

Wood Supply Agreement

South Coast

SOUTH EAST FIBRE EXPORTS PTY LTD
AND
THE FORESTRY CORPORATION OF NSW

Hardwood Forest
Pulp Logs

June 2018



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TIMBER SUPPLY AGREEMENT

THIS AGREEMENT is made on the 29th day of June 2018

BETWEEN The FORESTRY CORPORATION OF NEW SOUTH WALES, a corporation constituted by the Forestry Act 2012 (FCNSW);

AND SOUTH EAST FIBRE EXPORTS PTY LTD (ABN. 85 000604795) ('Company')

1. DEFINITIONS AND INTERPRETATIONS:

1.1 Definitions:

In this Agreement unless a contrary intention appears:

'Act' means the *Forestry Act 2012* (NSW);

'Agreement' means this agreement;

'Allocation' means Allocation 1 or Allocation 2 as the case may be and 'Allocations' has a corresponding meaning;

"Allocation 1" for a Year means a quantity of Allocation 1 Timber and being a quantity not exceeding 90,000 Tonnes and being the quantity determined for that Year in accordance with clause 4.1 and 4.2;

"Allocation 2" for a Year means a quantity of Allocation 2 Timber and being a quantity not exceeding 50,000 Tonnes and being the quantity determined for that Year in accordance with clause 4.1 and 4.2;

"Allocation 1 Timber" for a Year means Timber comprised of the types of Timber identified in the Specifications as being Allocation 1;

"Allocation 2 Timber" for a Year means Timber comprised of the types of Timber identified in the Specifications as being Allocation 2 Timber;

'Annual Delivery Plan' means the plan, prepared by FCNSW in accordance with clause 8, for the supply of Timber during the Year to which the plan applies;

'Area of Supply' means the Crown timber-lands within that area identified on the map attached at Schedule 3 as the Area of Supply;

'Business Days' means the days Monday to Friday inclusive, but excluding Public Holidays;

'Change in Control' means control of more than 50% of the shares with the right to vote in general meetings of the Company;

'Code of Procedure' is as set out in Schedule 4 as amended from time to time in accordance with this Agreement;

'Commencement Date' means the date specified in Item 1 of Schedule 1;

'Company' includes all employees, servants and agents of the Company;

'Contract Harvesting' includes the felling, extraction, sorting, processing, grading, loading, hauling and delivery of Timber to the Delivery Site and ancillary works including roading, tracking, log dump construction and site rehabilitation by Contractors engaged by FCNSW;

'Contract Harvesting Agreement' means an agreement in writing between FCNSW and a Contractor providing for the Contractor to carry out Contract Harvesting or any part thereof;

'Contractor' means a person under contract with FCNSW to conduct Contract Harvesting operations and includes employees and agents of the Contractor;

'Delivered Price' means the price payable by the Company per Tonne of Timber delivered to the Company under this Agreement;

'Delivery Charge Component' means that part of Delivered Prices that the parties attribute to the cost of Contract Harvesting the relevant Timber;

'Delivery Hours' means the hours specified in Item 4 of Schedule 1;

'Delivery Site' means the location specified in Item 3 of Schedule 1;

'Eden Agreement' means the wood supply agreement between the parties dated the same date as this Agreement providing for FCNSW to supply the Company Timber out of the Eden Management Area for at least 15 years

'Force Majeure' means an event (other than the payment of money or failure to obtain financial accommodation) arising from an act of God, industrial dispute, act or omission of government, war, sabotage, riot, civil disobedience, epidemic, disease, flood, fire, explosion, failure of power supply, accident, natural disaster, calamity, unavailability of essential inputs to the Delivery Site or unlawful act by other persons, or any similar cause which prevents a party from performing its obligations (in whole or in part) under this Agreement, including:

- (a) the expiration of the Regional Forest Agreement signed 24 April 2001 between the State and Commonwealth of Australia without a renewal of that agreement or other arrangement that allows forestry operations in the Area of Supply without approval under the *Environment Protection and Biodiversity Conservation Act*;
- (b) the continuance of the production of woodchips by the Company from Timber supplied under this Agreement in an economic manner is rendered impossible by any cause beyond control of the Company for period of at least 6 months;
- (c) in the case of FCNSW the inability to sell the Sawlogs the supply of which is the primary purpose for carrying out the harvesting operations from which Timber intended to be supplied under this Agreement;

'Former Eden Agreement' means the wood supply agreement between the parties and the State of NSW dated 1 January 1999;

'Insolvency Event' means in respect of a party:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer being appointed in respect of the party or any asset of the party;
- (b) a liquidator or provisional liquidator being appointed in respect of the party;
- (c) a moratorium of any debts of the party or an official assignment or a composition or an arrangement (formal or informal) with the party's creditors or any similar proceeding or arrangement by which the assets of the party are subjected conditionally or unconditionally to the control of the party's creditors being ordered, declared or agreed to;
- (d) the party becoming, or admitting in writing that it is, or being declared to be insolvent or unable to pay its debts;

- (e) any writ of execution, garnishee order or similar order, attachment, distress or other process in an amount exceeding \$10,000,000 (or its equivalent in a foreign currency) being made, levied or issued against or in relation to any asset of the party (which is not stayed, withdrawn or satisfied within 14 days of when it is made, levied or issued);
- (f) the party suspending payments of its debts generally; or
- (g) the party being, or under legislation being presumed or taken to be, insolvent (other than as the result of a failure to pay a debt or claim the subject of a good faith dispute);

'Monthly Delivery Schedule' means a schedule for the month to which it applies, specifying information described in clause 9;

'Monthly Quantity' means the quantity specified in a Monthly Delivery Schedule as the quantity to be delivered in the month to which the Monthly Delivery Schedule applies;

'Salvage Operation' means a harvesting operation to salvage timber that is damaged by fire, insect attack, snow, wind or other natural cause;

'Sawlogs' means timber capable of being converted into sawn timber products;

'Specifications' means the specifications for Timber set out in Schedule 2;

'State' means the state of New South Wales;

'Stumpage Component' means that part of Delivered Prices that the parties attribute to the value of the Timber without taking into account the costs of Contract Harvesting the relevant Timber;

'Threshold Supply' for a Year means 85% of Allocation 1 for that Year;

'Turnaround Time' means the time taken for a log truck to be unloaded by the Company at the Delivery Site, measured by the time between weighing in and weighing out at the weighbridge.

'Term' means the term of this Agreement;

'Timber' means timber that complies with the Specifications;

'Tonne' means green metric tonne;

'Year' means a period of twelve (12) months commencing on 1 July.

