

ACCC MEETING NOTE			
File number:	C2005/1078	Meeting with:	Rayonier
Date:	13 September 2005	Participants:	Mike Claridge Justin Jagers
ACCC Officers:	John Martin Scott Gregson Cameron Martin	Time:	11am
Subject:	Tasmanian Forest Contractors Association – application for authorisation		

On Tuesday 13 September 2005 John Martin (JM), Scott Gregson (SG) and Cameron Martin (CM) met with Mike Claridge and Justin Jagger of Rayonier Australia (RA) to discuss issues relating to the Tasmanian Forest Contractors Association's (the TFCA) application for authorisation in relation to proposed collective bargaining and collective boycott arrangements.

The issues discussed at the meeting are presented below.

The role of the ACCC

ACCC staff outlined the reason for the meeting, discussed the role of the ACCC in assessing applications for authorisation and outlined the public register system.

Rayonier

RA outlined its role as the forest manager of a softwood plantation joint venture between Forestry Tasmania and GMO Renewable Resources.

Forest Contractors

RA noted that it engages 10 harvest contractors, three cartage contractors and 13 silviculture contractors. RA noted that silviculture is a catch all term, and services carried out by these contractors will vary from business to business. RA provided confidential examples demonstrating the differences in contract terms and conditions depending on the specifics of the work in question and the different balance of inputs used by each contractor.

RA expressed that it was surprised to have been named in the application given the good relationship that it has with its contractors.

Contract negotiations

RA noted that harvesting contracts are negotiated using a competitive model with volume tendered. The final contract agreed upon will vary depending on the difficulty of the coupe, with factors such as the slope and the amount of slash cover taken into account.

RA noted that it will also consider the different mix of machinery and equipment used by each contractor when contracting certain tasks. RA noted that its contracts will vary from coupe to coupe. RA noted that most of its harvesting contracts are for five years, which helps the contractors to secure funding. RA noted that they provide

annual performance reviews in accordance with the Forestry Fair Contracts Code 2003.

RA noted that rates can be adjusted over time depending on the coupe and it uses rate matrices to compensate contractors for changes in input prices and task difficulty. These matrices may take into account the cost of fuel, tyres, replacement of equipment and movements in the consumer price index.

Silviculture

RA noted that silviculture demand is seasonal, with certain tasks such as planting only carried out at certain times of the year. The extent to which certain silviculture services are required may also vary between years depending on the number of new plantations being established. RA noted that these factors make it difficult to offer long term certainty to silviculture contractors.

Collective boycotts

RA noted that, were collective boycotts to be used, it would result in a no win situation for the wood companies and the forest contractors. RA noted that it relies on a constant supply of wood, and where this supply is compromised by a collective boycott, it may lead to the various sawmills and pulpmills having to shut down.