



ASX RELEASE

24 June 2014

Boral's Response to Changes in Timber Supply from North Coast Forests

Boral supports the NSW Government's plan to improve the long-term sustainability of timber supply from north coast forests.

Boral has agreed to accept a 50,000 m³ per annum reduction in its timber allocation for the next nine years to support a more sustainable long-term outcome for its hardwood timber business and the industry more broadly.

The Company will receive \$8.55m from the NSW Government to help offset the lower volumes it will receive. In line with the reduction in timber allocation, this payment will be recognised over the remaining contract term.

Steve Dadd, Executive General Manager of Boral Timber, said the outcome of its new contractual arrangement with Forestry Corporation of NSW is that there is improved certainty for Boral's business at the same time as significantly strengthening the sustainability of the valuable north coast forest resources.

"As Forestry Corporation's largest customer with a substantial proportion of our volumes being valuable blackbutt timber, it has been critically important for us to work closely with the government to ensure sustainable harvesting of the north coast forests now and for the future."

"While Boral's business will see a reduction in annual volumes, we have worked with the NSW Government to ensure greater certainty of supply of hardwood timber species and volumes into the future at the same time as building in improved supply flexibilities through the peaks and troughs of the cyclical housing market."

"Despite the lower volumes, we do not anticipate further downsizing of our business. In recent years we have rationalised mills and streamlined our operations to improve the viability of the business. Now, with greater certainty around supply volumes and species mix, we can focus on delivering higher value added timber products to the market," added Mr Dadd.

A copy of a Media Release entitled '*Buyback to Ensure Sustainable Supply of Timber from North Coast Forests*' issued by the New South Wales Minister for Primary Industries is attached.

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The Hon Katrina Hodgkinson MP
Minister for Primary Industries
Assistant Minister for Tourism and Major Events

MEDIA RELEASE

Tuesday 24 June 2014

**BUYBACK TO ENSURE SUSTAINABLE SUPPLY
OF TIMBER FROM NORTH COAST FORESTS**

Minister for Primary Industries, Katrina Hodgkinson, has announced an \$8.55 million agreement to reduce the harvest of high-quality saw logs on the North Coast to ensure the long-term sustainable supply of timber from the region's forests.

Ms Hodgkinson said the NSW Liberals & Nationals Government has acted on the recommendations of the independently Chaired Project 2023 Steering Committee to buy back about 50,000 cubic metres of timber allocations annually for the next nine years.

"This buyback will allow the continued maturing of North Coast forests and has been agreed in negotiations between the Forestry Corporation of NSW and its largest hardwood customer on the North Coast, Boral," Ms Hodgkinson said.

"Our North Coast forests are certified sustainable, but projections show that without this buyback we would have needed to dramatically reduce the volume of timber supplied to industry after 2023 to ensure the forests continue to be healthy and productive."

Ms Hodgkinson said the NSW Liberals & Nationals Government is firmly committed to ensuring the long-term sustainability of our forests and the industries they support.

"That is why we convened the Project 2023 Steering Committee, independently chaired by Dr John Keniry," Ms Hodgkinson said.

"On the committee's recommendation, we have focused on reducing demand rather than trying to increase supply.

"This buyback will give businesses the assurance they need to get on with planning, investing in upgrades and hiring and training staff.

"There are not expected to be any job losses as a result of this buyback in harvesting and haulage or sawmills due to the reduced timber volumes."

Ms Hodgkinson said the NSW Government is looking at additional research initiatives to improve efficiency and further ensure the long-term viability of this vital industry.

"Research shows that timber is one of the most sustainable building products and that the native forest timber industry is an important sector for NSW," Ms Hodgkinson said.

"This buyback from the biggest player in our native forest timber industry, Boral, secures the long-term viability of the industry as a whole by bringing the supply of timber from the region's forests back to a sustainable level.

“As a result of this buyback, Forestry Corporation of NSW will be in a position to supply the preferred Blackbutt timber species at a sustainable level to other sectors of industry.”

A summary of the independent report by consultants URS Australia is available on the Department of Primary Industries website – www.dpi.nsw.gov.au/agriculture/resources.

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