

## **NATIVE FOREST LOGGING ON THE SOUTH COAST**

- a. Chronology
- b. General
- c. Storm Damage to the chipmill jetty and loader
- d. Markets
- e. Forest campaign groups

### **a. Chronology**

- 1969 Eden woodchip mill established by Harris- Daishowa to chip and export native forest wood “waste”. This was Australia’s first export woodchip mill and the first overseas mill of Daishowa Paper Manufacturing Co.
- 1970 First woodchips exported.
- 2001 Nippon Paper took over Daishowa Paper Manufacturing Company
- 2003 Australian subsidiary changed its name from Harris-Daishowa to South East Fibre Exports Pty Ltd (SEFE)
- 2006 SEFE exceeds 1 million tonnes of exports for the first time
- 2008 SEFE announces plans to build a wood fired power station generating 5.5MW electricity at the Eden chipmill.
- 2008 A chipper to process plantation pine was installed.
- 2009 Application to build wood fired power station lodged with NSW State Government.
- 2011 Pilot wood pellet plant built.
- 2011 April. SEFE makes its first loss.
- 2012 April. SEFE makes second loss.
- 2012 November 27<sup>th</sup> SEFE withdraws its application to NSW Government to build the wood fired power station and announces that the pellet plant would not proceed beyond the pilot stage.
- 2012 December 19<sup>th</sup> pellet plant closed.
- 2013 April SEFE makes third consecutive loss.
- 2014 May 12<sup>th</sup>. SEFE announces it will take no further logs from Vicforests after 31/12/ 2014 when its contract ended (decision made by Nippon Paper Board).
- 2014 July 24<sup>th</sup> SEFE cancels a port sharing agreement with Eastern Iron which would have provided it with an additional cash flow.  
<http://www.easterniron.com.au/news-and-reports/announcements>  
Again, this decision was made by Nippon Paper in Tokyo.
- 2015 December 23<sup>rd</sup> SEFE sold to Melbourne based company, Allied Natural Wood Exports (ANWE), a \$2 company.
- 2016 June 6<sup>th</sup>. Chipmill export jetty and woodchip loader destroyed in a storm.
- 2016 November. Re-opening of the jetty and loader following the rebuilding of the jetty.
- 2019 January 1<sup>st</sup>. Chipmill Wood Supply Agreement expires.
- 2019 August 26<sup>th</sup> Eden Regional Forest Agreement expires.
- 2021 April. Southern Region Regional Forest Agreement expires.

## **b. General**

- Woodchipping is the principal driver of forest destruction on the south coast. In the Eden Region over 90% of wood is chipped. In the Southern Region it varies between 65% and 80%.
- Without heavily subsidised export woodchipping, the whole native forest logging industry would collapse. Only 3 sawmills sourcing timber from State Forests remain.
- Markets for native forest sawn timber have declined and efforts to establish a wood fired power station and a pellet plant at the chipmill have failed.
- In recent years, native forest logging has been unprofitable for the Forestry Corporation and the owner of the Eden chipmill.

## **c. 2016 Storm Damage to the chipmill jetty and loader**

1. In June 2016 a storm destroyed the mill's jetty and loader.
2. Makeshift arrangements using the adjacent Multipurpose (Navy) Wharf enabled some exports to continue pending the repair of the chipmill jetty. It used a temporary loading system, trucking chips from the mill and loading via a temporary conveyor belt.
3. This system was slow and expensive. It also restricted the size of ships. The Navy Wharf can only handle ships up to 185m. A typical purpose built woodchip carrier is well over 200m.
4. The use of general bulk carriers also led to greater risk of cross contamination of cargoes and slower, more expensive loading.
5. Bega MP, Andrew Constance has been a strong supporter of the logging industry and the chipmill and hinted at Government support following the storm damage. Current indications are that the insurance company may be paying for all or part of the damage.
6. However, GIPA requests have failed to shed any light on who paid for the jetty repair, although it appears that the chipmill's insurance company did not pay.

## **d. Markets**

- All pulpwood from publicly owned native forests in the region is sold to ANWE.
- At its peak the chipmill sourced about half of its pulp logs from Victoria. However, a long term contract with Vicforests which expired at the end of 2014 was not renewed.
- Exports from Eden have historically been (mostly, but not exclusively) to various mills of the parent company, Nippon Paper in Japan. This pattern has continued since the change of ownership.
- The recent boom in imports by China has, so far, not benefitted Eden.
- Eden woodchips are viewed as poor quality largely due to the darker colour of the native forest wood, especially when from older trees.

- As other Pacific rim supply countries – such as New Zealand and Chile have stopped logging native forests, Australian exporters are competing in a more difficult market – Japanese paper makers pay more but the market for native forest chips there is contracting. The Chinese market is growing, but manufacturers have lower environmental standards but also pay less. Nippon Paper is the only major Japanese paper manufacturer that still uses native forest woodchips, but it has now divested SEFE and its paper mill/ wood fired power station in Port Angeles, USA.

#### **e. Forest Campaign groups**

The forest campaign umbrella organisation is the South East Region Conservation Alliance <http://www.serca.org.au/>

Great Southern Forest: <http://www.greatsouthernforest.org.au/>

Active member groups include:

Chipstop <http://www.chipstop.savetheforests.org.au/>

South East Forest Rescue <http://sefr.org.au/index.html>