

TRANSCRIPT OF PROCEEDINGS

DORNEY GROUP / S A RELF & SONS PTY LTD

INDEPENDENT FORESTRY PANEL: MR PETER DUNCAN AM (CHAIR)

INDEPENDENT FORESTRY
PANEL SECRETARIAT:

CLARE MILLER
CALLUM FIRTH

DORNEY GROUP /
S A RELF & SONS PTY LTD:

ANTHONY DORNEY
MARIUS HEYMAN

LOCATION:

VIA VIDEOCONFERENCE

DATE:

FRIDAY, 8 NOVEMBER 2024

<THE MEETING COMMENCED

5 **MR ANTHONY DORNEY:** Well, thanks for meeting with us. It's really important that we catch up and have our say, I think, and it was really good for Brad to come up the other day and so we could show him what we do and met and all that sort of stuff. But I think you mentioned that you're meeting with the bigger stakeholders but Peter, I don't know if you remember, but we are a little bit different where we do take – we only have a small allocation for quota and we take a lot of salvage.

10 We're up to 35, 40,000 tonne a year but unfortunately in the last four or five years, there's been issues and with the fires and floods and the last government, Matt Kean wouldn't licence the native forest blocks for a couple of years, made a couple of plantations and they struggled to supply and we tried to get private property where we could. But we're back now even only to 15,000 tonne at the moment of salvage. So because –

MR MARIUS HEYMANN: Plus the pulp we do.

20 **MR DORNEY:** And plus we're getting pulp as well, we're really the only one left on the coast. You might remember when you were about, you had your big chipper at Tea Gardens and the one down at Weathertext and we were doing chip to the export down at the port in Newcastle for China, Japan and all that, well that's stopped and all the other chippers went. Our chipper stayed there and we did a little bit but now we've

25 picked up a market for the landscape chips to do with the contamination of the chip in Sydney with asbestos and that.

So and it's been a good thing for us. You could never really – the landscape market, you could never buy little round wood in and chip it for that because it was just too

30 costly but they can't get the volume now so they've had to do it, but it's a good thing for the first thinnings of the plantations. Now we've got a use for them and that, so we've taken it right down to 50 cm, sort of like 50 mm, it's really, really small wood. So that's good to thin that, so we've got that going again at Newells Creek.

35 **MR HEYMANN:** And it's also to do with the chain of custody, so –

MR DORNEY: Yes. And we were the only ones to have to start with this you beautiful chain of custody because we were selling to CHEP Pallet and they had to have it for that. So Marius does that and that costs us [REDACTED] a year to get that all audited and

40 approved and all that to have for our business. So but they're very strict on this woodchip. Some section for a different government department, some come up and check the trucks and take photos and take photos of the wood. As you know, it's been a big concern, so –

45 **MR DUNCAN:** Yes.

MR DORNEY: But the salvage is – we've always sort of been at we lost wood years ago with the other lock ups and all that and we bought some other quota to get back to

where we were and we take a lot of salvage because there's a lot of salvage wood in this area and because Pentarch mainly take the big quota volumes from around the forests, so we were left that we could find a market for the salvage and all that, which we've done for a long time. And so we're different, so we've always sort of been that we thought that if the quotas start to dry up but you always have the salvage in
5 [unintelligible 00:03:50] and all that sort of stuff.

So we were always sort of told that there wasn't many people around taking our wood, so we'd sort of – we were pretty secure to be here and all that because there was
10 always plenty of salvage in the plantations. First thing is pulp, second thing is you get a lot of salvage as well. So but it's just like the [video](#) says a lot in it and all that, you know, it's all the different customs we have that – when I went down to Sydney a few months ago and met some politicians, they sort of didn't really understand what timber's used for in New South Wales. Like, a lot of them think just decking and
15 flooring and that sort of stuff and you can import that sometimes if you don't have it.

