

noHarveyno

HOW AUSTRALIA'S LARGEST FURNITURE AND ELECTRONICS RETAILER IS FUELLING THE DESTRUCTION OF OUR NATIVE FORESTS



▼ MARKETS
▲ FOR CHANGE

1. Executive Summary



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East Gippsland, Victoria is home to ancient native forests...

... which are logged and burnt.

The logs are then transported to mills on trucks.

Companies such as Auswest Timbers turn the logs into sawn timber ...

... before shipping it from places such as Melbourne port ...

... all the way to China ...

This report describes a year-long investigation which followed the complicated journey of timber sourced from the trees of Australia's last native forests in Tasmania, Victoria, New South Wales and Western Australia to furniture retailers such as Harvey Norman.

Starting from the forest and following the timber through to the final furniture product on the showroom floor, this chain of custody research reveals for the first time the complicated path Australian native forest wood can take. It implicates a number of the overseas and Australian companies involved in turning Australia's native forests into mass market furniture products. Retailers like Harvey Norman have very large advertising budgets. Every time their advertising leads to the sale of a timber product from a native forest, it substantially contributes to the ongoing logging of these forests. Yet many companies such as Harvey Norman have no publicly available procurement policies.

The chain of custody described in this report begins in Australia's native forests with the logging companies who, with permission from state government agencies such as Forestry Tasmania, VicForests, West Australia's Forests Products Commission and Forests NSW, fell the trees and convert them to sawn timber. Much of the timber is then transported to places such as Melbourne or Tasmania's Bell Bay,¹ where they are shipped to the world's largest cargo port, Shanghai, China. Trucks and trains then transport the sawn timber to Chinese furniture companies who manufacture products such as dining tables, chairs, beds and entertainment units.

These consumer goods are loaded into containers before being shipped all the way back to Australia and, in many cases, even to the same states where the timber originated. These native forest wood products are then distributed by wholesalers to furniture retailers such as Harvey Norman.

Due to the frequent lack of adequate labelling in stores stating the origin of the timber used in the furniture, it is very difficult for consumers to make informed purchasing decisions. The species highlighted in this report are either not grown commercially in plantations or only to a very small extent.

As Australia's largest retailer of furniture and electronics in Australia, Harvey Norman and its shareholders have a responsibility to source products in an environmentally responsible way. Markets for Change believes it is already possible for Australia to cease the use of native forest timber for furniture products and replace them with timber from plantations. Indeed, plantation-sourced products are already available at some Harvey Norman outlets.

Markets for Change calls on Harvey Norman and other companies in the retail sector to urgently adopt and publish procurement policies that exclude the use of products from Australia's native forests and from primary forests overseas. Retailers have a unique and powerful role to play in stopping the ongoing destruction of these irreplaceable forests. It is time for them, as a matter of urgency, to use their purchasing power and become part of the solution to this long running environmental issue in Australia.

** Chain of custody refers to the chronological documentation of all steps in the manufacture and sale of a product from raw materials to the retail product*



Aerial view of a firebombed logging coupe in the Styx Valley, Tasmania / Rob Blakers

... where it arrives at Shanghai port.

Chinese companies such as E-JEYK turn the timber into furniture ...

... including entertainment units, dining sets and beds.

The furniture is then shipped back to places in Australia like Sydney port...

... and stored by distributors like Dixie Cummings.

Finally, the products, such as the Notting Hill Range, are sold at retail outlets, like Harvey Norman.



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2. Australia's forests in peril



Logging coupe in Cathcart State forest, NSW / Rob Blakers



Burnt and logged forest in Brown Mountain, Victoria



Burnt logging coupe in the Styx Valley, Tasmania / Rob Blakers

Australia's forests are under siege. Our native forests are home to some of the nation's most threatened plant and animal species and are the site of ongoing industrial logging. Australia holds the dubious honour of having the highest number of threatened and extinct species per capita in the world, as well as being a world leader in mammal extinctions.²

The federal Environment Protection and Biodiversity Conservation (EPBC) Act is designed to protect threatened species, however Section 38 of the Act states that this legislation does not apply to a forestry operation that is undertaken in accordance with a Regional Forestry Agreement (RFA).³ This results in many endangered species failing to be protected by the very laws designed to protect them.

Ongoing industrial logging operations are not only destroying the habitat of some of the country's most threatened species, but are putting at risk the water security of some of our major cities and contributing to climate change. Australia's native forests are vital carbon stores in the fight against dangerous climate change. Protecting Australia's 14.5 million hectares (ha) of natural eucalypt forests in South-eastern Australia would avoid emissions of 460 million tons of CO₂ every year for the next century,⁴ equivalent to almost 80 per cent of Australia's 2008 net greenhouse gas emissions across all sectors.⁵ Australia's native forests are so much more than wood repositories - they are integral for biodiversity, our water security and as green carbon stores.

