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13<sup>th</sup> May 2013

Stephen Palethorpe  
Secretary  
Senate Rural and Regional Affairs and Transports Committee  
SG. 62 Parliament House  
**CANBERRA ACT 2600**

**By Email**

**Re: Auditor-General's report on Tasmanian forestry grants program**

Dear Stephen,

I seek the opportunity to correct certain incorrect, misleading and inflammatory statements made by ND Jackman Pty Ltd (written submission) and Mr Nick Bennetto (verbal evidence 7/5/2013) in relation to SFM Environmental Solutions Pty Ltd trading as SFM Forest Products (SFM).

SFM is a Tasmanian-owned company which has been operating since 2001 providing forest management, forest logistics and consulting services to private landowners, corporate entities and government organisations. SFM operates in all eastern states of Australia and has offices in Hobart, Launceston, Lismore, Mt Gambier and Brisbane.

Notably, SFM is one of a limited number of forestry companies certified under both the Forest Stewardship Council (FSC) and Australian Forestry Standard (AFS) for forest management. SFM prides itself on independence, innovation and integrity.

SFM engages contractors to conduct a range of services including harvesting and haulage of forest products, both natural forest and plantation. SFM currently manages the harvesting, hauling and marshalling of over 500,000 tonnes of forest products across the country. The contractual instrument for these services are varied.

In Tasmania, SFM has contracts with Forestry Tasmania to provide an integrated service that includes planning, supervision and logistics management of SFM harvesting and haulage contractors. This approach increases efficiency across SFM's operations and is commonly used elsewhere in the industry.

SFM has a sound knowledge of the guidelines of both exit packages and sought clarification from DAFF on the implications of providing written letters of support for



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the exit of Contractors. We also sought the assistance and advice of DAFF on the engagement of Contractors to ensure that we do not fall foul of the spirit and intent of the provisions of those exit packages. Correspondence between DAFF and SFM can be provided upon request.

Upon the implementation of the exit programs, SFM applied a due-diligence process requiring a contractor to disclose any involvement in either of the exit packages. SFM is not aware of any breaches of the package guidelines and a recent review of its' Contractors has confirmed this. SFM will continue to utilise a precautionary-approach in engaging new Contractors and where required would seek clarification of potential Contractors status' from DAFF, the same process SFM has employed in the past.

Should the evidence of Mr Bennetto and Mr Jackman stand we contend that it is incumbent on upon them to clearly state in unambiguous terms the full basis of their allegations, being that SFM is in some way complicit in undermining the guidelines applicable to these programs and SFM must be provided an opportunity to respond to those allegations. On the basis of the broad, unsubstantiated allegations made to date (which are potentially very harmful to our business reputation) we can only categorically refute those assertions.

It is our strong submission that it is unfair in the extreme that these two individuals should be permitted to cause considerable damage to a business that has demonstrably endeavored to undertake its business functions in a manner that is consistent with the relevant guidelines of the exit packages and yet not be required to produce evidence to support those allegations.

SFM is subject to the same market pressures as all other participants in the industry. Rates are negotiated based on current market pricing and are consistent with the levels applicable elsewhere in the industry. SFM has an excellent working relationship with its contractor base and will continue to work with them to improve efficiencies and productivity thereby increasing profitability and sustainability throughout the value chain.

We urge the Committee to ensure the unsubstantiated allegations against our Company are either disregarded as being only assertions or that we be offered natural justice in the form of being provided an opportunity to receive full details of those allegations and an opportunity to respond to them.

If you require any further information or clarification please do not hesitate to contact me.

Yours faithfully,

Andrew Morgan  
**Managing Director**