But we supply a lot of timber to the mining industry and a lot of the disabled workshop. The video showed you two, there's about 20, there's – I could say a thousand workers in that disabled workshop and it's a wide range of markets, the
20 dunnage market, bridges and the horse stud market, all different. We do do decking and a bit flooring but that's not the biggest part of our business. We chase that other stuff. So and that was an eye opener, I think the politicians see that wood's used for a wide range of products. But it gets back to our town too, we've had a lot of government departments shut over the years, like Forestry alone had 25 in the office
25 here 20 something years ago.

And then we had the Telstra yard go, we had the bypass that took out one big service station and we had the hospital shut, our nursing home shut and we're sort of the last business standing. So if you take my local member, who's no longer with us now,
30 Steve Bromhead, passed away 12 months ago, he said to us, "A hundred jobs in Bulahdelah and 1,100 people, that's like 150,000 jobs out of the Sydney workforce. You know, it's massive." So as far as Bulahdelah's concerned, a lot of people are concerned. We have the fuel depot, use a lot of fuel, the hardware shop, the two mechanical shops. We'd be a quarter or half their work with our vehicles, work
35 vehicles and all our workers go there and all the shops up the street, the clubs, it's just a flow on effect, Peter. So that's our concern.

We're fourth generation with our kids, we've got six kids in there, each – there's three brothers there, as you would've saw and we've all got two kids each in. And not
40 there's fifth generation. So it's something, it's all we live for, our father lived for it and yes, it's worrying about the future, where we're going to end up but you can't go and – like the video said, you can't go and take 40% of the logs out of the forest, the good logs, and then think that the industry's just going to be left to survive because they're telling us there's no exit package like Bob Carr had.
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So that's a big concern there and I think the – they're saying 37 but I think it's probably closer to 50 because for the last six or eight years, both governments, every year EPA's been coming back and having a grab for this or that or telling a change of

rules for whatever reason and we lose timber. And now the latest in the plantation, I don't know if you've heard it but there's plantations now that if a tree looks like it's got a hollow in it where a glider could be, you've got to put a 50 metre buffer around it. So we're losing a lot of wood in the plantations that we were promised that
5 plantations were sort of – you know, you couldn't touch them when they first started but now they're coming back and even having a go at them.

MR DUNCAN: So Anthony, with the plantations, are you talking about plantations in the state forest or private plantations or both?
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MR DORNEY: No, plantations in state forests.

MR DUNCAN: Forests, yes, okay.

MR DORNEY: Yes. And so there's some rulings in the last three or four months, you know how they went and shut down the native forests and shut down the plantations there until they changed the way and changed the plans and all that sort of stuff. So it's just they're coming from all angles and how much can we keep taking – like, we've got no logs at the mill now and Forest Corp is in a really bad way. Mate, there's been a few people over the last 12 months, good people left Forest Corp. There's three or four there now I see are really frustrated. If they got another job, they'd probably take it. If they go, there's no Forest Corp because there's no depth there anymore, there's no people coming through. No one knows the history. That's a real scary thing for me because without them, we don't have an industry, we don't have logs, so that's –
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MR HEYMANN: But also except for the town is – I mean if you really think, state forest owns about 2 million hectares – well, manages 2 million hectares in New South Wales of which a million hectares is already locked up because of riparian zones and rainforests and old growth, et cetera.
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Of the million that's left, we log less than point something of a percent annually, which is absolutely nothing and still the people will say we are felling the last tree in New South Wales, all the koalas are wiped out, which is utter nonsense. They've done studies on the koalas, the koala population in New South Wales is actually very
35 healthy, especially in State forests. So I mean if you really look what we're doing, we've got a very small footprint in the whole New South Wales forestry area. 26 million hectares and we log less than a very small area, I'm sorry.

MR DUNCAN: So do you take private native forest material as well or –
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MR HEYMANN: Yes, we do. We do take.

MR DUNCAN: What's the split between the two? How much of that would you take?

