



AUSTRALIAN FOREST CONTRACTORS ASSOCIATION LTD.

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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.

The issues in Tasmania continue to drag on and this week, we start by reprinting excerpts from the latest document that the Tasmanian Forest Contractors Association (TFCA) has prepared and submitted to the Federal Government in relation to the exiting of Contractors from the industry in Tasmania. It puts forward real solutions to the problems being experienced. As you will see, AFCA supports the TFCA’s proposals and also

“... This is about providing an equitable program to assist Tasmanian native forest contractors. The program is in response to the exit of Gunns and the IGA reduction in harvest, haul and silviculture activity in Tasmanian public native forest, and seeks to assist the exit some of the contractors. A comprehensive and fair program is difficult to achieve. However, for the future of the overall Tasmanian native forest industry restructure and the IGA, it is vital that the best program, under the constraints in play, be delivered.

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Harvest and Haul:

Both TFCA and AFCA believe that the assessment and priority of contractors eligible for this program should provide for the following:

1. Gunns contractors should be ranked higher than other contractors. *(Gunns contractors have no option other than to exit in almost every instance, they do not have an option to trade on.)*

2. Assessment should be on a \$/tonne of harvest and/or haul capacity retired.
3. There should be a weighting applied to recognise the difference in capital and employment required between those two distinctly separate activities, where harvest employs twice the capital and labour per tonne of wood processed than haul.
4. An applicant should be a company, sole trader, partnership, or other business structure with its own ABN number.
5. If an individual applicant \$ cap is required it must not be less than \$3 million. *(This will provide equitable exit assistance to all contractors who have no option other than to exit the industry as well as providing assistance to some other contractors who may volunteer to exit).*
6. The program descriptor in the IGA calls for “exit”, it is our belief that this should be interpreted to mean contract exit. Nevertheless, if it is to be on a “whole native forest business basis”, then contracts may be traded, prior to submitting a formal application, without detriment to any parties’ eligibility for assistance under the program.
7. Contracts must be held by the applicant at the time of submitting an application and that contract may not be transferred by any means, to any person or business entity, once that application is submitted.
8. Tasmanian native forest contractors receiving exit assistance under this program should be required to not commence operation of any forest harvest, haul or silviculture activity, including in plantation, in any jurisdiction within Australia, for a period of five years, except that in the case of hardwood plantation activity, within Tasmania, the exclusion period be thirty months.

TFCA and AFCA would be provided with a final draft of the guidelines for comment, prior to release, as a separate review, to minimise potential issues in the public perception, or at least that both our organisations and the Government are prepared for. This should be at least one full working day before the public release of the program”.

To date, we are not aware of a final response from the Federal Government, but we await with interest their decisions and hope that they will listen and implement the positive initiatives put forward by the TFCA rather than the questionable proposals that they had previously intended.



In last week’s edition, we started to look at Business Interruption Insurance. This week we look further at what happens if businesses don’t have any cover and suffer a major interruption to their operations.



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So, if a business is not insured for the full value and they have no other insurance such as Business Interruption or Directors & Officers Liability, who carries the financial liability, who picks up the bill?

Essentially, this is called self insurance. The business owner has made decision not to purchase certain insurance products and has therefore agreed to accept full personal and financial liability in times of a disaster

or crisis. In other words, their personal assets such as the family home will be required to pay the bill. Is insurance about price or is it about protection? Insurance is not just about the cost of the premium! At the time of a disaster, it is about the excess, uninsured losses, and under insured losses. So what are you saving versus what you are putting at risk? Is it worth the peace of mind to know that you are fully insured and covered? And let's face it, an insurance premium is tax deductible so the tax man pays 30% of the premium anyway.

So, what is the solution for small-medium business owners?

Get good advice from a trusted insurance adviser, assess all of your risks, and compare all available policies relevant to your business. Insurance may actually be seen as a “grudge purchase” given that your chances of experiencing a major crisis are 1 in 20 or 1 in 50. But if you are that one person in 20 or 50 that will experience damage and loss???

Thanks again to our friends at Insurance AdviserNet for the above. If you have any questions in relation to it, Contact Warwick Pratt on Ph 0422 415 161 or email: wpratt@iaa.net.au,

As promised, there are more reasons than just AUSTimber2012 to visit Mt Gambier in March next year. The attached photos are a good start.



Also, we are hopeful of conducting our next Hall of Fame function in conjunction with AUSTimber. Nominations are now being sought and we hope to be able to add a number of contractors to the list of people worthy of recognition. If you would like to nominate anyone who has completed 25 years of service as a contractor and who you think is worthy of recognition, please contact me.



Yet another attempt is being made to get the Federal Government to see common sense. The national and NSW forest, wood and paper products industry bodies, the Australian Forest Products Association (AFPA) and NSW Forest Products Association (FPA) are still hopeful common sense will prevail over the use of native forest woody biomass for green energy and its eligibility for renewable energy certificates under the national renewable energy target scheme.



It is estimated there is enough woody biomass from forest industry activities in Australia to supply 3000 gigawatt hours of renewable energy per year from existing waste streams without harvesting a single extra tree. However, the recent proposal by the Australian Government to amend the existing regulations to exclude biomass from native forest as an eligible renewable energy resource will significantly jeopardise planned investments and innovation in green energy projects across the country, including in northern New South Wales.



AFPA CEO, Dr David Pollard, said the recent decision “is against accepted science and international practice in the use of woody biomass as a carbon neutral source of renewable energy, which is largely utilised in Europe and Scandinavia given their availability of extensive forest resources”.

The Executive Director of the NSW FPA, Russ Ainley, said many planned or existing projects in northern NSW that would now be significantly affected by the proposed ban on the use of native forest biomass.



It is hoped common sense will prevail and the proposed changes do not exclude any native forest biomass sourced from sustainably managed forests, such as those complying with regulatory codes

Thanks to AFPA for the above.



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