Western Australia

Western Australia's south-west is home to native forests and woodlands that have been recognised as one of 37 global biodiversity hotspots.⁶ The diverse and endemic jarrah (*Eucalyptus marginata*), marri (*Corymbia calophylla*), karri (*Eucalyptus diversicolor*), tuart (*Eucalyptus gomphocephala*), red tingle (*Eucalyptus jacksonii*), Rate's tingle (*Eucalyptus brevistylus*) and yellow tingle (*Eucalyptus guilfoylei*) forests are home to animal species found nowhere else in Australia, such as the numbat and Carnaby's black cockatoo. A recent audit of Western Australia's Forest Management Plan by the Environmental Protection Agency (EPA) raised 'serious doubts that continued logging in the low rainfall zone and adjoining medium rainfall zones in [particular jarrah forest] would be capable of meeting ESFM (Environmentally Sustainable Forest Management) objectives'.⁷ Western Australian native forest products regularly found on furniture showroom floors include jarrah, marri and karri.

New South Wales

New South Wales' native forests are very diverse, ranging from subtropical forests in the north-east to spectacular temperate eucalypt forests in the south-eastern coastal regions. A recent audit of upper north-east forest found that logging operations conducted in endangered ecological communities, threatened fauna habitat and water catchment areas, were in breach of numerous pieces of legislation.⁸ Over three quarters of NSW' native forest estate (approximately 20 million ha) were still legally available for logging in 2005-06,⁹ with over 1.4 million cubic metres of wood cut from NSW' native forests in 2008-09.¹⁰ Scientists have voiced concerns recently that unless logging is reduced, Koalas could become locally extinct in parts of New South Wales.¹¹ Timber species frequently for sale at furniture retailers include yellow stringy bark (*Eucalyptus muellerana*) and blackbutt (*Eucalyptus pilularis*).

Tasmania

Tasmania's forests are globally recognised for their outstanding ecological and wilderness values. One of the largest tracts of temperate rainforest on earth is located in Tasmania.¹² These forests provide habitat for endangered wildlife such as the Tasmanian wedge tailed eagle¹³ and the swift parrot¹⁴ and are home to the largest hardwood and tallest flowering trees in the world.¹⁵ It is in Tasmania that some of the most rapacious industrial logging and burning operations are taking place in areas such as the Weld, Styx and Upper Florentine valleys, and the Blue Tier and Tarkine forest areas. As of 2005-06, almost two thirds of Tasmania's unique native forests were still available for logging,¹⁶ while in 2008-09 almost 3.7 million cubic meters of timber were harvested.¹⁷ Tasmanian forest species frequently found in furniture stores include Tasmanian oak (a mix of *Eucalyptus regnans*, *Eucalyptus obliqua* and *Eucalyptus delegatensis*) and blackwood (*Acacia melanoxylon*).

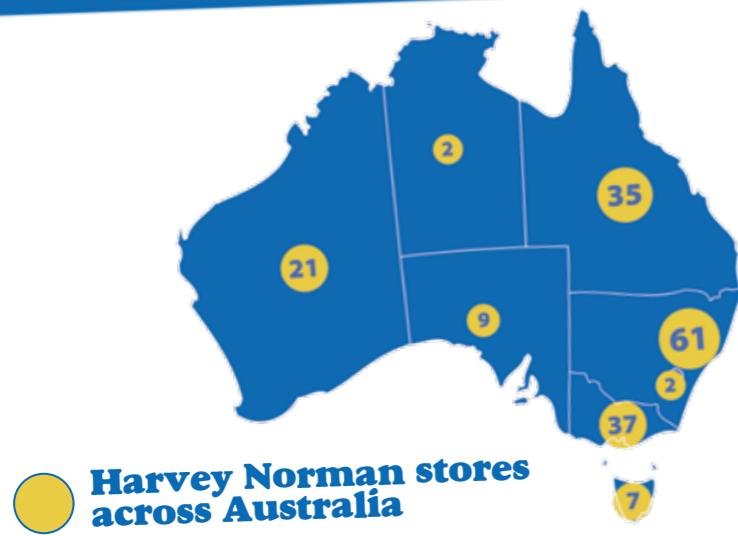
Victoria

The native forests of Victoria have been identified as the most carbon-dense on earth.¹⁸ As well as being vital carbon stores and providing key habitat for critically endangered species such as the Leadbeater's possum, Victoria's native forests are integral for the water security of the state's capital Melbourne. Despite this, wide-scale logging continues in Melbourne's Central Highland water catchment area, and in the spectacular tall eucalypt and rainforest areas of East Gippsland. Over half of Victoria's native forests (approximately 4.2 million ha) were still available for logging in 2005-06,¹⁹ and almost 1.8 million cubic metres of native timber was harvested in 2008-09.²⁰ Victorian native forest timber species often manufactured into furniture include wormy chestnut (a trade name for a combination of *Eucalyptus obliqua*, *Eucalyptus sieberi* and *Eucalyptus fastigata*) and Victorian mountain ash (*Eucalyptus regnans*).



Australian wildlife is threatened by the ongoing logging of native forests. This image shows a Tasmanian pademelon that was killed during a regeneration burn conducted by Forestry Tasmania in a Styx Valley logging coupe. 21 March 2011.

