

PLANTATION LOGGING CO

15 September 2008

Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

INQUIRIES INTO MATTERS RELATING TO THE GAS EXPLOSION AT VARANUS ISLAND WEST AUSTRALIA

Plantation Logging Co is a Bunbury based contracting business involved in plantation timber harvesting, transport and earthmoving. The company is owned and operated by Jeff and Jenny Loton, employing over 85 employees.

Prior to the Varanus Island gas explosion on 3 June 2008, we thought that our company would have had little to no exposure to such an event; maybe a few colder nights at home at the worst.

How wrong we were. On 5 June, we were told to stop log harvesting for the Laminex Mill in Dardanup and shift to a different type of forest to keep equipment and employees working. This was satisfactory for the next week, but before the end of the following week, both the Wespine saw mill and Laminex Mill were unable to take any more volumes of timber.

When we received a notice on 13 June invoking a 'Force Majeure' in our contract, we now knew we were in for a tough time.

I believe the mill had no choice but to stop deliveries of logs. Timber needs to be dried before it can be sold and their kilns ran on gas – hence no gas; no kilns.

This major slowing up of our pine operations meant we needed to send 12 employees on immediate annual leave and the retrenchment of an additional three employees. To run a private company when work stops and machinery repayments continue on through no fault of your own is soul destroying.

The financial cost to us in real terms was \$35,000 per day in net income and continuing machinery repayments of an additional \$6,000 per day. This continued on until two weeks ago when the gas started to flow again. Since then, volumes of logs are slowly increasing because of the stockpiles carried at the mills since the beginning of the crisis.

Our current situation today is; all employees sent on leave have returned to work. The three employees retrenched have risen to four. The company's production of logs is now at 75% of the pre Varanus crisis and the company has lost a massive amount of money. I don't know whether we will

recover and neither do our employees. Will we be compensated; will we ever be told what really happened and when has 'Force Majeure' been 'poor maintenance'?

I look forward to some answers.

Jeff Loton
Director/Manager

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