1.2 Interpretation

In this Agreement, unless the context requires otherwise:

- 1.2.1 a reference to the Act includes all amendments, regulations, rules, by-laws and proclamations under the Act;
- 1.2.2 words and phrases defined in the Act will have the same meanings attributed to those words and phrases in the Act unless the word or phrase is defined in this Agreement in which case the word or phrase will have the meaning attributed to it in this Agreement;
- 1.2.3 headings are for convenience only and do not affect the interpretation of the Agreement;
- 1.2.4 words importing the singular include the plural and vice versa;

- 1.2.5 words importing a gender include any gender;
- 1.2.6 a reference to a natural person includes a Company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;
- 1.2.7 a reference to any thing includes a part of that thing;
- 1.2.8 a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of and a party, annexure, exhibit and schedule to this Agreement;
- 1.2.9 a reference to a document includes all amendments or supplements or replacements or notations of that document;
- 1.2.10 a reference to a party to a document includes that party's successors and permitted assigns;
- 1.2.11 no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Agreement or any part of it;
- 1.2.12 a reference to dollars or \$ is a reference to the lawful currency of the Commonwealth of Australia.
- 1.2.13 a schedule that forms part of this Agreement can be varied with mutual consent by both parties without varying any further condition or schedule of the contract.
- 1.2.14 a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether of the same or any other legislative authority having jurisdiction);

2. SCOPE OF AGREEMENT

- 2.1 The parties acknowledge that the Timber to be supplied under this Agreement is intended to provide continuity of a supply that FCNSW has been providing from the Area of Supply in part performance of the Former Eden Agreement.
- 2.2 Subject to the terms and conditions set out in this Agreement:
 - 2.2.1 Each Year FCNSW agrees to supply the Allocations to the Company from the Area of Supply;
 - 2.2.2 The Company agrees to pay the Delivered Prices for the Timber.

3. COMMENCEMENT AND DURATION OF AGREEMENT

- 3.1 This Agreement shall commence on and shall remain in force for a term of 15 years from the Commencement Date unless sooner terminated or later extended in accordance with this Agreement.
- 3.2 FCNSW may at the request of the Company made by notice in writing to FCNSW negotiate with the Company for the purpose of extending the Term by 5 years. Subject to clause 5.3 the Term may be extended by more than one 5 year extension.
- 3.3 A request to negotiate may be made by the Company not earlier than 6 years before and not later than 5 years before the end of the Term.
- 3.4 In the event of a request being made in pursuance of clause 3.2 FCNSW shall within three months from the date of the request notify the Company whether it will agree to negotiate with the Company for the purpose of extending the Term.

4. QUANTITIES

- 4.1 Not less than 4 months prior to the commencement of each Year the parties must confer and negotiate in good faith to reach agreement upon:
- 4.1.1 The quantity of Timber that may become available for Contract Harvesting for the Company in the Area of Supply in the Year;
 - 4.1.2 The quantity (if any) of Allocation 1 for that Year with due regard to the quantity that may become available and quantity that the Company wishes to take in the Year;
 - 4.1.3 The quantity (if any) and Specifications of Allocation 2 for that Year with due regard to the quantity that may become available and quantity that the Company wishes to take in the Year
 - 4.1.4 The Delivered Price payable for any such Timber, including the Stumpage Component and Delivery Charge Component of such prices.
- 4.2 Any agreement in terms of clause 4.1 must be in writing and signed by both parties.
- 4.3 Nothing in this Agreement requires FCNSW to make Allocation 1 available in particular proportions of the types of Timber comprising Allocation 1.

5. ACKNOWLEDGEMENT

- 5.1 The Company acknowledges that the Timber comprising the Allocations:
- 5.1.1 may only be economically made available to it and other users of that Timber if it is harvested coincidentally with Sawlogs and other products that have a higher quality and value than Timber; and notes that
 - 5.1.2 the regulatory regime applicable to harvesting timber in State forests requires that the primary purpose of harvesting be the taking of such higher quality and valued timber, and
 - 5.1.3 the quantities of the Timber becoming available from harvesting operations for such higher quality timber varies each Year depending on a number of factors beyond FCNSW's control.
- 5.2 With due regard to the matters set out in clause 5.1 FCNSW must use its reasonable endeavours to supply the Allocations for each Year.
- 5.3 No claim may be made against FCNSW in relation to its obligations to supply the Allocations or any of them if it complies with clause 5.2.

6. SHORTFALL MANAGEMENT

- 6.1 The Company must advise FCNSW in writing of any intention to take less than an Allocation in any Year (specifying the quantity it proposes to take) as soon as practicable and in any event prior to that Year to allow it to be incorporated into the Annual Delivery Plan for that Year.
- 6.2 If, for any reason other than the default of FCNSW, the Company takes less than the Threshold Supply for that Year the Company will on written demand by FCNSW pay to FCNSW an amount equivalent to the Delivered Prices payable on the quantity of Allocation 1 Timber being the difference between the Threshold Supply and the quantity of Allocation 1 Timber taken by the Company in that Year.
- 6.3 If before making a demand under clause 6.2 FCNSW secures an alternative market for the Timber in relation to which it may make the demand any payment received for the alternative sale that is not attributable to FCNSW's costs associated with harvesting and delivering the Timber to the alternative buyer shall be offset against the Stumpage Component of the amount FCNSW was otherwise entitled to demand.

- 6.4 Payment due under **clause 6.2** is payable as pre-estimated and liquidated damages and not as a penalty.
- 6.5 If, in the Year following a Year in which the Company made a payment under **clause 6.2** ('the following Year'), the Company takes more than the Threshold Supply ('excess Timber'), the amount payable for the excess Timber in the following Year will be reduced by the Stumpage Component of the amount paid under **clause 6.2**.
- 6.6 The parties acknowledge that the Company's obligation to pay the Delivery Charge Component of the liquidated damages under **clause 6.2** has been inserted in this Agreement to offset a reciprocal liability FCNSW may have under Contract Harvesting Agreements. FCNSW will use reasonable endeavours to limit its said reciprocal liability under the relevant Contract Harvesting Agreements as a result of the Company's failure to take Timber under this Agreement. The parties acknowledge that the reciprocal liability may include FCNSW's obligation to pay higher rates to its Contractors as a result of making less work available. If FCNSW's reciprocal liability is less than the Delivery Charge Component of the liquidated damages under **clause 6.2** FCNSW must reduce the amount of its demand under **clause 6.2** accordingly.
- 6.7 If for reasons other than Force Majeure or default on the part of FCNSW, the Company fails to purchase Timber of a quantity equal to or greater than:
- 6.7.1 60% of Allocation 1 for 2 consecutive Years in which there is an Allocation 1;
or
- 6.7.2 50% of Allocation 1 in any Year,
- FCNSW:
- 6.7.3 must enter into discussions with the Company for a period of not less than 45 days to determine the reasons for the failure and, if appropriate, any measures that may be taken to prevent a repeat occurrence; and
- 6.7.4 may, at the conclusion of the discussion period, if it forms the view that the Company is unable or unlikely to substantially perform their obligations under this Agreement, terminate this Agreement.
- 6.8 FCNSW must advise the Company in writing of any intention to deliver less than an amount agreed under **clause 4.1** (specifying the quantity it proposes to deliver) as soon as practicable and in any event prior to that Year to allow it to be incorporated into the Annual Delivery Plan for that Year.
- 6.9 If, for any reason other than the default of the Company, FCNSW delivers less than the Threshold Supply for that Year, FCNSW will negotiate in good faith with the Company to reach an agreement on a plan to rectify the shortfall.

7. METHOD OF SUPPLY

- 7.1 Commencing on the Commencement Date, FCNSW will make the Timber that it is required to make available each Year by undertaking Contract Harvesting and delivering the Timber to the Delivery Site.
- 7.2 For the purposes of its compliance with its obligations to make Timber available to the Company in any Year, FCNSW will be deemed to have made available that quantity which it is ready willing and able to make available by Contract Harvesting and not any lesser quantity which it actually makes available at the request of the Company.
- 7.3 Subject always to the parties being able to reach agreement on the conditions which would apply, FCNSW may make part or all of the Allocations to the Company by issuing it with licenses under the Act enabling the Company to harvest and haul Timber from the Area of Supply. Where the Company harvests and hauls Timber under this **clause 7.3**, the Company must comply with conditions of the license issued to it under the Act.