3. Harvey Norman A retail giant without an environmental conscience?



Map showing the number of Harvey Norman stores across Australia



Gerry Harvey, Chairman of Harvey Norman



Harvey Norman advertising on television

Background

The history of Harvey Norman dates back to 1961 when Gerry Harvey and Ian Norman established the Norman Ross chain of stores. The venture was very successful and twenty years later, with 42 such stores across New South Wales and Queensland, the business was sold.²¹

That same year, 1982, the two entrepreneurs opened the first Harvey Norman store in Auburn, Sydney. Five years later there were 13 Harvey Norman stores and in 1987 the company floated on the stock market. This was the trigger for rapid growth and soon Harvey Norman became a household name across Australia.²²

Today, Harvey Norman is a dominant retail force in Australia with its 194 Harvey Norman, Domayne and Joyce Mayne complexes. There are also 31 Harvey Norman and Norman Ross stores in New Zealand. In addition, 14 stores are located in Ireland, 3 in Slovenia, 14 in Singapore and 6 in Malaysia.²³

Finances

Harvey Norman has been described by Bloomberg as the largest furniture and electrical retailer in Australia.²⁴ The size of the operation becomes clear when one considers that in the 2010 financial year, franchisee sales revenue amounted to nearly \$5.2 billion and the company itself posted a revenue of \$1.3 billion with a net profit of over \$230 million. That profit however, is down from the \$407 million that was posted in the 2007 financial year.²⁵

Advertising

While it is not known how much of the company's income is from selling furniture, or specifically, from furniture made from native forest products, Harvey Norman has described its furniture and bedding business as the 'the stand-out performer' of the 2010 financial year.²⁶ Moreover, the company spends significant funds on advertising its products. In 2008, Gerry Harvey said the company's international advertising budget was in excess of \$300 million.²⁷

In 2010, it was estimated that the company spent \$145 million on television, radio and newspaper advertisements in Australia alone, making it the third largest advertiser in the country. This is an increase of 7% when compared with the previous year.²⁸ Harvey Norman has a massive marketing power and when it promotes sales of timber not sourced from plantations, it substantially contributes to the destruction of native forests.

Procurement policies

With such a large international operation comes a great responsibility in regards to the impact that the products and suppliers of Harvey Norman have on the environment. But here, unfortunately, Harvey Norman falls far short.

It is unusual for such a large company, which operates internationally and sells many thousands of products, to fail to have a section on its website that demonstrates its commitments to environmental sustainability. Moreover, Harvey Norman does not publish a sustainability report and, overall, its corporate sustainability reporting (CSR) could be described as nearly non-existent.

In relation to Harvey Norman's forest products and their origins, there is no publicly available forests products procurement policy with which the company could explain its sourcing methods and the limits it might apply to sourcing products that are made of timber which originates from Australian native forests or from primary forests overseas.

Ultimately, as is the case with any corporation, the responsibility for the lack of meaningful environmental policies lies with the major shareholders and the senior management of Harvey Norman.

Ownership

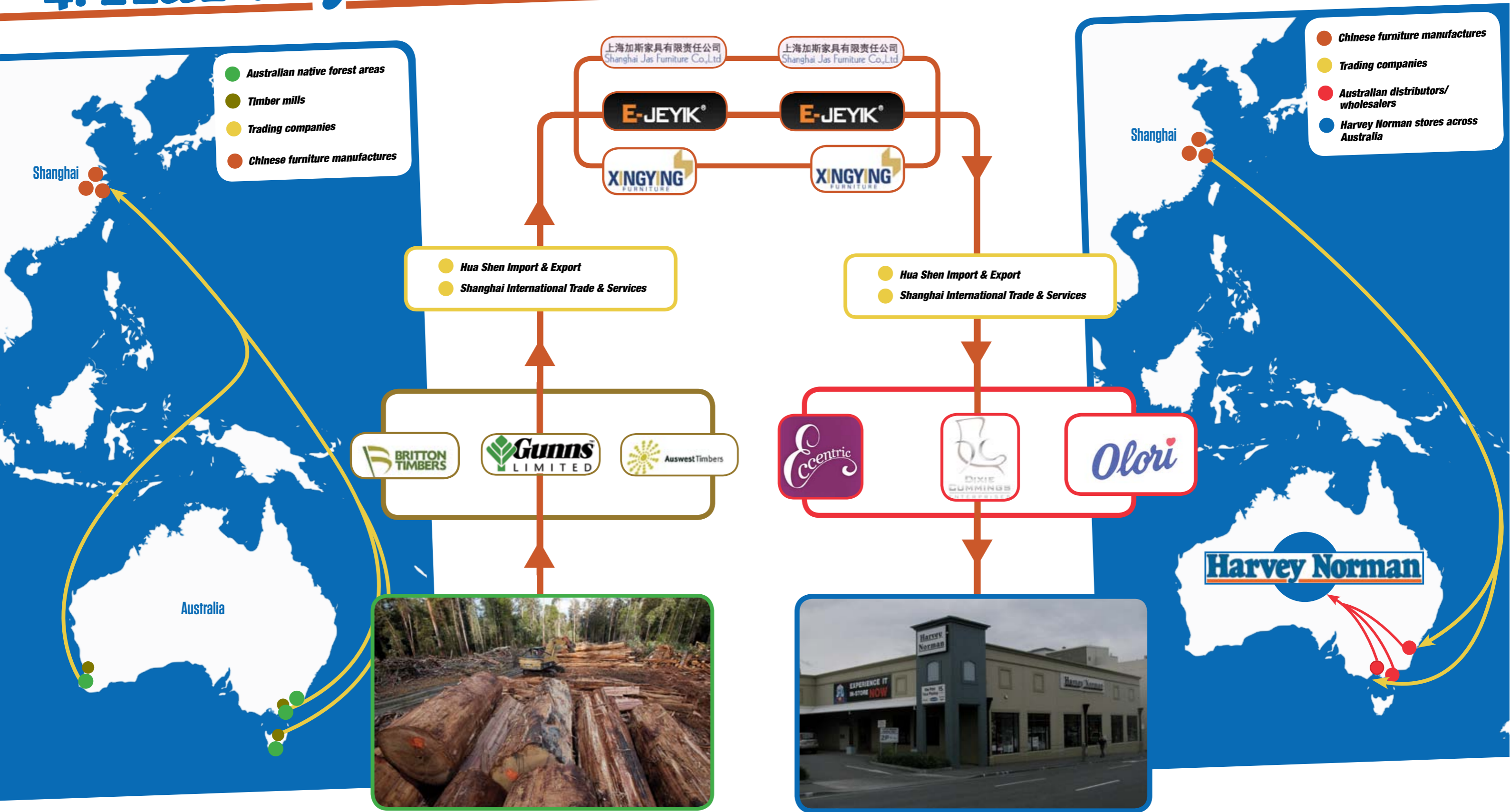
Executive Chairman Gerry Harvey himself still has control of nearly 30% of all shares, while his wife²⁹ Kay Leslie Page, who is the Director and CEO of Harvey Norman, owns another 1.6% shares, making her the 11th largest shareholder. Gerry Harvey's former wife Margaret Harvey owns nearly 5% of the company.³⁰ In addition, co-founder Ian Norman is in control of another 16.5% of shares through his company Dimbulu Pty Ltd.³¹

