

Media release | **08/01/2022**

Timber businesses held hostage by government

Forest Industries Federation WA (FIFWA) Chief Executive Officer Adele Farina has called on the Premier to honour his commitment to timber businesses.

When Premier Mark McGowan made his announcement to cease harvesting of native forests by the end of 2023, he publicly pledged that the government would meet current contractual obligations to the end of 2023.

Since that statement, Ms Farina said letters had been sent to timber businesses advising them that volumes of sawlog supplied by the Forest Products Commission (FPC) in 2022 would fail to meet those obligations.

“This shows that the government clearly has no intention of meeting its current contractual obligations,” Ms Farina said.

“Under existing contracts, the State Government has an obligation to supply timber businesses the sawlog volume stated in the contract, being the contracted volume.”

Ms Farina said many timber businesses had been told they could expect to receive around 50 - 60 per cent of their contracted volume.

“This is a significant shortfall and flies in the face of the Premier’s commitment to honour current contractual obligations,” she said.

“One business has been told it will receive as little as a third of its contracted volume.”

Timber businesses cannot remain viable on 50% or less of the contracted volume and will incur significant losses this year and next year, yet the government expects these businesses to continue to operate until the end of 2023.

“It is unconscionable for the government to expect timber businesses to continue to operate and incur significant losses while the government drags its feet on business closure payments and business transition payments,” Ms Farina said.

“The government is seeking to starve timber businesses out of the industry and that conduct is anything but honourable. It is shameful.”

Business owners have invested heavily in their businesses and local communities and are dependent on the business for their livelihood, as are their employees.

Ms Farina said excuses alleging that supply was constrained by contractor capacity did not release the government from its contractual obligation.

“It is the government’s responsibility to ensure there is sufficient capacity to meet contracted volumes,” she said.

“The contracted volumes are well within the sustainable level of harvest as prescribed in the current Forest Management Plan (2014-2023).

“In an added blow, the government has told timber businesses if they seek to exercise their legal rights with respect to compensation for breach of contract, the businesses will not receive a business closure payment.

“Timber businesses are being held hostage.

“I am sure most in the community would be shocked and outraged to learn that a government in a democratic country would engage in such deplorable conduct and treat small businesses so disgracefully.

“I call on the Premier to honour his commitment to meet current contractual obligations to the end of 2023, fast-track JUST business closure and transition payments and not deny timber businesses their contractual and legal rights.”

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About FIFWA

Forest Industries Federation WA (FIFWA) has been representing the interests of the Western Australian timber industry since 1895. The industry is a key driver of economic activity and jobs in Western Australia, contributing \$1.4 billion to the WA economy and creating about 6000 jobs in WA, with more than 90% of those in regional areas. The industry employs careful and comprehensive management policies to ensure WA’s forests are sustainably managed. Less than 1% of the total forest area is harvested annually, with the area harvested then replanted. In 2001 WA became the first state to abolish harvesting old-growth forests.