MR HEYMANN: We take about 20% private native forestry versus Forest Corp wood, you know, 80:20 I would say.
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MR DORNEY: And that varies to do with what Forest Corp are supplying. But the problem is that's getting further and further away. Like your dad always said, you can't cut logs any more than two hours. Last year we had to cut up to 10 hours because we just couldn't get them and went right out up over the other side of the Barrington
5 Tops and it's a lot of work putting roads in and the creek crossing, it's so hard to get to it. It's getting that hard that there is a bit of wood there but it's bloody hard to get and they're expensive.

MR DUNCAN: Is that on private property, the ones –
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MR DORNEY: Yes, it is.

MR DUNCAN: – over there?

MR DORNEY: Yes. So around this area there's not a lot of private property. You've got to go a long way to get it and that's a problem. You know, someone said to me the other day that you talk about the koalas and all that, the thing that could save the koalas is the timber industry because we don't go and clear fall a forest where they go and build all these subdivisions and stuff in koala habitat areas or what they've done
20 up at Tamworth for the corridors for the powerlines or the roads and all that sort of stuff and the koalas come back and love the forest where you thin it. They love the regrowth forests.

So if you get a – what I've seen around here with a lot of national park is they can't
25 maintain it, so they just dump loads of dirt and block all the roads off. It's that overgrown. They used to be good forest roads once and now you can't even get in there. If there's a fire, they've got to get dozers [unintelligible 00:11:09] but if we have a fire, a big fire, like Dad told us years ago you'd see it come through, it'll just completely wipe everything out, including the town.

MR DUNCAN: I understand. So when you do have access to the forest, most of yours
30 is within that sort of hour or two of Bulahdelah, basically that's your sort of –

MR DORNEY: Anywhere from the Watagans over to Dungog up to the Barrington
35 Tops, Walcha then up to sort of Taree, Port Macquarie at the max, yes.

MR DUNCAN: Okay. Yes.

MR HEYMANN: So we're actually out of the supply area, well The Greater Koala
40 Park nominated area. But it will affect us, the whole locking up of that resource because they'll take timber out of our area too.

MR DORNEY: They're already doing it.

MR HEYMANN: To support Pentarch, [REDACTED] I mean
45 they're the biggest mill in the North Coast.

MR DORNEY: So we thinned an area over at Dungog 20 years ago with [REDACTED] and [REDACTED] because we saw there was a lot of plantations that were going to get neglected, they needed thinning and we did this deal and did it and now they're back over there logging it, but there's 15 load of quota every day going straight
5 past it – every week going past us up to Herons Creek because they can't get logs up there anymore because that's all locked up in that area.

So they come down and take it and when they can't get their blackbutt, they come and get the next best species, which is silvertop string. So the biggest concern for us is that
10 they did a deal years ago with Boral and now it's Pentarch with they went and gave all their highland species up. Now, they bought the mill at Walcha and then shut it down. They gave all that allocation back to Forest Corp and then they got this blackbutt agreement and what's been happening now, that started eight years ago, this mill – our mills never saw any highland species up until a hundred years ago because it was
15 never part of our wood supply area.

But because they were struggling to supply up the coast, all of a sudden – and Pentarch had the blackbutt agreement, they were sending us from up there, it started at
20 10%, now this current year we're in now, it's 70% of our allocation for our quota is going to come from the highland species, the poorer species, the stuff that people don't want. So going forward, if they think they're going to just go and take all the good – what's left on the coast and send to the Pentarch agreement because they've got a different agreement and then we're 100% up there, there's no future, us have to do that. It's just not viable to do that, so –

25 **MR DUNCAN:** Anthony, you said that you're taking about 15,000 tonne a year, what's your desirable amount?

30 **MR DORNEY:** We would prefer 30, 35 in the south.

MR DUNCAN: 30 to 35?