7.4 Despite clause 2.2.1 FCNSW may deliver Timber harvested from other than the Area of Supply.

7.5 Nothing in this Agreement:

7.5.1 entitles FCNSW to determine a separate Delivered Price for Timber harvested from other than the Area of Supply; or;

7.5.2 requires FCNSW to deliver Timber harvested from other than the Area of Supply.

8. ANNUAL DELIVERY PLAN

8.1 The Annual Delivery Plan:

8.1.1 must be based on the Allocations, or other such lesser quantity advised by the Company in accordance with clause 6.1;

8.1.2 must set out indicative information regarding the Monthly Quantities during the Year to which it applies;

8.1.3 must make provision for stockpiling by the Company at the Delivery Site to make provision for adverse weather preventing Contract Harvesting of Timber by FCNSW. The level of stockpiling shall be agreed between the parties but in any case must be sufficient to operate the Delivery Site for at least five (5) days.

8.2 Not later than 30 April in each Year, FCNSW and the Company must confer and negotiate in good faith to reach agreement on an Annual Delivery Plan for the following Year. In default of agreement, the Annual Delivery Plan will be determined by FCNSW in accordance with the matters referred to in clause 8.1 and otherwise providing for Timber to be delivered in approximately monthly volumes equal to 9% (for the months of February to November inclusive) and 5% (for the months of December and January inclusive) of the quantity of Timber to be delivered in the relevant Year.

8.3 If in accordance with clause 8.2 the Company advises FCNSW of an intention to take less Timber than previously advised which requires an amendment of the Annual Delivery Plan, FCNSW and the Company must confer and negotiate in good faith to reach agreement on an amended Annual Delivery Plan.

9. MONTHLY DELIVERY SCHEDULES

9.1 The Monthly Delivery Schedule:

9.1.1 must be based on, but not bound to, the indicative information in the Annual Delivery Plan for the month to which it applies;

9.1.2 must state the Monthly Quantity for the month to which it applies;

9.1.3 must take into account the need for the Company to stockpile Timber at the Delivery Site to make provision for adverse weather preventing Contract Harvesting;

9.1.4 must include any special delivery requirements the Company may have for that month, as agreed between the parties.

9.2 No later than seven (7) days prior to the commencement of each calendar month the parties must confer and negotiate in good faith to reach agreement on a Monthly Delivery Schedule for that month. In default of agreement, the Monthly Delivery Schedule will be determined by FCNSW in accordance with the matters referred to in clause 9.1 and otherwise providing for a Monthly Quantity approximately equal to 9% (for the months of February to November inclusive) and 5% (for the months of December and January inclusive) of the quantity of Timber to be delivered in the relevant Year in accordance with the Annual Delivery Plan.

9.3 FCNSW must provide the Company with the Monthly Delivery Schedule determined by it not less than two (2) Business Days prior to the commencement of the month to which



it applies. Any determination by FCNSW must, as far as is reasonably practicable, take into account the current market requirements of the Company.

- 9.4 If either party wishes to vary a Monthly Delivery Schedule during the month to which it applies, the party must notify the other as soon as practicable and the parties must negotiate in good faith to reach agreement on an amended Monthly Delivery Schedule. In default of agreement the original Monthly Delivery Schedule shall apply.

10. AMENDING OF ANNUAL DELIVERY PLAN OR MONTHLY DELIVERY SCHEDULE

- 10.1 Where any timber in the Area of Supply has been damaged or destroyed by fire, disease or other natural cause or access to timber intended to supply the Allocations is otherwise prevented by Force Majeure, FCNSW may, after consultation with the Company, amend any Annual Delivery Plan or Monthly Delivery Schedule as it deems necessary to facilitate Salvage Operations or to adjust to the unavailability of the timber.

- 10.2 Subject always to:

- 10.2.1 the Company's right to refuse to accept delivery of timber which does not conform to the Specifications or to take Timber in excess of the Allocations; and
10.2.2 Delivered Prices for the Timber involved taking into account any additional costs that the Company can demonstrate to FCNSW's reasonable satisfaction will be incurred by the Company in processing the Timber through the Delivery Site solely by reason of it being harvested in Salvage operations;

the Company must cooperate in FCNSW's efforts to sell Timber arising from Salvage operations.

11. DELIVERY

- 11.1 The Company must accept Timber delivered to the Delivery Site by FCNSW:
11.1.1 substantially in accordance with the Monthly Delivery Schedule; and,
11.1.2 during the Delivery Hours.
- 11.2 Deliveries may occur outside Delivery Hours by arrangement between FCNSW and the Company.
- 11.3 The Company must use all reasonable endeavors to achieve a Turnaround Time not exceeding thirty (30) minutes.
- 11.4 The Company must ensure that all unloading operations are performed in a safe manner.
- 11.5 FCNSW must ensure that all truck drivers delivering Timber to the Delivery Site undertake site induction training provided by the Company at the Company's expense.

12. SPECIFICATIONS

- 12.1 The Company will accept any timber which, when delivered to the Delivery Site, conforms to the Specifications.
- 12.2 Timber will be deemed to conform to the Specifications once it has been unloaded by the Company and the Company does not object under clause 12.3 to its failure to meet the Specifications.
- 12.3 If the Company disputes that timber delivered by FCNSW conforms to the Specifications, the Company must use reasonable endeavours, to advise FCNSW of the dispute as soon as practicable after the timber has been delivered but in any case within five Business Days of delivery of the timber and set the timber aside for inspection and adjudication by a suitably qualified FCNSW representative.

- 12.4 FCNSW must arrange for the inspection and adjudication of disputed timber within five Business Days after receipt of advice referred to in clause 12.3.
- 12.5 Subject to clause 12.7 the Company must accept the determination of the suitably qualified FCNSW representative regarding disputed timber as final and binding.
- 12.6 If a FCNSW representative determines that disputed timber fails to meet the Specifications:
- 12.6.1 FCNSW may arrange for the timber to be re-serviced so that it complies with the Specifications;
- but if FCNSW elects not to re-service or it is not capable of being so re-serviced then
- 12.6.2 the Company may, at its sole discretion, elect to accept delivery of the timber on terms and conditions (including price) to be agreed between the parties; or;
- 12.6.3 if, the Company declines to accept delivery, FCNSW must remove the timber from the Delivery Site within 7 days of the Company declining to accept it, at FCNSW's expense.
- 12.7 If the Company disputes a determination by a suitably qualified FCNSW representative, the Company may appeal to FCNSW General Manager – Hardwood Forests Division within two Business Days of the determination. The Company must accept the determination of that person or that person's nominee regarding disputed timber as final and binding.

13. TITLE AND RISK

- 13.1 Ownership of the Timber comprising the Allocations will pass to the Company on payment for the Timber by the Company to FCNSW.
- 13.2 The risks of ownership of the Timber forming part of the Allocations will pass to the Company once the Timber has been delivered to the Delivery Site and the delivery docket has been signed.

14. DELIVERED PRICES

- 14.1 The prices payable by the Company for Timber delivered to it under this Agreement will be the Delivered Prices for the Timber agreed in accordance with clauses 4.1 and 4.2.

