

Rod Watson Heavy Haulage

DAFF Reference: IGACEP042

8th April, 2013

To the Members of the Committee,

The implications of the State Government's decision to exit public native forest (as part of the IGACEP) has had far reaching and in many cases soul destroying consequences. That statement is not intended to be an exaggeration nor is it overly dramatic. This is the truth felt by not only our family, but others who are still suffering as a result of this decision made by the Tasmanian Government.

We were unsuccessful with our application for an exit grant, and deemed ineligible with a requested review. When we were deemed ineligible we made contact with DAFF and our case manager was very adamant that we were not considered purely on the fact that we did not hold a haulage or harvest quota. The office appeared to be not able to grasp the concept that without our business there would not be the other. All of the contractors that were our customers received compensation and yet we were deemed to be peripheral to the industry. The simple fact of the matter is that we were never considered to be a stakeholder during the inception of the IGA and there were no processes in which we could seek to be heard whilst the criteria was being developed.

Rod made contact with Ed Vincent (TFCA) initially when rumblings were being heard that the IGA was being proposed as we knew that we would be disadvantaged from the start as we had no one to represent us as a stakeholder. Rod called Ed on numerous occasions and each time Ed promised Rod to keep him up to date and email us with information that he had. No email or phone call was ever received from him. Rod also contacted Dick Adams early on in the process to highlight our situation but no return calls was received. I personally spoke with Dick early in early 2012 when we were first denied compensation and he asked me to send him some information, he once again didn't even bother to respond nor acknowledge my correspondence, (A read receipt however was received). Our next port of call was to take our plight to the Federal Ombudsman but once again that was to fail. I spoke with the Investigator initially who took a few basic details from me and then did not hear from him until we received a letter saying that our complaint had failed. I contacted the Investigator and asked him how he could have possibly conducted a thorough investigation when he hadn't spoken to the complainant for any longer than five minutes initially. As a police officer of seventeen years, I have very sound expertise to base my misgivings on. He admitted that he simply looked at the criteria of Haulage/Harvest and that we didn't fit into the criteria. He acknowledged that he could see we were integral to the process but his job was to simply look at the criteria.

The Committee needs to know of our situation, as we believe it reflects similar positions of others in the community, and this may be our final opportunity to be heard and to seek assistance.

Our story

We were deemed to be ineligible for financial assistance, because we were never considered as a stakeholder when the initial criteria were drafted. It is that simple.

The criteria were created to cover the harvest and haulage of logs from the Tasmanian public native forests and not the equipment haulage which we were involved in. One cannot exist without the other. It was a necessary relationship.

By way of explanation, we have listed the uniqueness of our own business below.

- We are a sole trader business having been in operations since May 2005.
- We are a heavy haulage business.
- We held and still hold a valid contract with Tasmanian Pulp & Forest Holdings Ltd ACN 009 488 733 who trade as Gunns Limited. We have held a valid contract with Gunns since the inception of our business. However, of importance is the following ***'no other individual or entity held a Contract with Gunns for this specific work in the State of Tasmania'***.
- We were contracted by Gunns to haul equipment specifically used for the logging of public native forests as well as private native forests and plantations. This equipment included, but was not limited to the following; falling machines, processors, skidders, excavators.
- The link between our business, Gunns and the logging contractors is explained as follows:
 - The contractors were contractually required to pay for their first three moves a year between coupes; and after that Gunns paid for all further moves. When Gunns became responsible for those moves, we were the only heavy haulage operator involved and contracted to do so. We invoiced Gunns directly. Our rates and indeed our contract were reviewed on a yearly basis.
- The area that we covered was primarily the South and South East but included these reserves and was not limited to the following;
 - East Coast Public Native Forests including the area between Port Arthur and St Marys in the State of Tasmania;
 - Central Highlands area from Derwent Bridge through to Maydena area; and
 - From Styx to South Cape in the South Western areas of Tasmania.
- As per criteria required we were asked to submit financial information relating to work conducted in Public Native Forests for the financial years 2007/2008, 2008/2009, 2009/2010 and 2010/2011. The information is as follows;
 - 2007/2008 - \$86 086.01 was earned in public native forests
 - 2008/2009 - \$106 264.16 was earned in public native forests
 - 2009/2010 - \$98 216.63 was earned in public native forests

