

GOVERNMENT'S FOREST POLICY

817. Hon BARRY HOUSE to the Minister for Agriculture, Forestry and Fisheries:

In view of developments in recent days, in which Western Australian jarrah has been sent to Vietnam for value adding; a major furniture manufacturer, Jensen Jarrah, stood down 12 workers on Monday due to uncertainty over supply; and sectors of the craft industry have become frustrated and angry at the lack of access to suitable hardwood supplies, will the minister acknowledge that the Government's forest policy has not produced the expected results for Western Australian downstream processing industries, and is, in short, a dismal failure?

The PRESIDENT: I am sure that most of the question is in order, but I am sure the Leader of the House will answer all of it.

Hon KIM CHANCE replied:

The short answer to the assumption made in the question is "no". I will consider the three issues referred to in turn. I am concerned about the allegation, and the possible reality, that jarrah has been exported to Vietnam, to be manufactured into furniture components, if not finished furniture, for export back to Australia. It is alleged that this is undercutting the price of Western Australian-manufactured furniture by around 33 per cent. That is a matter of concern to me. I want to assure myself that the Government's policy is working in this regard. The honourable member will be aware that, under the policy of the previous Government, there was no control whatever over the export of jarrah and its manufacture into components to undercut Western Australian manufacturers' products. We have attempted, through the process of the specifications of the contracts that were let under the request for proposal process subsequent to the new forest management plan, to construct those contracts in such a way that those people who are operating under contracts with the Forest Products Commission on behalf of the Western Australian Government would not be able to effectively export to overseas manufacturers when that timber may come back as a competitor. We have done that by requiring an undertaking from the contract holders that they will make available to the Western Australian manufacturers timber of those specifications and dimensions suitable for the local trade.

I am so concerned that this seems to be happening that I have called for an inquiry to be made to determine not so much whether it is happening - I have taken that on faith - but who might be the perpetrator. Our early investigations so far have revealed that sales have been made by one sawmiller who is a contractor under the request for proposal provisions, and that the timber exported were pieces of 4x1 and 2x1 dried jarrah, which was leftover stock and is now pretty well diminished. I am informed that the price was a very good price, and I am surprised that the Vietnamese manufacturer, given the cost disadvantages that would be involved in shipping to Haiphong or Ho Chi Minh City, is able to be competitive at all. My understanding is that that part of the manufacturing process that was carried out in Vietnam was component manufacture, which is the least labour intensive part of the entire process. However, the timber was old stock; it was stock that was generated prior to the new contract process beginning. I am satisfied to the level of our inquiries so far that the jarrah that went to Vietnam was sold to a Western Australian company who then consignment shipped the timber for manufacture in Vietnam. Those stocks are pretty well exhausted. I think it is a problem that could possibly manifest itself again, because there is really nothing that the Government can do to prevent the material that is left over from the old system from being exported in that way.

With regard to the 12 people who were stood down, I believe that happened at Jensen's jarrah works in Busselton. I read Mr Max Jensen's media statement issued late the day before yesterday, the second paragraph of which said, and I will paraphrase, that he had been forced to stand down 12 workers because of a lack of timber. I have the transcript of Mr Jensen's discussion with Liam Bartlett at 8.35 am yesterday, the day after the issue of the media statement, in which he said *inter alia* -

There is more than enough jarrah to supply the state's furniture industry. In total we . . . in terms of total supply, there would be enough jarrah for the furniture industry to still double in size. It's not a total supply situation at all.

Mr Jensen may well have had reasons for laying off those 12 workers, but a lack of timber supply was most definitely not one of those, and Mr Jensen made that clear yesterday.

Hon Peter Foss interjected.

The PRESIDENT: Order, members! This is not a debate.

Hon KIM CHANCE: The question also referred to craft sector supplies. I can assure honourable members that there is more than ample craft timber available for that sector of the market.

Hon Barry House: I will put you in touch with a couple of people who will not believe a word you say.

Hon KIM CHANCE: Please ask them to get in touch with me and I will tell them how to get access to more timber than they could ever work.