35 **MR DORNEY:** Yes. So what we've done to try and pick up that is we've started a second private property crew now. So we have two private property crews. But also like the video would've said, we have a contract with Forest Corp for a harvesting crew. My other brother [REDACTED] does that and he's got a haulage contract as well and he does that and then my other brother [REDACTED] manages Newells Creek Sawmill it's the mother company of all and I'm here at Relf, so that's how the three brothers and how we're in our business.

40 **MR DUNCAN:** So the total group, how many people would that employ?

MR DORNEY: Up to 120.

45 **MR DUNCAN:** 120, yes.

MR DORNEY: Not all in Bulahdelah but majority in Bulahdelah.

MR HEYMANN: 90%.

MR DORNEY: And then we've got our other eldest brother, Dad gave him a truck and trailer 30 years ago and he's grown that and he carts a lot of our woodchip and sawdust and he's got half a dozen trucks and they work from us every day of the week. So that's part of the business virtually. It's the same colour, he just calls himself [REDACTED] And he's there – and this fuel depot across the road, I was talking to the guy that owns it the other day, we're a big – over 50% of the local depot's for us but he carts fuel all the way up the coast and he delivers to other mills, other contractors. He's got a massive impact coming to him.

MR DUNCAN: Yes.

MR DORNEY: And like if you take some mills, they run on diesel generators, so they use a lot of fuel, so he's got 25 trucks and drivers and that, he said he's going to have a massive impact and he's based here in Bulahdelah a lot of that as well, the trucks.

MR DUNCAN: How many people would be working for him?

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MR DORNEY: About 25.

MR DUNCAN: About 25?

MR DORNEY: Yes. It's massive and yes, he's got another depot down at Tomago and he's just started – he calls himself [REDACTED] and he does all the Caltex oils from Sydney to the Gold Coast, to the border.

MR DUNCAN: Right.

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MR HEYMANN: Just talk about your biocarbon project.

MR DORNEY: Yes, so the video touched briefly on it but – [REDACTED] when the woodchip stopped a while ago, we had six or eight years ago export, we had a bit of dull spot there for our woodchip and there was not enough landscape market, but then we got on to Vales Point and they were taking all our woodchip and burning it and then we also – they wanted some more, so we got [REDACTED] to come in on it with us as well, my brother [REDACTED] carts for him as well, [REDACTED].

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So we sent a lot of woodchip there and to another mushroom mob for burning heaters to grow the mushrooms on the central coast and that is coming to an end but we've been told that it hasn't got a lot of life left. So we put a lot of work in to try and find another market and we got in touch – this other mob approached us, a biochar mob and we've been dealing with them for a couple of years in Sydney now. And they're converting woodchip into biochar and they get 50% of it is for biochar and the other rest goes into biovinegar, right, which is another type of fertiliser as well as the charcoal and the charcoal is getting used for – they're making pellets now, these things

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out – when you recycle steel and the second-hand steel in Australia, you’ve got to add some products back and it’s the coke or something –

MR HEYMANN: The coke, yes.

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MR DORNEY: The coke. And they’ve got people ready to go now signed up to take all that. But they’ve had two different size machines and they’ve just run the second machine here recently for 100 hours, never been done before in the world because they get very hot and they don’t like it. But the goal is – and they’re in talks with the federal government about getting some grants to do this, they want to build a machine here 10 times the size of it. And when you get big like that, instead of just burning a little bit of gas off, they’re going to have this biogas that is going to run a diesel engine and run a generator, which is going to put out more electricity than what the substation for the Bulahdelah and bigger area uses now.

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MR DUNCAN: So I don’t know the biochar market very well but what’s the strength of it? Is this from a carbon impact point of view a very good thing to do?

MR DORNEY: Yes, it is and it’s going gangbusters. They had guys over here from Japan two weeks ago, had other people, there’s people chasing it, going mad. They’ve sent two 1,000 litre pods of the vinegar to London just two weeks ago. It’s going mad as well. But it’s a big thing, yes. So that’s the biochar and we also have been playing with a machine for a couple of years now that converts woodchip into pellets for smoking, heating and barbequing, the wood pellets you can buy at Bunnings.