Top 20 Harvey Norman shareholders (as of September 2010)³²

Shareholder	Number of ordinary shares	Percentage of ordinary shares
Mr Gerald Harvey & G Harvey Nominees Pty Limited	311,959,532	29.37%
Dimbulu Pty Limited	175,249,660	16.50%
National Nominees Limited	98,658,337	9.29%
HSBC Custody Nominees (Australia) Limited	86,433,584	8.14%
JP Morgan Nominees Australia Limited	84,247,521	7.93%
Ms Margaret Lynette Harvey	49,990,575	4.71%
Citicorp Nominees Pty Limited	28,006,821	2.64%
RBC Dexia Investor Services Australia Nominees Pty Ltd	25,286,782	2.38%
Cogent Nominees Pty Ltd	20,415,961	1.92%
Enbear Pty Limited	17,118,200	1.61%
Ms Kay Lesley Page	16,995,133	1.60%
AMP Life Limited	5,647,148	0.53%
USB Wealth Management Australia Nominees Pty Ltd	5,434,357	0.51%
Australian Reward Investment	4,516,101	0.43%
Argo Investments Limited	4,030,000	0.38%
ANZ Nominees Limited	3,380,180	0.32%
Bond Street Custodians Limited	3,058,700	0.29%
Mr Michael Harvey	2,845,553	0.27%
Omnilab Media Investments Pty Limited	1,805,078	0.17%
Queensland Investment Corporation	1,674,798	0.16%
Total	946,754,021	89.15%

4. Harvey Norman

and the chain of destruction



A Gunns logging operation in the Upper Styx Valley, Tasmania / Rob Blakers



Harvey Norman store in Hobart, Tasmania

From the forest...

...to the showroom

4. Harvey Norman

and the chain of destruction



Gunns timber spotted at E-JEYIK in China



Gunns timber from Western Australia spotted at E-JEYIK



Cleared *Eucalyptus obliqua* forest. Brown Mountain, East Gippsland, Victoria



According to Eccentric, this marri bed was manufactured for Harvey Norman.



The Notting Hill range, made from Victorian wormy chestnut, is advertised in an internal Dixie Cummings catalogue.



The same range was photographed in Harvey Norman's Canberra store.

EXAMPLE 1



E-JEYIK (also known as Shanghai Chenlong Timber) is based in the Fengxian district of Shanghai, China. The company employs around 600 workers in two timber based factories and one sofa manufacturing facility. The company estimates that about half of the production is destined for international exports while the other half stays in China, and that most of the products made from Australian timber are for export.

During a visit in 2010, a representative of E-JEYIK explained that 90% of the products that are manufactured for export are destined for the Australian market and 95% of these products are made from Australian timber, mostly Tasmanian oak but also jarrah, blackwood, marri and wormy chestnut.

The company considers its key supplier of the timber to be Gunns Ltd., who accounts for 95% of all the Australian supplied timber, but Auswest Timbers Ltd. and Britton Timbers Ltd. also supply E-JEYIK. Gunns is one of the largest sawmillers of native timber in Australia and has native timber milling operations in Tasmania, Western Australia³³ and Victoria.³⁴ Indeed, stacks of Gunns timber were found in several locations in the factory when it was visited. In addition to timber, veneer from Gunns was also spotted at the factory.¹ Auswest Timber operates mills in Western Australia and Victoria.³⁵ Britton Timbers operates one mill in Tasmania but is seeking to expand its business there.³⁶

Like most other manufacturers in China, the import and export of products is not handled by E-JEYIK themselves. Instead, a government approved import/export agent is used and in this case E-JEYIK stated that its agent is a company called Shanghai International Trade and Services.

