

TIMBER MILLS — SOUTH WEST

6310. Mr M.P. Murray to the Minister for Forestry

In relation to timber mills in the South–West of the State, I ask,

- (a) what subsidy or royalty relief has, or will the Government offer to any incoming buyer of the closed Deanmill facility in Manjimup if it is sold;
- (b) what will be the breakdown of timber quality and quantity made available to the purchasers of 1<sup>st</sup> grade, 2<sup>nd</sup> grade and 3<sup>rd</sup> grade Jarrah and Karri;
- (c) where will the timber come from;
- (d) what practices are in place – or will be implemented — to ensure timber quality and quantity will be kept up to ensure the industry’s long-term future;
- (e) if a variation in timber quality and quantity is given to Deanmill will other mills be offered the same variation; and
- (f) if assistance in terms of subsidy or royalty relief is made available to Deanmill will existing mills be offered the same terms and conditions if they differ from current industry arrangements?

Mr D.T. REDMAN replied:

- (a) The Government has not made any general offer of a subsidy or royalty relief for any prospective buyers of the Gunns’ jarrah sawmilling and processing business. Independent of the sale of the Deanmill Facility, the Forest Products Commission (FPC) has reviewed its jarrah sawlog pricing arrangements to take account of the currently available log resource and market conditions. These arrangements — which include some price reductions — are already in place for several mills and have been offered to one prospective buyer of Gunns’ Log Contract. These pricing revisions also require agreement to other commercial terms.
- (b) The current quantity of logs (70,000 m<sup>3</sup> of jarrah first and second grade sawlogs, 30,000 m<sup>3</sup> of jarrah third grade sawlogs and 4,000 m<sup>3</sup> of marri sawlogs) remain attached to the Gunns’ contract.
- (c) The Gunns’ contract specifies the logs are to be sourced from the Northern, Mornington, Greenbushes, Sunklands, Nannup and Southern supply areas.
- (d) Under the current Forest Management Plan (FMP), which expires on 31 December 2013, log quantities have been calculated to be sustainable. During the current FMP average size of logs has reduced as a higher proportion of smaller, younger regrowth logs making up the supply. No reliable assessment can be made about quality and quantity of timber that might be harvested during the next and subsequent FMPs that are yet to exist.
- (e) The FPC seeks to be even handed with all of its customers; in the case of jarrah sawlog supply, the average delivery cost and the average size and quality of sawlogs varies for customers in different locations.
- (f) Please refer to part (a).