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“The Log”

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Hello and welcome to another weekly edition of “The Log”, the Australian Forest Contractors Association Ltd’s own internal electronic Newsletter for all of our Members and Corporate Partner Sponsors.

Firstly this week, we have an important message for Contractors in New South Wales or for Contractors from other States who are considering taking up work in that State.

We have been contacted by a Contractor in NSW to tell us how in recent times a number of Contractors in that State have walked out of Forest New South Wales (FNSW) Contracts and that quite a few more are on the brink of doing the same. He tells us that in his many years of working for them he has never seen the organisation stoop as low as they have over the past 2 years and believes that they are conducting themselves in a most unscrupulous and immoral manner.

As a result he is taking FNSW to arbitration following the failure of an extensive mediation process and he has also been forced to walk out of his existing contract.

He believes however that FNSW are now desperate to get Contractors to work for them, but he wishes to forewarn other Contractors to make sure that they know what they may be walking into.

AFCA is sure that this is not just a case of the Contractor concerned just trying to keep other contractors out of New South Wales, but rather a genuine attempt to stop someone making the same mistakes that some of the existing NSW Contractors unfortunately have been forced into.

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I have had extensive discussions with him and assured him of AFCA's support and willingness to assist wherever possible throughout his arbitration processes.



In the interests of the Contractor concerned, we have not included his name in this article, but we really appreciate him contacting us and allowing us to include the above in this edition in our Newsletter.

We have just seen another Federal Budget come and go, and probably as expected, there is very little in it for our industry. The following media release received today from Senator the Hon Richard Colbeck, Shadow Parliamentary Secretary for Fisheries & Forestry illustrates this:

Federal Budget forgets Forestry



“The Federal Budget is seriously underwhelming for Australia’s forest industries and fails to reveal the cost of Labor’s carbon tax on forest businesses, Coalition Forestry spokesman Richard Colbeck said.



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“The neglect of Forestry will no doubt disappoint the industry but it is not surprising given Federal Labor has failed to devise any new policies or programs in this area since prior to the 2007 election. Labor has let a number of forestry programs lapse without replacement, and there is no new investment flagged for this year or in the forward estimates. “There was \$40 million invested in programs to support the industry over the last three years, but in the three years ahead there is nothing”.

“Australia’s forest products turn over \$22 billion annually. The industry supports 75,800 jobs and is vitally important for many regional communities. The Government’s failure to include carbon tax figures in the Budget means forest businesses still do not know the real cost increases that lie ahead.

“Fuel and power are key expenses for people like haulage and harvest contractors, and mill operators and Labor’s carbon tax is guaranteed to push up prices. Currently wood exports are valued around at \$2.3 billion but Labor’s carbon tax will make it much harder for Australian products to compete internationally”.



“The only direct new spending in Labor’s Budget was an allocation of \$300,000 towards Tasmania’s forest negotiations. “The money was allocated to the Statement of Principle partners without any prior notice, and with scant details as to how it will assist the process,” Senator Colbeck said.



There was however increased funding for vocational education and training in the Commonwealth Budget

2011-2012 and most likely some of it will find its way into our industry.

Treasurer Wayne Swan announced that \$558 million would be made available over four years to deliver 'tailored, quality training places through a new National Workforce Development Fund'. In the timber industry this fund will allow ForestWorks, to access more enterprise-based training places to add to the 770 places already funded this year.

If you have any questions in relation to training we suggest that you contact Forestworks and they should be able to put you in touch with an appropriate registered training organisation who can cater for your needs. We suggest that you email them: forestworks@forestworks.com.au.

The Federal Treasurer also outlined an expansion to language, literacy and numeracy programs including the Workplace English Language and Literacy (WELL) Program that we have mentioned in this Newsletter.



Australia's peak forest industry body, the Australian Forest Products Association (formerly NAFI/A3P) recently appeared before a Senate Inquiry at Parliament House which is looking at preventing the importation of illegally sourced wood from overseas through the *Illegal Logging Prohibition Bill 2011*.

Australia imports up to \$4 billion worth of forest products annually and it has previously been estimated that up to 10 per cent of these imports are from suspect sources. AFPA supports efforts by the Australian Government to address the issue of the importation of illegally harvested timber as it promotes good international governance and forest management.

However, AFPA Policy Manager Mick Stephens commented that it is critical that any future policy on imports does not impose unnecessary and costly regulation on the domestic industry, which is already subject to high standards of legal compliance.

"It's important that any requirements for domestic industry, as a result of the regulation of imports and World Trade Organisation rules, do not duplicate existing systems and impose unnecessary costs," he said.

"Any added compliance costs would be a double hit for local exporters who are currently dealing with the high Australian dollar.

"Illegally sourced wood also distorts the market and can threaten the viability of Australia's own forest industry and the livelihoods of employees and communities that depend on the industry. "Australia must also encourage sustainable management practices in overseas forestry operations to emulate the high standards we have in Australia."



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AFCA supports any action designed to stop the importation of illegally logged timber, and therefore anything that can assist the sustainability of our local industry.



Well, that's all for this week. Thanks for taking the time to read this edition of "The Log". We hope you all have a safe and profitable week and we look forward to bringing you some more news from our industry again next week.

Regards to all
David Drane