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And having a few issues with that, he bought a machine from China and the dye, it’s very tricky how you get that to work. But it was good [unintelligible 00:19:04] so that’s another way of using woodchip or even sawdust or shavings out of our decking plant. We’ve got the chicken farms around here desperate for the sawdust. Everything is used, there’s no waste.

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MR DUNCAN: Yes, yes.

MR HEYMANN: All the waste is used, yes, basically.

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MR DUNCAN: Yes, so the sawdust is what you were trying to get into that pellet process?

MR HEYMANN: Yes.

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MR DORNEY: Yes, but it goes into chicken sheds a lot. The thing with the pellet thing is the shavings are about 15% moisture and I think that’s one of the crucial things, the moisture content is very hard and it’s to do with the dyes, how much – it’s got to crimp it down and then it’s got to stay hard and get a shiny coat. But we’re expecting someone from China very shortly with some more dyes to put on this machine. But if it all happens, which I’m sure it’s going to, the biochar is going to use more of the chip than what we’re probably going to have, like it’s massive. And we’ve

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built into the costs of some of the first thinnings in the plantation to help fill that gap if we don't have enough.

5 **MR DUNCAN:** Yes, yes. And what's the timber like coming out of the plantations? What's the quality like?

10 **MR DORNEY:** Yes, it's pretty good, it's not the same, I have to say, and talking to the other sawmills, they're having the same sort of thing. It's not as mature, it's not as dense, it [unintelligible 00:20:28] a lot more, it's freer when you cut it. But it's surprising how much – these logs from over at Dungog, I have to admit, mate, it was a shock to me that the size of the logs, 40, 50 girth and we thinned it 20 years ago and they're pretty good. But it's silvertop string, so it's pretty fast growing but some of the blackbutt logs we get are okay but the biggest problem is, like I said, Matt Kean wouldn't licence any of the native forest, so they made them cut for two years, the
15 plantations and they absolutely flattened some of them because they couldn't get enough wood and they cut some too early.

MR DUNCAN: Right.

20 **MR HEYMANN:** Just to add on there, I think the plantations, Peter, I'm a professional forester, the plantations in New South Wales, when it matures up to an age of 50 years, 60, 70 years and it had all its thinnings throughout its life and it was planted on the right site, the right species, it's actually very good timber. The blackbutt is excellent. I mean, it just takes a long time to establish it and get that plantation
25 rotation running, you know.

And I think the problem we have in New South Wales is we don't have enough areas to really supplement native forestry plantations. Yes, it's helping a bit but it's not enough to sustain the industry at this stage, you know. And your younger – your first
30 and second and third thinnings I would say is just salvage logs, it's low quality. But when you get your mature age, it's very good timber basically.

MR DUNCAN: No, it's interesting feedback, Marius, because you get a lot of varying views about plantations and I know they're expensive from a land point of view and
35 all those sorts of things but I think sometimes it's a bit underestimated and there was that work that was done probably 20 years ago in clonal development and things like that and it sort of doesn't seem to have kept going. So maybe there's more there, more [unintelligible 00:22:21].

40 **MR DORNEY:** Peter, if you're ever up here, mate, I'd love to show you. We show a lot of people this, there's a plantation not far from the Grandis Tree just out the road out here only 10, 15 minutes, and it was planted 1970 and the guy that planted it only passed away last year, he worked on Forest Corp all his life. And mate, you can't get
45 your arms around – they're 50, 60 girth logs and they're bloody –

MR HEYMANN: Beautiful, beautiful blackbutt.

MR DORNEY: And my last state member I told you about, he said, “Well, why don’t we try and get them opened up?” It was planted as that and it was locked up in one of Bob Carr’s lock ups.

5 **MR HEYMANN:** Yes, [unintelligible 00:22:57].

