmental benefits
  - of carbon sequestration in the growth of trees
  - of timber as a building material, as a long term carbon storage
  - of timber as lesser embodied energy as a construction material
  - of timber as a source of renewable energy, alternate to fossil fuel(NSW legislation prohibits the burning of biomaterial for electricity generation).

- Failure to acknowledge the standards for sustainable forest management for the use of Australian timbers in Australia and extended obfuscation of the importation of less sustainable and illegal timber.

We fully support the submissions of our industry Associations in regard to these issues.

We expect that our supply contracts will be delivered for their full term. We 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 for our staff. That will require strong commitment to the existing Agreements and extension of those agreements on an "evergreen" basis.

Under the current resource and supply circumstances, and with this new forest industry inquiry and imminent new Green policies, new investments have been restrained, new developments have been halted. We need a confidence that our business will be supplied for at least 10 years before we may make major new development.

The Group of Companies have invested heavily over the past 10 years (\$9.6 million) and committed to a sustainable Forest Industry with employment opportunities in country towns, mainly Bulahdelah and surrounding areas.

If you need any additional information regarding our business please contact one of the directors at Newell's Creek Sawmilling Co.

Directors: Gary Dorney, Glen Dorney and Anthony Dorney contact number 02 49978123 or 02 49974456.

Regards

The Directors  
Newell's Creek Sawmilling Co