- 2010/2011 \$122 218.01 was earned in public native forests
- 56% of our business over the financial years studied relates to forestry work and of that, the Gunns exit from the public native forest has had the effect of reducing our turnover from between 46 and 69%.
- During 2006 we were specifically requested by Greg Hickey, Forest Manager for Gunns, to 'Gear up' for falling machines, processors and tempco's which are specifically used for harvesting activities. His explanation, being that Gunns wanted to try and get people (manual labourers) off the forest floor because of the risk of deaths. In direct response to Greg's request to 'gear up', we purchased three self widening, self levelling, 52 tonne capacity floats. This is specialised equipment and not as common as other floats. . We paid a total of \$347,000 to do as required. This is not a small amount of money for any business, let alone sole traders.
- As per criteria for exit application a letter was sought from Gunns dated 17 November 2011 which supported our exit from the public native forest sector. This specifically shows the link between our business, the logging contractors and the Tasmanian public native forests. We were not a 'peripheral' business, but a direct conduit within the industry. We were the only contractor used to move the equipment for these contracts that were compensated during the financial assistance package.
- A number of contractors who have been successful in receiving compensation as part of the exit grants were indeed contractors that we moved machinery for.
- From 2006 to 2008 we had 2 employees at any one time who were both involved in the transport of heavy machinery, and the haulage of logs. We no longer employ anyone to work with us, as one of our former employees purchased one of our trucks and float to sub contract back to us on an 'as needs' basis.
- The work continued to be the transport of machinery predominately related to the forestry industry. We have utilised the services of other sub-contractors towing our floats on numerous occasions for the same purpose. No fewer than five different sub-contractors have worked for us over the period of time as per the criteria.
- This is a brief overview of what was submitted as part of our Application for the IGA.

We have also attached as Annexure 'A' a Statutory Declaration from Mr Greg Hickey who was the Forest Manager for Gunns for a period of ten years. In Mr Hickey's letter he clearly describes the link between Gunns, the logging contractors and our business. He further states that he sees our application to be as valid as any other contractor who applied for an exit grant.

We have been dealt an extremely harsh blow. We have suffered financially and have been left in a disadvantaged position due to the Tasmanian Governments and Gunns withdrawal from public native forests. It provided us with over 50% of our work. We have had to sell a number of assets and also renegotiate a number of our business loans in an attempt to remain afloat. Where once we aimed to be financially secure, we are in the position whereby we have had to start again. We don't even want to consider any further the financial losses we must bear.

Where we are now

At this time Rod has been forced to go interstate to work to remain financially afloat. Rod has lived in the back of his truck for the last 9 months with his own truck and float in Karratha, Western Australia.

There is no accommodation available in this region, and any accommodation that becomes available is 'snapped up quickly' by the mining companies, and way too expensive for our budget.

Living in the back of a truck during summer in Karratha, Western Australia can only be described as hellish. The temperatures regularly exceed 45C, the availability of clean showers or kitchens to cook in is rare, the constant loneliness of living and working from his truck and just the fact that he is forced to live away from his family has been devastating.

He will not 'throw it in' and go on Government provided benefits. We consider ourselves to have an exemplary work ethic. We have worked our entire lives, but my husband now lives on the other side of the Country in conditions that only a few would put up with.

Rod has only returned home once during the last 9 months which is a fairly sad state of affairs given that we were only married on New Year's Eve this year.

My story

I worked as a respected Tasmanian Police intelligence officer for 17 years, resigning due to personal reasons and the desire to start a family with my husband. This will not occur with Rod on the other side of the country, unless there's some miraculous 'Immaculate Conception' involved. I can't fly to stay with Rod as there's nowhere for me to live. Unless Rod stays in a tent and I sleep in the back of a truck in the searing heat I don't know when I will be seeing Rod again. I have put my efforts into my own small business, and I have an extended family to care for.

Tasmania has always been our home, although we've both worked out of the State in our younger years we have considerable ties to the state. This is where we wanted to and still want to settle.

We have lobbied both sides of Government and everyone that we have spoken with has agreed that we should have been compensated as part of the IGA. Many are dumbfounded by the lack of foresight with the drafting of the criteria.

We hope that the Members may see how this agreement has affected all Tasmanians and also realise that not everyone has been compensated. The decision to close the Public Native Forests was made, and it has left many families broken, and on the verge of bankruptcy. Faithful, hardworking, intelligent Tasmanian workers.