MR DORNEY: And national parks. But we said, “What’s the point? It just goes straight up the road to Pentarch because they get all the blackbutt.”

10 **MR DUNCAN:** But they’re about 55 years old and they’re sort of – but they’re actually now on national park, is that right?

MR HEYMANN: Yes, yes.

15 **MR DORNEY:** Well, yes, it’s in a national park. I don’t know if it’s designated national park but it’s national park all around it, mate.

MR HEYMANN: Yes, you can’t touch it.

20 **MR DORNEY:** Yes.

MR HEYMANN: It’s national park.

25 **MR DORNEY:** But they’re bloody good. Like, you get two lengths of logs out of them, Peter. They’re good logs.

MR DUNCAN: Yes.

30 **MR HEYMANN:** But that’s the potential you have out of good growing sites in New South Wales, you can grow plantations but it takes time.

MR DORNEY: That’s good flooded gum country, it’s good log country.

35 **MR DUNCAN:** Okay. All right, well is there anything else, Marius or Anthony –

MR HEYMANN: Look, I mean you’ve read our submission and I mean like 40% of our annual operating expenses goes back into the local community and it’s massive. So I mean our timber sales account to 70% of the company’s income plus our trucks and – so the company is really keeping the town of Bulahdelah alive. By shutting us
40 down or paying the people out, the town will just have a slow death and the industry is a fantastic thing actually.

I mean, the timber’s going for hundreds of years in New South Wales already and it’s still sustainable. If it’s managed properly, it is an ongoing sustainable industry with no
45 real big problems and the facts has got to be brought out, the truth has got to be told to the people. We’re not destroying the forests, we are managing it sustainably and environmentally friendly and economically. It’s a benefit for everybody. So I think it’s

a misconception out there that we're felling the last tree and the last koala, which is not true. That's not the facts.

5 **MR DORNEY:** And Peter, another thing that's just been talked about lately and I think the federal government's talked about is locking the forests up for the carbon credits and all that sort of stuff but we've had a few chats and there's people involved with the biochar over here that know more about that sort of thing and all that and he once said to me 12 months ago, he said, "You guys are so important for the link of all this net zero emissions and all this sort of stuff in forestry."

10 He said, "Because if you just go and lock forests up, that's not doing the right thing for carbon storage and capturing carbon." He said, "The best thing is you grow trees, 20, 30, 40 year old, cut them down, you store the carbon and you keep going around and round." Just locking a place up, you'll get it to start with but that's it and then you
15 have a big fire go through. So I think that story needs to be told correctly as well. It seems to be the wrong story's always told.

MR DUNCAN: Yes, well look, I mean your little YouTube clip's very helpful and we've got a couple of those, we got something similar from Hurfords as well on Local
20 Land Services. So we've got a couple of those sorts of things that have been provided to us as well. So look, did you make a submission to this group or did you –

MS MILLER: Yes.

25 **MR DORNEY:** Yes, we did.

MR HEYMANN: Yes, I did. We did make a submission, yes.

30 **MR DUNCAN:** Yes, okay. Well, we'll make sure that both Mary and Mick see that and will see a script of today but we've got a bit of work to wrap up in the next couple of weeks but government will probably continue to consider this with the Forestry Industry Action Plan, so I'm not sure whether we will continue to be involved but if we do, we'll try and get out and probably see some of the things you talked about.

35 **MR HEYMANN:** Yes, no –

MR DORNEY: Great, mate. We'd love to bring you to Bulahdelah and show you around and show you the mills and show you the harvest – everything we do.

40 **MR DUNCAN:** Okay. Well, look, thanks very much for your time and we appreciate the discussion today. So thanks again and good to see you.

MR DORNEY: Thank you so much. We appreciate it.

45 **MR HEYMANN:** Okay. Thank you very much.

MR DUNCAN: Bye bye.

MR DORNEY: Bye.

MR HEYMANN: Thank you.

5 **MR DORNEY:** Bye.

>THE MEETING CONCLUDED