



BUILDING BEAUTIFUL AUSTRALIAN TIMBER HOMES

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

5 April, 2011

Dear Committee Secretary,

**Inquiry into the current and future prospects of the  
Australian forestry industry**

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 second year of operation. The business directly employs approximately 100 people and many more indirectly. Weathertex was commenced at the current site by the Masonite Corporation, who were 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. In addition, the environmental credentials of Weathertex being 97% timber and sequestering more CO<sub>2</sub>e than is generated during its manufacture is impressive.

The company sources its log supply from Forests NSW under a wood supply agreement, private native forests from individual landowners with approvals under the Native Vegetation Act and private hardwood plantations.

As we continually hear of the shortage of saw logs to timber milling operations, Weathertex feels compelled to voice its concerns as a respected member of the timber community. While Weathertex has not yet experienced similar concerns in the supply of pulp wood, it would be remiss of us not to voice our concern now if the current policy direction is to eventually be focused on the Weathertex timber supply. By this we mean that since the introduction of log merchandising and the transfer of State Forests to National Parks, our world has changed considerably. This includes,

1. The loss of supply from areas close to the factory due to reduced operations, particularly in the Watagan State Forest area.
2. Timber is now supplied from fewer operations which provides for less species variation into the mixture.
3. Personnel changes within Forest NSW which has reduced the intimate knowledge and hence sensitivity of the Weathertex process.
4. The loss of diversity through our supply chain has reduced our resilience to disruptions due to rain and diseases.
5. The favouring of competitor industries more willing to pay higher spot prices for product.
6. Continual pressure within government to diminish resource access.
7. Acceptance of representations that plantation grown timber may be a total substitute for native forest hardwoods.
8. Continued threats to conduct new reviews of the resource with the restriction of supplies as a result.
9. Failure of management and leadership of Forests NSW to keep control of the resource for all stakeholders.
10. The creation of divisions within the industry causing disharmony and ultimately fragmentation, where only the smartest and biggest will survive.

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 is at odds with the import of \$4 billion of timber every year, some of which is from non sustainable and illegal timber operations.

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 (no one has yet moved through this stage to give credibility to the process). How can we be assured that the end of contracts does not ultimately mean the end of our 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.



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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.

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

Yours faithfully,

A handwritten signature in black ink that reads 'Paul Michael'.

Paul Michael  
CEO & Chairman  
WEATHERTEX Pty. Ltd