15. NOT USED

16. GOODS AND SERVICES TAX

- 16.1 Delivered Prices and any other consideration for supplies specified in this Agreement do not, subject to the operation of this clause, include any amount in respect of GST unless provided otherwise.
- 16.2 The GST may be imposed on the Delivered Price for Timber delivered under this Agreement.
- 16.3 If GST is or will be imposed on a supply made under this Agreement, the supplier may:
- 16.3.1 increase the consideration otherwise provided for that supply under this Agreement by the amount of that GST; or
- 16.3.2 otherwise recover from the recipient the amount of that GST.
- 16.4 The supplier must ensure that any invoice issued under this Agreement in respect of a taxable supply is a Tax Invoice or Adjustment Note as appropriate or, if no invoice is to be otherwise issued under this Agreement, must issue a Tax Invoice or Adjustment Note as appropriate within 7 days of GST being imposed on a taxable supply made

under this Agreement. Notwithstanding any other provision of this Agreement the payment of any amount by the recipient in respect of a taxable supply is subject to the issuing of the relevant Tax Invoice or Adjustment Note to the recipient.

- 16.5 Costs required to be reimbursed or indemnified under this Agreement must exclude any amount in respect of GST included in the costs for which an entitlement arises to claim an input tax credit provided that the reimbursement or indemnification does not amount to consideration for a taxable supply.
- 16.6 If the consideration for a supply under this Agreement is calculated by reference to the consideration or value of other supplies, in performing that calculation, the consideration or value for those other supplies excludes any amount in respect of GST payable on those supplies.
- 16.7 In the calculation of Delivered Prices by reference to movements in any index, such as the Consumer Price Index:
- 16.7.1 any increase in the index attributable to the introduction or increase in the rate of GST published by the Commonwealth Statistician or similar government body is to be excluded from the index for the purposes of adjusting the consideration;
 - 16.7.2 if the Commonwealth Statistician or similar government body does not publish the increase in the index attributable to the introduction or increase in the rate of GST, FCNSW or the Company may request the president for the time being of the Institute of Chartered Accountants in Australia or an officer of another Australian professional association agreed by FCNSW and the Company to appoint a person to decide the increase in the index attributable to the introduction or increase in the rate of GST for the purposes of this clause;
 - 16.7.3 the person appointed will act as an expert and not an arbitrator;
 - 16.7.4 the expert's decision is final and binding on the parties; and
 - 16.7.5 the FCNSW and the Company must each pay one half of the expert's fee (including expenses) in relation to the decision.
- 16.8 In this clause:
- 16.8.1 Adjustment Note includes any document or record treated by the Commissioner of Taxation as an adjustment note or as enabling the claiming of an input tax credit for which an entitlement otherwise arises;
 - 16.8.2 GST includes any replacement or subsequent similar tax;
 - 16.8.3 GST Act means A New Tax System (Goods and Services Tax) Act 1999 (Cth);
 - 16.8.4 New Tax System changes has the same meaning as in the Trade Practices Act 1974 (Cth); and
 - 16.8.5 Tax Invoice includes any document or record treated by the Commissioner of Taxation as a tax invoice or as enabling the claiming of an input tax credit for which an entitlement otherwise arises.
 - 16.8.6 Terms defined in the GST Act have the same meaning in this clause unless provided otherwise.

17. PAYMENT

- 17.1 FCNSW will issue monthly invoices, or at the option of FCNSW the Company will issue monthly Recipient Created Tax Invoices for the Timber delivered to the Company.
- 17.2 The Company must by Electronic Funds Transfer into an account specified by FCNSW pay any amounts owing to FCNSW under any invoice by the end of the month following the month during which the invoiced Timber is delivered.

- 17.3 If the Company fails to pay an invoice on the due date for payment of that invoice, FCNSW may suspend the Company's right to obtain Timber under this Agreement until payment together with any interest due is made.
- 17.4 If the Company does not accept delivery of Timber harvested in accordance with the Monthly Delivery Schedule or agreed changes to the Monthly Delivery Schedule, FCNSW may estimate the quantity of that Timber and issue an invoice to the Company within 30 days of that Timber being harvested as if the estimated quantity had been accepted by the Company. Any such invoice will be deemed to be an invoice for Timber delivered to the Company and the provisions of clauses 17.2 and 17.3 will apply to it. The invoice will be accepted by the Company as pre-estimated and liquidated damages and not a penalty.
- 17.5 Where the Company pays an invoice issued under clause 17.4 and the relevant Timber are subsequently accepted by the Company, FCNSW will adjust its invoices to take into account the previous payment.

18. MEASUREMENT

- 18.1 The Timber delivered by FCNSW to the Delivery Site must be measured as provided under the Code of Procedure. The Code of Procedure may be amended by FCNSW from time to time as may be considered necessary by FCNSW, acting reasonably. FCNSW will consult with and take into account any comments of the Company before any amendments are effected or implemented.
- 18.2 The Company will provide access to the weighbridge located at the Delivery Site and will provide weight details for each load of Timber delivered to the Delivery Site under this Agreement, at no cost to FCNSW or any Contractor.
- 18.3 The Company must maintain and verify the weighbridge as required by the manufacturer's specifications and otherwise in accordance with the Code of Procedure. FCNSW may from time to time undertake an independent verification of the operation and accuracy of the weighbridge at its sole cost.
- 18.5 The information produced by the weighbridge referred to in this clause 18 must be in any format reasonably requested by FCNSW in order to facilitate the efficient preparation by FCNSW of sales accounts and contractor payments providing that compliance with FCNSW request does not impose an unreasonable cost burden on the Company.

19. COMPANY'S OBLIGATIONS

- 19.1 The Company will maintain sufficient log stocks at the Delivery Site to allow the Delivery Site to continue operating in difficult supply conditions or where delivery is restricted due to adverse weather conditions, within the constraints of maintaining log quality.
- 19.2 The Company must comply with:
- 19.2.1 the provisions of the Act;
 - 19.2.2 conditions of licenses issued to it under the Act; and
 - 19.2.3 the Code of Procedure.

20. FCNSW OBLIGATIONS

- 20.1 FCNSW will use its best endeavors to supply Timber substantially in accordance with the Monthly Delivery Schedules.

21. INDEMNITY AND INSURANCE

- 21.1 The Company indemnifies FCNSW against all actions, proceedings, claims, demands and expenses by any person in respect of or arising out of the negligent performance by the Company of its obligations under this Agreement.
- 21.2 FCNSW indemnifies the Company against all actions, proceedings, claims, demands and expenses by any person in respect of or arising out of the negligent performance by FCNSW of its obligations under this Agreement.
- 21.3 The Company will take out and maintain Public Liability Insurance with a licensed insurance company in an amount not less than \$10 million for each and every occurrence and not limited in the aggregate for any one period of claim.
- 21.4 FCNSW will maintain Public Liability Insurance to cover public liability under this Agreement.

22. SALE OF TIMBER TO OTHER PERSONS

- 22.1 Subject to **Clause 5**, FCNSW reserves the right to:
- 22.1.1 supply timber, products and forest materials from the Area of Supply;
 - 22.1.2 issue licences to obtain timber, products or forest materials within the Area of Supply;
 - 22.1.3 sell part or all of the Allocations not taken or proposed to not be taken by the Company in any Year; or,
 - 22.1.4 sell any Timber which does not form part of the Allocations; to any other person.

