

GRANTS

RIVER ST. PO BOX 513
NARRANDERA
NSW 2700
AUSTRALIA

HOLDINGS CO PTY LIMITED
ABN 42 107 997 713
**PRODUCERS OF AUSTRALIAN
CYPRESS**

WEBSITE: www.grantssawmillingco.com.au
EMAIL: cypress@grantssawmillingco.com.au

PHONE: 61 2 69591700
FAX: 61 2 69591187

25 March 2010

Forests Assessment
Natural Resources Commission
GPO Box 4206
SYDNEY NSW 2001

SUPPLEMENTARY SUBMISSION OF GRANTS HOLDINGS CO PTY LIMITED TO THE REGIONAL FORESTS ASSESSMENT FOR THE SOUTH-WESTERN CYPRESS STATE FORESTS

1. The following is a Supplementary Submission to the Submission of Grant's Holdings Co Pty Limited dated 16 March 2010.
 - (a) Grants Holdings Co Pty Limited has a contractual entitlement, obtained with effect from 2006, until 31 December 2025 to obtain a particular annual quantity of white cypress sawlogs;
 - (b) as a consequence of encouragement given, and representations made, by State Forest and the State of NSW and its various agencies, Grants Holdings Co Pty Limited with the full knowledge of, and with the approval of the State of NSW, subsequently expended significant sums of money to increase the volume of timber it was entitled to take from Crown Timber Lands within the Western Region of NSW and, additionally, on the basis of the Company's Wood Supply Agreement and the commitment of the State and State Forests to supply a particular allocation made significant commitments of resources (including a significant financial commitment) to employ and train employees, acquire equipment and develop both local and international markets;
 - (c) the NRC should in undertaking its assessment (which we note is limited to the South Western Cypress State Forests) undertake appropriate investigations to determine the social and economic effect of any decision which would result in any reduction in the quantity of the resource which is available within the Western Region and make investigations and recommendations as to what can be done to enable State Forests and the NSW Government to honour their respective contractual obligations to Grants Holdings Co Pty Limited;
 - (d) no recommendation should propose or result in either the State or State Forests breaching its contractual or statutory obligations or which would result in the resource available to State Forests and the State (to satisfy their contractual obligations to Grants Holdings Co Pty Limited) being reduced;

- (e) the NRC should frame its recommendations such as to ensure sufficient resources of white cypress sawlogs from the South Western Cypress State Forests are maintained and available to State Forests and the State to enable State Forests and the State to honour, in full, their obligations to Grants Holdings Co Pty Limited under the Wood Supply Agreement to which Grants Holdings Co Pty Limited, State Forests and the State of NSW are parties;
- (f) it would not be appropriate nor in keeping with its "*charter*" (the Terms of Reference and the terms of the relevant legislation) for the NRC to make recommendations which would result in State Forests and the State effectively putting themselves in a position of being unable to properly perform their obligations under the Wood Supply Agreement to which Grants Holdings Co Pty Limited is a party. That would not be appropriate in either legal or economic or social terms and, further, it would be contrary to the duties and responsibilities of the NRC. Further, if the recommendations of NRC were to result in State Forests and/or the State breaching their respective obligations under the Wood Supply Agreement to which they are parties, that would impugn the credibility of State Forests and the State and, further, undermine the confidence of both local and international investors in NSW;
- (g) a Company such as Grants Holdings Co Pty Limited, which has a long and proud history of adding value to the economy of NSW and the economy of Australia, which has been a long term participant in the forest industry and which has contributed significantly to the economic and social wellbeing of the area in which the company conducts its business, should not be jeopardised or prejudiced in any way by any recommendation of the NRC;
- (h) of all the matters the NRC is to take into consideration in its assessment the ability of the State and State Forests to comply with its contractual obligations to Grants Holdings Co Pty Limited, and the effect on Grants Holdings Co Pty Limited, its shareholders, its employees and the community in which it is situated, arising out of its assessment, should be paramount considerations;
- (i) having regard to these submissions and the contents of our Submission of 16 March 2010 it is incumbent upon the NRC to make its assessment and make its recommendations in a manner such that State Forests and the State are ensured of their continuing capacity to fulfil their statutory obligations and honour their respective contractual obligations to Grants Holdings Co Pty Limited for the duration of its Wood Supply Agreement. The NRC should appreciate its task is to promote the proper use of timber resources. The NRC should not take the path of least resistance in conducting its assessment by failing to take steps to ensure the necessary resource is available. Rather it should make appropriate decisions so as to ensure the ongoing availability of the necessary resource. In making this final submission Grants Holdings Co Pty Limited understands and emphasises that it is within the power of State Forests and the State, to so manage and regulate the resources available in the South Western Cypress State to ensure State Forests and the State are able to honour their contractual obligations to this company.