Many of Australia's large furniture stores are increasingly purchasing from E-JEYIK directly, rather than going through Australian-based importers and distributors. However, in the case of Harvey Norman, E-JEYIK said it sells the furniture to an Australian importer and wholesaler by the name of Dixie Cummings, which then passes the products on to Harvey Norman. Dixie Cummings confirmed this business relationship. Moreover, the company considers itself Australia's leading and largest furniture importer and claims to 'dominate the furniture trade out of China and Malaysia'.³⁷ The company has warehouses in Victoria, New South Wales, Western Australia and Queensland and is also active in New Zealand.³⁸

Internal catalogues, which show some of the products that Dixie Cummings sells to Harvey Norman, were received during this investigation.

Uncovering the complete chain of custody and following the timber from the forest to the retail store is complex due to the lack of labelling and traceability. But one of the product ranges that E-JEYIK produces and then ships to Dixie Cummings, who in turn sell the same models to Harvey Norman, is the *Notting Hill range*. These products are, for example, available in Harvey Norman stores in Canberra and Newcastle. The range is made from a species marketed as wormy chestnut which is actually the commercial name for a range of eucalyptus species, including *Eucalyptus obliqua*, *Eucalyptus sieberi* and *Eucalyptus fastigata*.³⁹ The commercial name 'wormy chestnut' comes from marks left in the wood by fire, ambrosia beetles and worms.⁴⁰ On available information, the company felling the trees from which the products are made is Auswest Timber as, according to E-JEYIK, they are their suppliers of these species. Auswest Timber fells these trees in the East Gippsland region of Victoria.⁴¹ East Gippsland is home to a large number of endangered and threatened animals including such unique species as the powerful owl (*Ninox strenua*),⁴² the largest owl in Australasia.⁴³ East Gippsland is also home to one of Australia's longest running campaigns to protect iconic native forest areas.

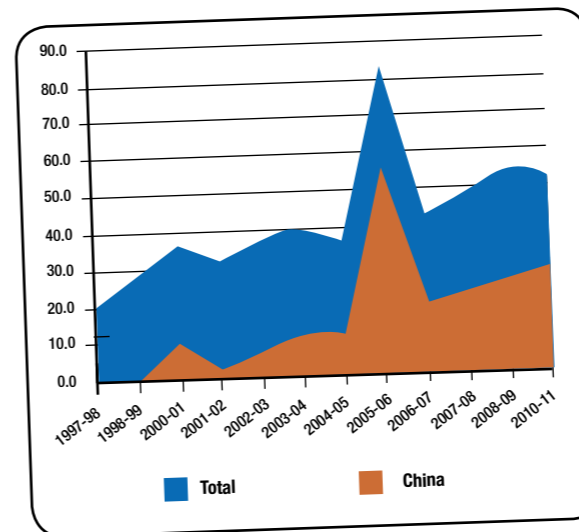
There is further evidence that these products are manufactured from trees from native forests. According to the Australian Bureau of Rural Sciences there are no plantations in Australia of any of the three species that make up what is commercially known as wormy chestnut.⁴⁴

The rise of China in the furniture market

Over recent years, China has become not only one of the key export destinations for sawn timber from Australia, it is also the largest provider of furniture to the Australian market.

The following graph shows the trends of exporting broad-leaved sawn timber from Australia to China and the total exports globally. As can be seen, China's share of the exports has increased rapidly over recent years (the 2004/05 data seems inaccurate in the statistics published by ABARE the Australian Bureau of Agricultural and Resource Economics) and 53% of all sawn broad-leaved timber was exported to China in 2008/09.⁴⁵

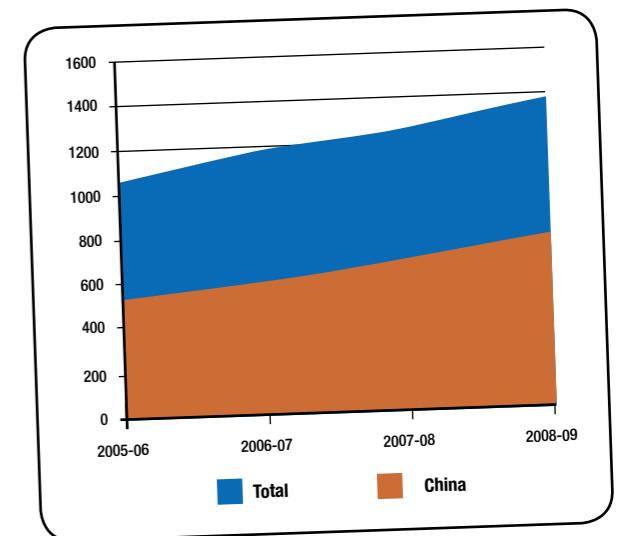
Figure 1: Australian exports of broadleaved sawn timber to China and globally (in '000 m³)⁴⁶



ABARE has only relatively recently included wooden furniture in its import statistics and thus the time period in the graph below is much shorter than for the sawn timber exports.

In addition, there is no indication from the data as to whether furniture is made from softwood or hardwood or how much of the imports might be from Australian native timber. Nevertheless, the statistics clearly show that China is supplying more than half of Australia's imports of wooden furniture.

