

3/4/2012

D.M. & S. J Iles P/L.



DM&SJ ILES P/L as Gunn's contractors had no choice but to apply for the I.G.A.C.E.P. My understanding was that if eligible my business would be paid on its contracted volume of 90,000 tonnes per annum of Harvest Haul. We achieved the required 50% business activity on State Forest over the nominated previous 4 year period which was a mandatory requirement. The amount that we nominated to leave the industry was conservative and based on the Federal Govt providing approximately \$42-43 million to shelve approximately 1.5 million tonnes of native forest and a similar amount of haulage. We calculated this as about \$12.60 per tonne for our 90,000 tonnes so our nominated amount was \$1,135,000. This was never going to be enough as we had debts on machinery of \$1.5 million but we were reasonably confident of being offered our nominated amount which would have allowed us to manage our debt. We still had 42 months left on our contracts with a gross residual earning capacity of \$7.5 million for pulp wood alone that most certainly would have been realised. The conditions attached to accepting the offer from DAFF were a heavy price to pay when considering my business was incorrectly assessed. It must also be noted that when Gunn's handed back 960,000 tonnes of native forest my business was contracted to harvest –haul 90,000 tonnes of this volume. How many tonnes have F.T. shelved of their supposedly 540,000 and how many F.T. contractors have been exited? With Gunn's only having a handful of contractors as of July 24 2011 it is obvious that F.T. contractors have received the lion's share of exit money for tonnes that were contracted to Gunn's contractor's. This once again hardly seems fair. But as a Gunn's contractor we have come to expect nothing more than unfairness and disappointment.

We were eventually offered \$571,000, and have spent the last 12 months trying to find out the basis of this offer. We did take the money as we had no employment when Gunn's left native forest harvesting on July 24 2011 and issued us with "0" Quota. After 2 reviews and many thousands of dollars later I now have a better understanding of what the department did. On Dec 19 2011 the advisory panel met to decide how to address the issue of contracted volumes versus actual volumes. They said there were difficulties dealing with Gunn's contractors as they had no definitive amount of public forest to be harvested written into their contracts. I informed them that neither did F.T. contractors even though they worked predominately on State Forest it was not written into their contracts and I believe this is the reason they chose to assess actual volumes instead.

This immediately discriminated against Gunn's contractors as they worked on a mixture of Public and

Private Forests at Gunn's discretion. Had they chosen the fairer option to use contracted volumes they could have then kept a tally on the amount of tonnes they were shelving and compared it to the objectives of the program, namely a reduction of 1.5 million tonnes. By using actual volumes they opened a can of worms and severely discriminated against Gunn's contractors for whom the program was initially designed to assist when Gunn's left native forest. F.T. Contractors never lost their jobs, they had a choice to stay or go, and Gunn's Contractors didn't have this choice. F.T. always found crown coupes for their contractors but were always struggling to meet contractual State Forest coupe availability to Gunn's.

My first review of offer was not very informative at all other than saying my nominated amount was too high and I did not have a contract for Public Native Forest. My second review prepared by my solicitors states that I do have a Public Native Forest agreed tonnage and that is the "0" quota issued by Gunn's which was active at July 24 2011 as per the guidelines. As my contracts are native forest what part of "0" is Private and what part is Public? .I have been assessed incorrectly, and the department made no comments on my claims. Even though 0 doesn't usually work when used in an equation, I didn't design the guidelines. As part of our 2d review when we realised how we were assessed we included saw log ,rotary veneer and power pole volumes as these were not part of our initial application as we thought we were to be assessed on contract not actual. The Dept. Seemed to indicate that they would accept these and proceeded to have them verified with Gunns.They then refused saying they weren't part of our original application.

The Department have been in my opinion reluctant to disclose information when requested and to the best of my knowledge still have not released the report of the advisory panel after their meeting on Dec 19 2011.

I have included many documents to support my claims of the programme's unfairness and failure to adhere to the guidelines including,

Review requests and replies

Letter from Deputy Premier Hon Brian Green expressing his disappointment

Correspondence from Gunn's

Correspondence from DAFF stating that actual volumes were only for eligibility purposes and played no further part in the process

Any inquiry should demand that all applicants had "proper harvesting –haulage contracts" which needed to be" verified "and all "actual tonnages" 'supplied needed to be also properly" verified' 'that they were correct and proof that they were from" Public Forest' 'To have them verified by applicants accountants is unacceptable, they need to be verified by either "principal contractors" 'or contract holders as per the guidelines. I have serious suspicions that fictitious information has been submitted and wrecklessly accepted by the Dept and ultimately paid out on .Although they will vigorously deny this. I also believe the department has paid out a capped \$35 per tonne to both harvesting and haulage sometimes doubling payment for the same tonnage. Anyway, haulage should have been capped at one third of \$35 and harvesting two thirds of \$35. Holders of both harvest and haulage contracts should have been the only businesses to have been paid up to the full \$35 cap.

With the already damning report of the Auditor General and probably much the same from a senate committee enquiry it can only strengthen a case to go before the ombudsman.

Yours Sincerely

Dennis Iles