Yours Sincerely

Tanya & Rod Watson

Annexure 'A'

STATUTORY DECLARATION

I, Greg Hickey, _____, in the State of Tasmania, do solemnly and sincerely declare that;

1. I was employed as Forest Manager of Gunns Triabunna for a period of 10 years. I have since left Gunns and I am currently employed at Ta Ann Tasmania as Senior Manager, Resources.
2. I am aware and consent to my statutory declaration being used in any application made by Rod Watson Heavy Haulage in its application for compensation pursuant to the Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program.
3. Rod Watson Heavy Haulage first contracted to Gunns in November 2005, when it purchased a business and a Deed of Assignment from SD & D Gillie, who were the then a heavy haulage contractors to Gunns Triabunna.
4. The initial Agreement related to the haulage of predominately road construction and maintenance equipment.
5. Each year I would meet with Rod Watson Heavy Haulage to discuss rate reviews and any other issues at hand.
6. In 2008 it was determined that the old Agreement would be terminated due to its age and many variations. A new Agreement, 'Provision of Plant and Equipment' was created. This also included the contractual requirements of the Forestry Contracts Code 2003.
7. By this time, Guns had realised a significant cost impact to their business with the myriad of float operators who moved Logging Contractor's equipment for them. Agreements with Logging Contractors required Gunns to pay for 4th and subsequent moves of harvesting machinery in any financial year. The new Agreement with Rod Watson Heavy Haulage expanded the cartage task to include harvesting and silvicultural equipment, as well as the roading equipment of the old Agreement.
8. Conditions precedent to the new Agreement were:
 - a. Competitive rates;
 - b. A guarantee to be available to move equipment 24/7, so that minimum disruption to operations would be experienced by contractors;
 - c. The ability to move all equipment used for roading, harvesting and silviculture legally and safely;
 - d. Haulage equipment suitable to deal with forest road conditions and highway travel alike; and

- e. The capacity to co-ordinate moves efficiently in order to minimise unladen cart costs.

Rod Watson Heavy Haulage agreed these terms with Gunns Triabunna and on this basis became the sole heavy hauler contracted to them.

9. The equipment utilised by logging contractors was specific and included, but was not limited to falling machines, processors, skidders and excavators.
10. The equipment utilised by roading and silvicultural contractors included but was not limited to dozers, excavators, backhoes, vibrating rollers, graders, tractors and self propelled spray units.
11. The Agreement was intimately connected with the roading, harvesting, and silviculture activities for the Company and essential to enabling consistent and steady workflows of Contractors.
12. I became aware that due to the reliability and efficiency of the service Rod Watson Heavy Haulage provided Gunns Triabunna, Gunns' Contractors also used them for their own equipment moves.
13. Rod Watson Heavy Haulage was an integral link between Gunns and their contractors.
14. The majority of the haulage task relating to harvesting and roading activities involved moving Contractors around and within State Forests. These locations included, but were not limited to the following;
 - a. East Coast public native forests including the area between Port Arthur and St Marys;
 - b. Central Highlands area from Derwent Bridge through to Maydena area; and
 - c. From Styx to South Cape in the South Western areas of Tasmania.
15. The Forest Safety Code 2003 and other Workplace Health and Safety Regulations made it increasingly necessary for Gunns' Contractors to move to equipment to keep workers off the forest floor, and minimise the potential for life threatening injuries or workplace deaths. To do this required specialised equipment, which was generally bigger and heavier than traditional equipment due to its mechanised attachments. The equipment included falling machines, log processors and specialised skidders. As Rod Watson Heavy Haulage was

contracted to move this equipment it was necessary to upgrade its machinery to ensure it was legally able to do so.

16. In 2006 during the annual review meeting with Rod Watson Heavy Haulage, I advised of the move to more mechanised harvesting equipment. By nature, this equipment with its additional attachments was heavier than the standard suite of equipment which had needed to be moved in the past. I advised Rod Watson Heavy Haulage that it needed to review its fleet to ensure that it could continue to perform the Agreement with full legal compliance.
17. I am aware that over time Rod Watson Heavy Haulage purchased three self-widening, self-levelling, 52 tonne capacity floats. This would have been at considerable cost to the business.
18. During my time as Forest Manager I also knew that Rod Watson Heavy Haulage engaged a number of sub-contractors at different times to assist to ensure machinery was relocated in the timely manner required by the Agreement.
19. As a result of Gunns' withdrawing its operations in Tasmanian public native forests, Rod Watson Heavy Haulage's Agreement for moving heavy equipment has been abandoned by Gunns. I consider the Agreement afforded Rod Watson Heavy Haulage by Gunns to be as valid as any other contracted individual or business eligible for consideration under the Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program.