Figure 2: Value of Australian wooden furniture imports from China and globally (in '000 \$)⁴⁷



At the same time as Australia has seen an increase of exports to and imports from China, there has been a significant reduction in the manufacturing of wooden furniture by Australian companies, according to data sourced from the Australian Bureau of Statistics. From the beginning of the 2003-04 financial year to the end of the 2008-09 financial year, the number of companies engaged in the manufacturing of wooden furniture and upholstered seats has dropped by nearly 50%.⁴⁸

4. Harvey Norman

and the chain of destruction



The JAS factory entrance



The Eccentric furniture warehouse



Workers at the JAS factory



Olori box seen at the JAS factory



Eccentric furniture brochure displayed at a Harvey Norman store, advertising furniture made from Tasmanian oak



A packaged product made in China from Tasmanian oak, found in the Olori warehouse

EXAMPLE 2

上海加斯家具有限责任公司
Shanghai Jas Furniture Co.,Ltd

Harvey Norman

Another important furniture manufacturer in China that uses native timber from Australia is Shanghai JAS Furniture (JAS). JAS has around 500 workers and Australia is the company's only export market. In fact, according to the company, 70% of the entire production from JAS is sent to Australia, while the rest is sold in China itself. In total the company says it exports between 45 and 50 containers of furniture every month, mostly to Australia.

The first step in this chain is the exporting of timber products by companies such as Gunns and Britton Timbers in Tasmania to a trading company in Shanghai called Shanghai Hua Shen Import & Export Co. Hua Shen is the import and export agent for JAS and claims to import more than 200 containers of timber from Gunns every year, at least some of which it then distributes to JAS or Chinese manufacturers.

JAS also confirmed that they are importing timber from both Gunns and Britton Timbers and that the main types of timber imported by JAS from Australia's native forests are Tasmanian oak, but also blackwood, jarrah and marri

Once the furniture has been produced, Hua Shen again acts as the company's agent and ships the products off to Australian distributors or directly to some of the largest retail chains in the country.

According to JAS, they supply Harvey Norman through the wholesaler Eccentric Furniture, based in Lynbrook, outside of Melbourne. Eccentric is possibly the biggest Australian buyer of furniture produced by JAS. According to the import/export agent Hua Shen, Eccentric Furniture orders around 20 shipping containers full of furniture every month from JAS (as of June 2010).

Indeed, Eccentric Furniture has a number of product lines made from native Australian timber that are manufactured in China, and they claim that many of their ranges are exclusively sold by Harvey Norman.⁴⁹

A second Australian distributor supplied by JAS is Olori. This wholesaler is based in Lawson, near Sydney. JAS considers them its oldest customer and on the factory floor of JAS, boxes with the Olori label could be clearly identified.

A number of Tasmanian oak products could be found in the Olori warehouse, including a display cabinet by the name of 'Argyle'. A product by the same name can be found on the Eccentric Furniture website.⁵⁰

Olori has confirmed that Harvey Norman is one of their customers.

XINGYING
FURNITURE

Harvey Norman

A third Chinese company that plays a critical role in processing Australian native timber and selling it back to Harvey Norman is Haining Xingying Furniture.

Representatives of Haining Xingying explained that they operate five factories with a total of 2,500 workers. The company said it manufactures approximately 500 containers of furniture every month which are sold, in roughly equal shares, to Australia, the USA and Europe and that most of the furniture made from Australian timber, such as Tasmanian oak, jarrah and blackwood, is destined for the Australian market.

The investigation also discovered that two of the suppliers of these species are Gunns (as well as ITC which is now under Gunns ownership) and Britton Timbers. Stockpiles of timber from these companies were identified at Haining Xingying.

According to Haining Xingying, they supply Harvey Norman through an undisclosed wholesaler.



Britton Timbers products seen at the Haining Xingying furniture factory



Gunns timber found at the Haining Xingying furniture factory

EXAMPLE 3

5. Beyond Harvey Norman

The role of other retailers



Harvey Norman is clearly not the only company that sources furniture products from Australian native timber that have been manufactured overseas. In fact a number of other companies have been mentioned to investigators during the research, though none with the same frequency as Harvey Norman.

Haining Xingying Furniture also supplies another well-known Australian furniture chain besides Harvey Norman, Freedom Furniture, which has 47 stores around Australia.⁵¹

However, the most important customers for Haining Xingying Furniture may not be Harvey Norman or Freedom Furniture. According to what the company said, Sleep City and Everyday Living appear to be the largest buyers of their furniture. Through a somewhat complicated web, Haining Xingying is indirectly associated with these Australian furniture retailers.