23. SECURITY

- 23.1 The Company must provide and maintain security ('security') for the performance of its obligations under this Agreement in a sum determined by FCNSW from time to time. Each Year of the Term the amount of the security determined by FCNSW may not exceed the maximum amount which would be payable by the Company for Timber delivered during any eight (8) week period assuming that Timber was delivered in accordance with the Annual Delivery Plan for that Year ('secured amount').
- 23.2 The security must:
- 23.2.1 be in a form approved by FCNSW; and
 - 23.2.2 be lodged within fourteen (14) days of written request by FCNSW.
- 23.3 FCNSW may, after advising the Company, draw upon the secured amount to cover any loss or damage caused by the Company's breach of its obligations under this Agreement.
- 23.4 If FCNSW draws on the secured amount under this Agreement but does not terminate this Agreement as a result of the breach or if FCNSW gives written notice of an increase in the secured amount, then the Company must provide additional security on FCNSW written request so that the secured amount is maintained at the level determined under **clause 23.1**.
- 23.5 FCNSW may suspend the Company's rights to obtain Timber under this Agreement if the Company fails to lodge the security when requested to do so.
- 23.6 FCNSW must release the security to the Company after the expiration of 6 months of the date of termination of this Agreement if no money is due to FCNSW.

24. FORCE MAJEURE

- 24.1 If the Company is prevented from taking Timber by Force Majeure and:

- 24.1.1 the Force Majeure was not caused by any unlawful act or omission on the part of the Company or any employee or agent of the Company;
- 24.1.2 the Company had taken all reasonable or practicable precautions to prevent the Force Majeure; and
- 24.1.3 the Company has made all reasonable efforts to contain the effect of the Force Majeure,

then the Company may apply to FCNSW for suspension or modification of its obligations under this Agreement to the extent that its obligations have been affected by the Force Majeure.

- 24.2 Where the Company makes application under clause 24.1, FCNSW will negotiate with the Company in good faith to review the Allocations taking into account the effect of the Force Majeure event on the productive capacity of the Company, but subject to the obligation on the Company to do all things necessary or practicable to mitigate the effect of the Force Majeure on the functions and obligations of FCNSW under this Agreement and the Act.
- 24.3 Where the Company applies for suspension or modification of its obligations under clause 24.1 and the relief granted results in the Timber harvested being less than 50 percent of the maximum quantity that may comprise Allocation 1 in any two consecutive Years, the Agreement may be terminated by FCNSW or the Company by notice in writing to the other party.
- 24.4 If FCNSW is prevented from performing all or any of its obligations under this Agreement by reason of the Force Majeure:
 - 24.4.1 the Company will have no claim against FCNSW or the State of New South Wales for non-fulfilment of FCNSW's obligations under this Agreement, to the extent that the non-fulfilment is due to the event of Force Majeure;
 - 24.4.2 FCNSW will use its best endeavours to assist the Company to locate an alternative supply of Timber from Crown-timber land, until FCNSW is able to resume supply of the Allocations. To resolve any doubt FCNSW will have no obligations to deliver such Timber and FCNSW will not be liable to meet any costs associated with the Company obtaining an alternative supply; and
 - 24.4.3 if FCNSW is unable to resume the performance of its obligations within a period of 6 months from the date of the occurrence of the Force Majeure or date when the occurrence of the Force Majeure first became apparent (the 'relevant date') either party may terminate the Agreement by notice. The right to give notice under this clause 24.4.3 must be exercised within a period of 9 months from the relevant date and in this regard time will be of the essence.
- 24.5 A party affected by an event of Force Majeure must give initial notice of the existence or occurrence of the event of Force Majeure as soon as is practicable to do so and in any case it must provide a more detailed notice within thirty (30) days of the event of Force Majeure being apparent which provides clear details of the event or occurrence claimed as Force Majeure and setting out particulars of the likely effects of the event or occurrence in question.
- 24.6 If the Company fails to comply with the notice requirements under clause 24.5, FCNSW will be entitled to take the consequences of this failure into account in assessing the effect and mitigation of the Force Majeure under clause 24.2.
- 24.7 If FCNSW fails to comply with the notice requirements under clause 24.5 the Company may require FCNSW to supply details of any alternate supplies of Timber which could be made available to the Company to mitigate the consequence of late notification.

25. PRIORITY OF SUPPLY

- 25.1 If a Force Majeure event results in a reduction in the yield of Timber within the Area of Supply then FCNSW must allocate the available Timber to the Company and other persons, with contracts with FCNSW for the supply of Timber from the Area of Supply, in proportion to their respective entitlements under their contracts.
- 25.2 The Company will have no claim against FCNSW for non-compliance with its obligations to make the Allocations available if FCNSW, as far as is reasonably practicable, supplies Timber in substantial compliance with clause 25.1.

26. LIMITATION OF LIABILITY

- 26.1 Where FCNSW is in breach of this Agreement by reason of any failure to supply or deliver Timber any claim for loss suffered by the Company will be limited to the lesser of;
- 26.1.1 the loss, damage or expense which would be incurred by the Company as a direct result of obtaining the Timber (which FCNSW failed to make available, supply or deliver) from the most economical alternative source; or
- 26.1.2 the Company's loss of profits.
- 26.2 Except where this Agreement otherwise provides, if the Company is in breach of this Agreement by reason of any failure to take timber, any claim for loss suffered by FCNSW will be limited to any loss, damage, or expense incurred by FCNSW as a direct result of the failure of the Company to take the timber under this Agreement.

27. TERMINATION OF AGREEMENT

- 27.1 FCNSW may terminate this Agreement if the Company:
- 27.1.1 suffers an Insolvency Event.
- 27.2 If the Company commits a material breach of this Agreement and the default is not remedied by the Company to the satisfaction of FCNSW within a period of thirty (30) days after notice of the breach has been served on the Company, then FCNSW may terminate this Agreement. A material breach includes without limitation:
- (i) failing to take the quantities of Timber prescribed in clause 6.7.1 or 6.7.2 and the procedure contained in clause 6.7.3 and 6.7.4 has been complied with;
 - (ii) failing to accept Timber in breach of clauses 11.1;
 - (iii) failing to make payments in breach of clause 17.2;
 - (iv) failing to provide security or to adjust or vary the secured amount in breach of clause 23;
 - (v) purporting to assign the whole or any part of this Agreement without the consent of FCNSW in breach of clauses 31;
 - (vi) if the Eden Agreement is terminated..
- 27.3 If FCNSW commits a material breach of this Agreement and the default is not remedied by FCNSW to the satisfaction of the Company within a reasonable period after notice of the breach has been served on FCNSW, then the Company may terminate this Agreement. A material breach includes without limitation failing to supply the Allocations in breach of clause 2.1.1.
- 27.4 The party terminating this Agreement arising from the default of the other party may claim damages for all loss arising from the default unless the claim for damages is excluded under this Agreement.

28. DISPUTES

The following procedures will apply to disputes under this Agreement:

- 28.1 The party claiming a dispute must first seek resolution by negotiation and, failing that, the dispute must be referred to mediation by the Australian Disputes Centre ('ADC').
- 28.2 In the event that the dispute has not been resolved within twenty eight (28) days after the appointment of a mediator then, unless otherwise agreed in writing between the parties, the dispute must be submitted to arbitration, administered by ADC.
- 28.3 The arbitrator will be agreed between the parties or, failing agreement, shall be appointed by the Secretary-General of the ADC or similar body. The arbitrator must not be the same person as the mediator.
- 28.4 Any mediation or arbitration proceedings must be held in Sydney. Any arbitration must be undertaken in accordance with and subject to the Institute of Arbitrators Rules for the conduct of Commercial Arbitration.
- 28.5 The Arbitrator or some person appointed on the Arbitrator's behalf may investigate the Company's and FCNSW's affairs and accounts so far as may be necessary to assist the Arbitrator to determine any matter referred for arbitration. The Company and FCNSW must give the Arbitrator full access to all accounts and papers necessary for that purpose and must afford the Arbitrator full information and assistance.
- 28.6 The provisions of this clause 28 will not apply to clause 23.

