

CONTRACTS

Your forest is a valuable asset, and for that reason you must safeguard it and ensure that you are paid properly for the products you sell. While many forest owners in the past sold logs without any written contract, you are strongly advised to have one.

A written contract need not be a large, complicated document. Whether you are selling logs direct to a processor or selling direct to the contractor, at a minimum a contract should deal with the following points:

- The price being paid for log products (and price may differ between product types), the method and frequency of payment and the accounting (log docket) system.
- Timeframes for operations to commence and be completed, including allowances for wet weather and market fluctuations.
- The responsibilities of the various parties in relation to compliance with the Code of Practice.
- The responsibilities of the various parties in relation to management of the operations.
- Arrangements for access into and through the property (gates, boundaries and use of access roads).
- Arrangements for timely and amicable resolution of disputes.

To ensure that your written contract is valid and covers the appropriate issues associate with your harvesting activity you should seek advice from a solicitor.

IN SUMMARY

Selecting a suitable contractor is an important part of harvesting your forest. Private native forest management must comply with the Private Native Forestry Code of Practice. Remember, as the landholder you have a signed agreement with the EPA. It's important that you ensure the contractor is aware of the legal requirements.

If both the landholder and contractor conduct the operation in accordance with the Code you will achieve a sustainable and productive outcome.

We recommended you seek advice from Environment Protection Authority (EPA) PNF officers before undertaking your PNF harvesting operations and to clarify any aspect of the process: www.epa.nsw.gov.au or phone 131555.

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (May 2012). However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of NSW DPI or the user's independent adviser.

Choosing your harvesting contractor

Selecting a contractor and managing a harvesting operation is a daunting task for many. This fact sheet makes this easier for you by providing a step by step guide to complying with the Private Native Forestry Code of Practice and the efficient harvesting of timber products on your property.

MAKING A START

Once you have an approved Property Vegetation Plan with the Private Native Forestry Unit of the Environment Protection Authority (EPA), you will need to consider how to take on a contractor that will harvest and haul logs from your forest.

Some contractors are both harvest and haulage operators and in other cases the harvest and haul are carried out by separate contractors, however for the purpose of this Fact Sheet we will use the term 'the contractor' to cover all these situations.

The contractor you engage depends on the method you adopt for selling timber from your forest. Unless you are planning to process the logs yourself, there are two main options for selling logs from private native forests:

- **Selling direct to a processor such as a sawmill, pole producer or veneer plant.** In this case, the processor will often have one or more preferred contractors, so the selection of a contractor may be taken out of your hands. If you choose to negotiate with the processor to select your own contractor, you will be dealing with both the processor, for payments to you and the contractor in managing the harvesting and haulage operations.
- **Selling direct to a contractor** who then markets the logs once they have left the property. Under this option you select the contractor, who pays you for the logs and recoups harvesting and haulage costs from the processor. Generally you will only be dealing with the contractor, including payments for logs and management of the harvesting and haulage operations.





SELECTING A CONTRACTOR

You may be familiar with the industry in your area and therefore know one or more contractors with the experience and reputation that meets your needs. This may make selecting a suitable contractor relatively straightforward.

If undertaking a harvesting operation for the first time, you may have little or no information on harvesting and haulage contractors in the local area. If you are in this situation, here are a few suggestions for selecting a suitable contractor:

- talk to the local timber processors, who are familiar with harvesting and haulage contractors.
- talk to other forest owners in the area who have had operations on their properties.
- check if there are private native forestry groups or organisations in the local area; they may have useful information on contractors.

Once it becomes known that you are interested in harvesting your forest, it is also likely that processors and/or contractors will make contact with you.

After identifying one or more potential contractors, you should select one on the basis of whether they:

- have experience in operating under the Private Native Forestry Code of Practice.
- can operate in compliance with relevant WH&S regulations.
- are familiar with the Code of Practice and are prepared to operate under the Code on your property.
- carry the relevant insurance coverage to ensure that you are not liable in the event of an accident. Most larger processors only accept logs from contractors with the correct insurance cover.
- hold relevant qualifications and certifications for themselves and their employees for operating machinery and equipment.
- can provide references or examples from other recent jobs they have done.

Even if you are not engaging the contractor yourself and using a contractor engaged by the processor, you should establish with either the processor or the contractor whether the contractor is able to comply with these requirements.

HARVESTING OPERATIONS

Once you have selected the contractor, you can start planning the operation and agree on management principles. You need to be confident that your property will be left in a satisfactory condition when the harvesting is finished. Consult with your contractor about access, drainage, property boundaries and timber waste disposal. Remember, it is your forest: you are in charge. The following recommendations may guide you in this process:

- Develop the Forest Operations Plan (FOP) by spending time with the contractor going over the plan and Operations Map in the field. In particular, you should both agree on where roads and log landings will be located and identify (and if necessary mark) important boundaries shown on the map.
- Agree on a reporting process so that the contractor keeps you up to date on operational matters and especially on any issues relating to compliance with the Code of Practice.
- Keep track of the volume of timber being removed from your property by getting a copy of all log docketts.
- If you decide to take a hands-on approach to managing the operation, agree on when you can regularly visit the operation site. For WH&S reasons you will need a protocol for these visits.

KEEPING TRACK OF YOUR TIMBER

In order to keep track of the timber taken from your forest, make sure the haulage contractor uses a docket book and supplies you with a copy of each docket regularly. Most, if not all contractors use a log book system. Each docket should be numbered and should specify:

- the date (and maybe the time) the truck loaded.
- the landowners name and property details.
- the name of the harvesting contractor.
- the log or product type and species.
- the number of logs and volume or weight of the load (some products such as pulpwood are sold by weight).

The docket should be filled in and signed before it leaves the log dump. Depending on your payment arrangements, you should ensure that the contractor or processor supplies you with a copy of the docket for every load that leaves the property. The docket will then form the basis of payment, whichever payment systems you have agreed on. Everything is up-front and transparent under such a system.