Figure 3: Relationship between Haining Xingying Furniture and Bedding Concepts

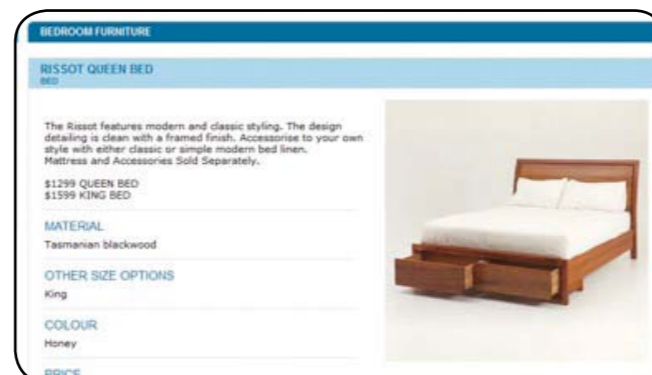


The two retail chains are owned by an Australian company by the name of Bedding Concepts which is one of the largest privately owned companies of specialty bedding stores in Australia.⁵²

Bedding Concepts is largely owned by a Chinese company called Zhejiang Sunbridge Industrial Group Company Ltd. One of the key shareholders of Sunbridge is Mr. Zhu Zhangjin who indirectly controls more than 30% of the voting power of Sunbridge.⁵³ Mr. Zhu is also the chairman and executive director of a very large company called Kasen which claims to be the leading leather products and upholstered furniture manufacturer in China based on revenue.⁵⁴ Mr Zhu and his associates own around 45% of the total issued share capital of Kasen⁵⁵ and Haining Xingying Furniture is a subsidiary of Kasen.⁵⁶



Blackwood timber bed made for the Australian market by Haining Xingying Furniture

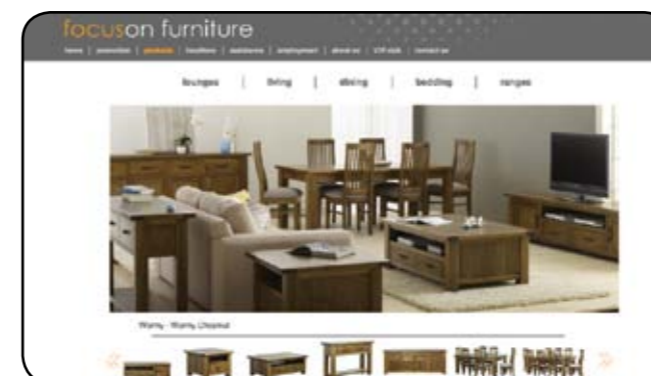


A very similar looking bed on the Sleep City website made from Tasmanian blackwood

E-JEYIK also said that it supplies other retailers in Australia directly such as Focus on Furniture, Forty Winks and Snooze. Dixie Cummings, which receives some of its products from E-JEYIK and which claims to be the largest distributor in Australia when it comes to Chinese made furniture, supplies a number of other large furniture chains in Australia. Amongst those that appear to sell furniture made from native timber are Homemakers, Snooze, Forty Winks, Bedshed, Focus on Furniture, Furniture Court, Everyday Living, and Sleep City.⁵⁷



An image provided by E-JEYIK of a wormy chestnut dining set



The same range on the Focus on Furniture website

Additional customers of JAS include Freedom Furniture and Furniture One, although it is not clear whether these retailers buy directly from JAS or through one of the wholesalers.

Eccentric Furniture, the Australian distributor used by JAS also sells products to a number of other major groups aside from Harvey Norman, including Furniture Court, Furniture One and Homemakers. Olori, the other Australian wholesaler used by JAS also sells products to Forty Winks.



Chairs manufactured at JAS



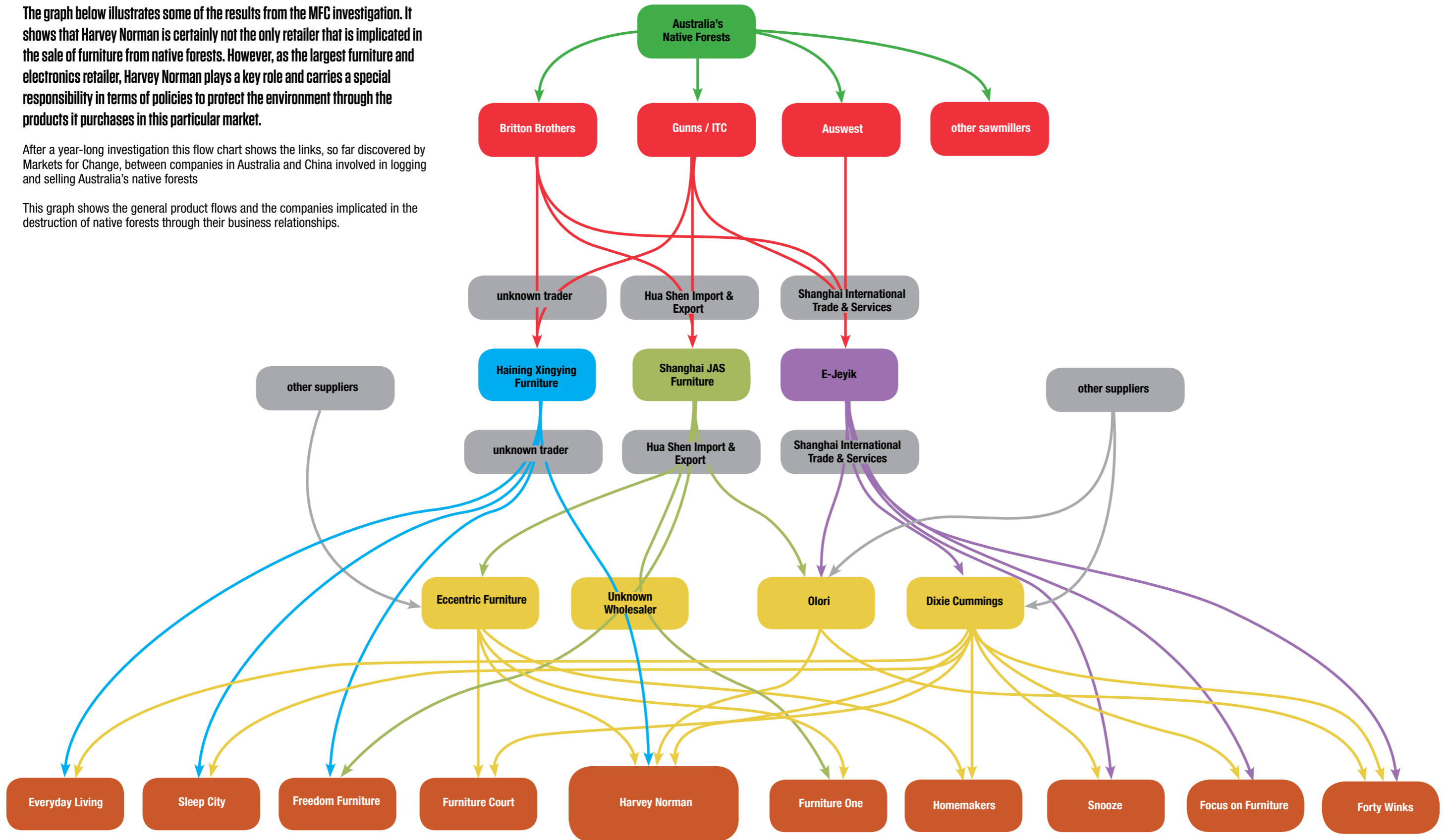
Furniture made from Australian timber at the JAS factory