29. WAIVER

- 29.1 Agreement by FCNSW to an Annual Delivery Plan or Monthly Delivery Schedule or amendment thereto which provides for the Company to take less than the Allocations in any Year will not constitute a waiver of any obligation imposed, or right given, by this Agreement.
- 29.2 A party does not waive a right or power simply because it fails to exercise or delays exercising that right or power. A single exercise of a right or power does not prevent exercising it again or exercising any other right or power. A right or power may only be waived in writing signed by the party to be bound by the waiver.

30. VARIATION

- 30.1 This Agreement contains the total understanding of the parties.
- 30.2 None of the provisions of this Agreement may be varied, waived, discharged or released either at law or in equity, unless by the express consent of the parties in writing.

31. ASSIGNMENT

- 31.1 Subject to clause 31.3 the Company shall not without the prior consent of FCNSW assign its rights and responsibilities under this Agreement to any person.
- 31.2 If the Company is a corporation, any Change in Control of the Company (or if the Company is a subsidiary, any Change in Control of its holding company) will be deemed to be an assignment of the Company's rights and entitlements under this Agreement.
- 31.3 The Company may assign its interest in this Agreement to Allied Natural Wood Exports Pty Ltd ACN 607 144 089 ("ANWE") without prior consent of FCNSW but subject to the Company and ANWE providing not less than 30 days notice of the proposed assignment.
- 31.4 In considering whether to give its consent to any proposed assignment FCNSW shall have regard to the public interest and in particular may take into account the capacity of the proposed assignee to perform the Company's obligations under this Agreement, the

acceptability of the proposed assignee to the State of NSW, the quantum of any consideration paid or to be paid to the Company by the proposed assignee, the likely socio-economic effects of the proposed assignment, possible future developments in the industry and any other matter it thinks fit, provided that its consent shall not be unreasonably withheld.

- 31.5 Any such consent given by FCNSW may be subject to such conditions as may be determined by FCNSW and accepted by the assignee but without limiting the generality of the foregoing shall be subject to the assignee executing all agreements and other documents which FCNSW considers necessary for the purpose of ensuring that the assignee shall be subject to all the obligations and conditions imposed upon the Company by this Agreement so far as they remain in force and are capable of taking effect.

32. INTEREST

- 32.1 In the event that the Company fails to pay any money due to FCNSW when required to do so by this Agreement, interest will accrue on all unpaid money from the date of default until payment in full at the rate of interest per annum 3% higher than the rate of interest payable at the date of default under section 101 of the Civil Procedure Act 2005(NSW).

33. NOTICE

- 33.1 Any notice required to be served on a party under this Agreement may be served at the address for service provided for the party under Item 2 of Schedule 1.
- 33.2 The parties may change the address for service of notice from time to time by notice in writing to the other party.
- 33.3 A notice under this Agreement must:
- 33.3.1 be in writing and directed to the other party as specified in clause 33.1 or the address last notified by the intended recipient to the sender; and
 - 33.3.2 forwarded to the address or the email address of that party.
- 33.4 A notice under this Agreement will be deemed to be served:
- 33.4.1 in the case of delivery in person – when delivered to the recipient's address for service and a signature received as evidence of delivery;
 - 33.4.2 in the case of delivery by post – within three business days of posting;
 - 33.4.3 in the case of delivery by email, on receipt of confirmation by the sender that the recipient has received the email.
- 33.5 Despite the preceding clause, if delivery or receipt of a communication is on a day which is not a business day in the place to which the communication is sent or is later than 5 pm (local time in that place) it will be deemed to have been duly given or made at 9 am (local time at that place) on the next business day in that place.

34. GOVERNING LAW

- 34.1 This Agreement is governed by the laws of New South Wales and the parties agree to the jurisdiction of the Courts of New South Wales.

35. SEVERABILITY

- 35.1 If any provisions of this Agreement are held to be invalid, illegal, or unenforceable by a Court or other tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

36. CONFIDENTIALITY

36.1 The parties acknowledge that this Agreement is a class 3 contract for the purposes of section 31 of the Government Information (Public Access) Act 2009 and consequently a copy of this Agreement is required to be included on FCNSW's government contract register.

36.2 A party must not disclose:

- 36.2.1 any information or documents received by it in connection with the negotiation of this Agreement;
- 36.2.1 any information or documents received by it in connection with or pursuant to the provisions of this Agreement;
- 36.2.3 any information including without limitation Delivered Prices and related invoices calculated or determined or agreed upon in accordance with this Agreement;

without the prior written consent of the other party, except to the extent that:

- 36.2.4 the information is available to the public generally;
- 36.2.5 that party is required to make the disclosure by law or to make any filing, recording or registration required by law;
- 36.2.6 the disclosure is necessary or advisable for the purpose of obtaining any consent, authorisation, approval or licence from any public body or authority;
- 36.2.7 it is necessary that the disclosure be made to any taxation or fiscal authority;
- 36.2.8 the disclosure is made on a confidential basis to the professional advisers of that party for the purpose of obtaining advice in relation to this Agreement or the enforcement of this Agreement or otherwise for the purpose of consulting those professional advisers;
- 36.2.8 The disclosure is made on a confidential basis to a potential financier of the party, purchaser of the party or shares in the party, or assignee of the party's interest in this Agreement;
- 36.2.9 the disclosure is required or desirable to be made in pursuance of any procedure for discovery of documents and any proceedings before any court, tribunal or regulatory body.
- 36.2.10 in the case of FCNSW the disclosure is for the purpose of briefing the Minister administering the Act or any person nominated by that Minister for the purpose of briefing the State of NSW in relation to the arrangements between FCNSW and the Company.

36.3 The parties acknowledge that a disclosure in breach of this clause will prejudice their respective legitimate business, commercial, professional and financial interests and will found an action for breach of confidence.

37. COSTS

37.1 The Company will bear all the expenses and costs of, and incidental to, the stamping of this Agreement.

37.2 Other than as provided in clause 37.1 each party will bear its own costs of, and incidental to, the preparation, negotiation and execution of this Agreement.



