

SUBMISSION TO THE NATURAL RESOURCE COMMISSION – SOUTH WESTERN CYPRESS STATE FORESTS

INTRODUCTION

Our firm has acted as accountants and business advisers to the Grant organisation for a period of conservatively fifty years. Prior to the incorporation of Grants Holding Co. Pty Limited and Grants Sawmilling Co Pty Limited in February 2004, the operating activities were undertaken by various family partnerships. These partnerships consisted of Richard John Grant, Matthew Charles Grant (the current Directors), both of whom have twenty five to thirty five years of industry experience, their father Robert George Grant, who has been involved in the industry for over fifty years and their mother, Mrs June Marjorie Grant. R G Grant and Co Pty Limited, the corporation who purchased the licence from Ganmain Sawmilling Co in 1973, was also a partner.

The sawmill operations of the Grant organisation are based in Narrandera and Condobolin.

MANAGEMENT

The Grants have shown in the running of their business a disciplined and focussed approach in order to deliver business growth and opportunity. This is evidenced by:

- Continuing to remain in the NSW Cypress industry some fifty years after Mr Robert G Grant first commenced sawmilling operations, and now remain as one of only two active sawmills who source wood from state forests;
- The Grant organisation through independent means, and of more recent times with the assistance of the Brigalow Timber Industry Development Adjustment Fund, have been able to finance substantial capital expenditure which has enabled the business to introduce more value adding into the

manufacturing process, increasing the range of products produced and overall to grow considerably;

- During the Global Financial Crisis the business has remained strong and has over the past two years increased productivity and employment.
- Export markets – predominantly at their own time and expense the Grant organisation has successfully developed an export market to Japan and China. Export trades now form a significant proportion of the Grants income.

EMPLOYMENT

The townships of Narrandera and Condobolin are in districts which have been subject to fierce drought conditions for the most part of the last ten years. Our firm has a large number of rural clients within these districts and owing to the drought conditions, many of these clients have ceased to employ farm workers as reduced income has left them unable to afford the expense.

This has had a serious flow on effect with the local economy. A number of clients with businesses in Condobolin have experienced a significant downturn in sales over this period and the effect of the drought conditions must be linked to this result.

The Grant organisation is currently responsible for 50 direct employment positions based in these towns suffering the effects of the drought. The loss of these positions as a result of resource cut backs would have the multiplier effect, in that other employment position within the local economies will be lost, people will leave the towns, and services to these towns will be reduced.

CURRENT SITUATION

The Grant organisation has long been committed to remaining in the Cypress industry. This was confirmed during the period of the Brigalow decision when the

decision was made not to seek what arguably may have been a very generous exit package.

Their position was made secure in 2006 when a twenty year Wood Supply Agreement was signed by Grants Holding Co Pty Limited, the Forestry Commission of NSW and the NSW Government. With the assistance of the Brigalow Timber Industry Development Adjustment Fund the Grants have expended a considerable amount of funds developing and upgrading their two sawmills. The timber is sourced from State Forests which, according to the Forest NSW website, assures domestic and international markets that the timber has come from sustainably managed forests.

In order to protect jobs and local economies, the Grants with their keen business acumen should continue to run their operations without any impediment being placed upon the resource they have legally been given access too.

FINAL COMMENT

Might we add that it was our understanding that following the Brigalow decision, that the then Department of Primary Industry had issued wood supply agreements which would maintain a sustainable timber quota which would take advantage of the economic benefits provided by the timber industry. Be mindful that the timber industry is green as it is responsible for the significant sequestration of carbon via the harvest of a renewable resource using native timber without the alteration or destruction of the environment caused by pine plantations. The other alternative to replace cypress wood – metal products, also creates an environmental problem by increasing the size of the carbon foot print through its manufacturing process.

John Redenbach CA
Partner
Redenbach & Carey