6. Companies buying into forest destruction

The graph below illustrates some of the results from the MFC investigation. It shows that Harvey Norman is certainly not the only retailer that is implicated in the sale of furniture from native forests. However, as the largest furniture and electronics retailer, Harvey Norman plays a key role and carries a special responsibility in terms of policies to protect the environment through the products it purchases in this particular market.

After a year-long investigation this flow chart shows the links, so far discovered by Markets for Change, between companies in Australia and China involved in logging and selling Australia's native forests

This graph shows the general product flows and the companies implicated in the destruction of native forests through their business relationships.



7. Conclusion and solutions



Threatened forest in Murrumbidgee State Forest, NSW / Rob Blakers

This tree in the Upper Florentine was logged in 2009 / Rob Blakers

Threatened forest in Brown Mountain, Victoria

“There is nothing more important in our society than the environment that we live in – nothing.” - Gerry Harvey⁵⁸

For decades, the debate over the logging of Australia's native forests has focused on state governments and timber industry concessions. The Markets for Change campaign shifts the focus of ongoing native forest destruction to the retailers driving forest destruction through the products that they sell.

Retailers such as Harvey Norman should, as a matter of urgency, adopt procurement policies that ensure the companies do not contribute to native forest destruction and instead purchase wood products sourced from plantations with full Forest Stewardship Council certification.

It is disappointing that Harvey Norman has no publicly available policies in place to ensure that the products it sells are not coming from these forests or from primary forests overseas.

The company's status as the largest retailer in the furniture sector in Australia positions them as potential leaders in developing environmentally responsible procurement policies. Such procurement policies will drive the change needed in the way furniture, flooring and paper products are sourced in Australia.

Given that some Harvey Norman outlets already stock plantation products the company should now ensure that all its products are sourced from plantation grown timber. Recent research has shown that in aggregate wood volumes, Australia's two million hectare plantation estate can supply virtually all the sawn timber, wood panels and paper Australia consumes.⁵⁹

Currently Harvey Norman does not have any publicly available environmental or procurement policies on the sourcing of wood products. This is most disturbing given that the company chooses to actively market and promote products that come from some of Australia's most precious forest ecosystems. It would seem that retailers like Harvey Norman have little regard for the significant environmental impacts that their products have on vital forest ecosystems in Australia.

Markets For Change urges Harvey Norman and other furniture retailers to:

1. Publicly commit to stop selling products that are made from Australian native forests or from primary forests overseas.
2. Implement comprehensive wood and paper product procurement policies ensuring such products come from plantations with preference given to plantation products with full Forest Stewardship Council (FSC) certification.
3. Work proactively with all key stakeholders, including governments, non-government organisations, the forestry industry, consumers and other retailers to implement a rapid transition for Australia's forestry industry out of native forests and into responsibly managed plantations.
4. Immediately implement a labelling policy that clearly identifies the species from which products are made, whether the trees have been harvested from certified plantations or native/primary forests, and the country in which the products are manufactured.

Markets for Change will work positively and constructively with retail companies and businesses that take action to protect Australia's and the world's forests and secure a long-term responsible plantation-based wood and paper products industry.

What Consumers can do

Markets for Change urges consumers to contact Harvey Norman stores across the country, as well as the senior management of Harvey Norman, and tell them that their involvement in the ongoing destruction of Australia's native forest is unacceptable. Consumers should urge Harvey Norman to become part of the solution and stop sourcing products from native forests and primary overseas forests and instead source all products from plantations with a preference for products with full FSC certification.

Unless products are clearly labelled as being sourced from plantation-grown trees, consumers should treat all products manufactured from native timber species as coming from native forests.

8. References

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