EXECUTED AS AN AGREEMENT

EXECUTED for and on behalf of
THE FORESTRY CORPORATION
OF NEW SOUTH WALES
by its delegate

N.J.V. Rosendo

in the presence of:

Witness

M. Gredy

Delegate

SOUTH EAST FIBRE EXPORTS PTY LTD

by [its sole director] or
[2 directors] or [a director and the company
secretary]

Director/Secretary

Director

Schedule 1

ITEM 1

Commencement Date: 1 July 2018

ITEM 2 – CONTACT DETAILS OF THE PARTIES

(a) Company

Company Name: SOUTH EAST FIBRE EXPORTS PTY LTD	
Name(s) of Principal(s):	Malcolm McComb and Ian Sedger
Australian Company Number:	000 604 795
Australian Business Number	ABN 85 000 604 795
Business Address:	JEWS HEAD, EDROM ROAD, EDEN NSW 2551 AUSTRALIA
Telephone Number(s):	03 9621 7900
E-mail	m.mccomb@anwc.com.au , info@anwc.com.au

(b) FCNSW

Title:	THE GENERAL MANAGER – HARDWOOD FORESTS
Business Address:	THE FCNSW, PO Box 100, BEECROFT NSW 2119
Telephone Number:	02 9872 0111
Email	Dean.Anderson@fcnsw.com.au

ITEM 3

Delivery Site	CHIPMILL AT JEWS HEAD, EDROM ROAD, EDEN NSW 2551 AUSTRALIA
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ITEM 4

Delivery Hours	06:00 – 20:00 Mon-Fri
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Schedule 2

SPECIFICATIONS

Doc No. FS FOR WI-02.0

Rev 2.0

Issue Date: 01/12/2016

A. Allocation 1 Specifications

Three common Log Grades are included in Allocation 1 Specifications, these are E0, E1 and E2.

1. Purpose

This document sets out the specification for hardwood pulpwood from NSW native forest harvesting operations.

2. Load Sizing

Three types of load classifications are recognised:

a) E0 - Selected High Pulp Yield Species

- These are loads where all pieces are under 80cm large end diameter. Split wood from solid logs (no pipe defect) is allowed.
- Silvertop Ash, Alpine Ash, Shining Gum and White Ash thinnings from native forest stands.
- Silvertop Ash regrowth, Alpine Ash White Ash and Silver Wattle logs from integrated operations.
- Shining Gum logs from plantations and regrowth.
- If Alpine Ash, Silvertop Ash, White Ash, Shining Gum and Silver Wattle has internal pipe defect, then any piece size < 40cm is E1 and > 40cm is E2

b) E1 - Under 40cm

- These are loads where all pieces are under 40cm large end diameter. No split wood is allowed.

c) E2 - Over 40cms and under 80cms

- These are loads of acceptable species where all pieces present are not more than 80cm large end diameter and at least one piece is greater than 40cm large end diameter. Split wood is allowed.

3. General Specifications

Logs must meet these specifications:

- Free of all Charcoal
- All log timber must be supplied with 100% of outer bark removed
- The length of all logs must be between 2.0 metres and 12.0 metres
- Logs must be flush trimmed and shattered ends and jagged slovens must be removed
- Logs must be harvested from green standing trees or from previously fallen trees which have not completely dried out
- Logs are to be free of pronounced bends or sharp sweep. Gradual sweep is acceptable
- Logs greater than 80cm at widest point must be split so that all pieces become less than 80cm
- Logs with a pipe of 20cm or greater must be split and all rot removed
- Split logs must be completely clean of all rot
- SEDUB 10cm minimum (either whole or split logs)
- Spiral grain less than half diameter over 2.4 metres

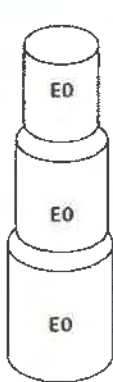
4. Defect tolerances

- For logs under 40cm diameter, defect must not exceed 50% of the diameter
- For logs all sizes there must be an average of 10cm of solid wood between the pipe and the outside circumference of the log.

Schedule 2

DESIRABLE PULPWOOD SPECIES		
Common Name	Size Class (cm piece size)	
	0 - 40	> 40 - 80
Alpine Ash (<i>E.delegatensis</i>) Regrowth	E0	E0
Shining Gum (<i>E.nitens</i> ,) - Plantation & regrowth	E0	E0
Silvertop Ash (<i>E.sieberi</i>) - Regrowth	E0	E0
White Ash (<i>E.fraxinoides</i>) - Regrowth	E0	E0
Silver Wattle (<i>A.dealbata</i>) - Regrowth	E0	E0
Black Wattle (<i>A.mearnsii</i>)	E1	E1
Blackwood (<i>A.melanoxydon</i>)	E1	E1
Alpine Ash (<i>E.delegatensis</i>) - with pipe defect	E1	E2
Shining Gum (<i>E.nitens</i> ,) - with pipe defect	E1	E2
Silvertop Ash (<i>E.sieberi</i>)	E1	E2
Cut tail (<i>E.fastigata</i>)	E1	E2
Manna Gum (<i>E.viminalis</i>)	E1	E2
River Peppermint (<i>E.elata</i>)	E1	E2
Blue Gum (<i>E.globulus</i> ssp.)	E1	E2
Maidens Gum (<i>E.maidenii</i>)	E1	E2
Gully Gum (<i>E.smithii</i>)	E1	E2
Swamp Gum (<i>E.ovata</i>)	E1	E2
Blackbutt (<i>E.pilularis</i>)	E1	E2
Sydney Blue Gum (<i>E.saligna</i>)	E1	E2
White Ash (<i>E.fraxinoides</i>)	E1	E2
Spotted Gum (<i>Corymbia.maculata</i>)	E1	E2
Sydney Peppermint (<i>E.piperita</i>)	E1	E2


LOG SEGREGATION DIAGRAM FOR DESIRABLE SPECIES



Stump diameter
under bark(cm)


<80

E0



<40

E1



>40 - 80


E2

Notes Desirable species are measured on piece size at widest point
All split wood (except mountain ash, white ash, alpine ash, shining gum and wattle) is E2

Schedule 2

UNDESIRABLE PULPWOOD SPECIES			
Common Name	Size Class (cm at stump)		
	0 - 40	> 40 - 60	60+
Messmate (<i>E.obliqua</i>)	E1	E2	No
Grey Gum/Monkey Gum (<i>E.cypellocarpa</i>)	E1	E2	No
Yellow Stringybark (<i>E.muellerana</i>)	E1	E2	No
White Stringybark (<i>E.globoidea</i>)	E1	E2	No
Red Stringybark (<i>E.macroryncha</i>)	E1	E2	No
Brown Stringybark (<i>E.baxteri</i>)	E1	E2	No
Mahogany (<i>E.botryoides/ E.robusta</i>)	E1	E2	No
Apple-topped Box (<i>E.angophoroides</i>)	E1	E2	No
Blue Leaf Stringybark (<i>E.agglomerata</i>)	E1	E2	No
Mountain Gum (<i>E.dalrympleana</i>)	E1	E2	No
Candle Bark (<i>E.rubida</i>)	E1	E2	No


LOG SEGREGATION DIAGRAM FOR UNDESIRABLE SPECIES



Stump diameter
under bark(cm)

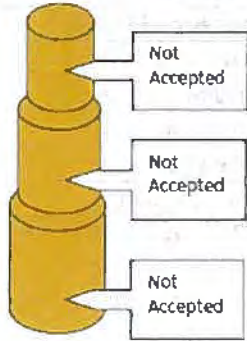
0 - 40

E1



> 40 - 60

E2



60+

Not Accepted

Notes Undesirable species are at stump measurement under bark
 Stump diameter is measured at half stump diameter above ground level.
 All split wood (except mountain ash, alpine ash, Shining Gum and wattle) is E2

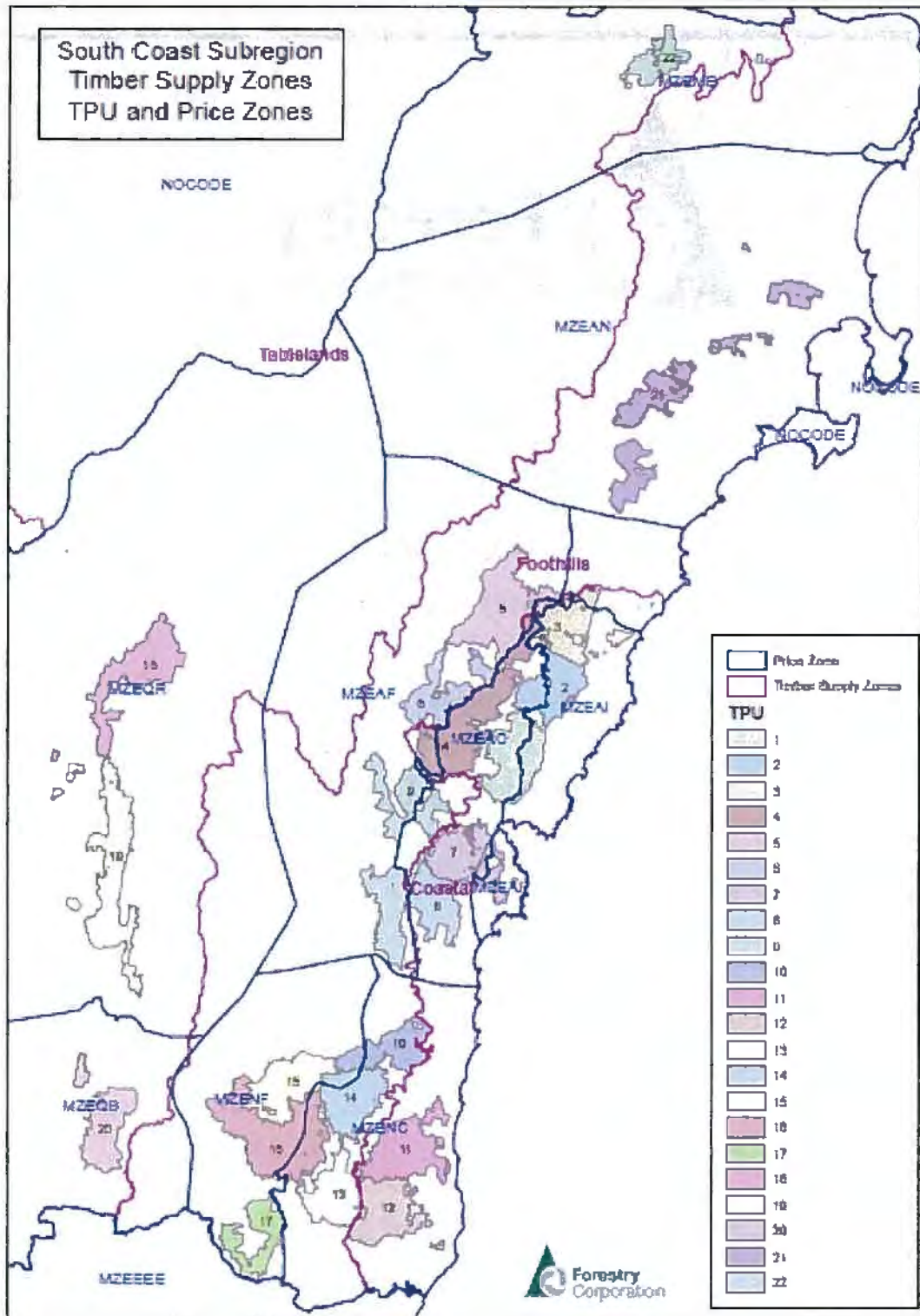
PULPWOOD SPECIES NOT ACCEPTED	
Common Name	Scientific Name
Ironbark	(<i>E.tricarpa</i>)
Woollybutt	(<i>E.longifolia</i>)
Greybox, Redbox	(<i>E.bosistoana, E.polyanthemos</i>)
Yertchuk	(<i>E.consideniana</i>)
Bloodwood	(<i>E.gummifera</i>)
Broad Leaf Peppermint	(<i>E dives</i>)
Narrow Leaf Peppermint	(<i>E.radiata/ E.croajingolensis</i>)

B. Allocation 2 Specifications

Specifications for Eucalypt Low Fibre (ELF) Pulp Log Grade Logs are to be negotiated in good faith prior to commencement of Allocation 2 consistent with Clause 4.1.

Schedule 3

MAP OF AREA OF SUPPLY



Schedule 4

CODE OF PROCEDURE



CUSTOMER
CODE OF PROCEDURE

FOR

HARDWOOD MILL DOOR SALES
SOUTH COAST

JANUARY 2015

Schedule 4

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Schedule 4

SECTION 1: MEASURING AND MARKING OF LOG PRODUCTS

1.1 Measuring of Log Products

1.1.1 Sale by volume

Forestry Corporation of NSW (FCNSW) must ensure that Log Products which are sold by volume are measured in accordance with Table 1.

Table 1: Log Measurement

PRODUCT	LENGTH	DIAMETER
Quota, smalls, veneer, and salvage	Actual length in decimetres rounded down to the next whole decimetre	Actual centre diameter under bark in centimetres rounded down to the next whole centimetre
Standard poles	Nominal length in decimeters rounded down to multiple of 15 decimeters	Groundline diameter underbark at 20dms, in millimeters
Piles and girders	Actual length in decimeters rounded down to the next whole decimeter	Toe diameter underbark in millimeters
Non-standard poles	Nominal length in decimeters	Groundline diameter underbark at 20dms, in millimeters

1.1.2 Sale by weight

Firewood and pulpwood are the only products that can be sold by weight at this stage. Either a weighbridge or truck scales will be used to determine the product weight.

1.2 Marking of Log Products

1.2.1 Log Product Code

The product is recorded against the log tag, validated in the hand held and printed on the docket.

1.2.2 Species Code

For products sold by volume, species is recorded against the log tag and printed on the docket as a three letter code (delivery docket symbol).

Table 3: Species Code

Species Code	Delivery Docket Symbol	Species
1	IBK	Ironbark
3	GBX	Grey Box
4	BG	Blue Gum
6	SG	Spotted Gum
8	BBT	Blackbutt
9	RM	Red Mahogany
10	MM	Messmate
11	FAS	Fastigata
12	VIM	Viminalis
15	TRP	Turpentine
16	GG	Grey Gum

Schedule 4

Species Code	Delivery Docket Symbol	Species
17	WM	White Mahogany
18	WS	White Stringybark
20	RG	Forest Red Gum
22	HWD	Hardwoods mixed
23	BLW	Bloodwood
24	BLS	Blue Leaf Stringy
25	PEP	Peppermint
26	QBX	Whitetopped box
28	SBA	Smoothbark Apple
31	YBX	Yellow Box
39	DAL	Mountain Gum
40	BAN	Bangalay
41	YS	Yellow Stringy Bark
42	YER	Yertchuk
43	STA	Silver Top Ash
44	SHG	Shinning Gum
45	WA	White Ash
46	WBT	Woolly Butt
47	MKG	Monkey Gum
50	MDG	Maiden Gum
51	ASH	Alpine Ash

1.2.3 Log Tagging

FCNSW must ensure that all log products sold by volume are tagged, with the following data recorded against each tag:

- Species
- Product
- Length
- Diameter
- Log Grader
- Cpt/SF

This information will appear on printed E-dockets for each log along with the tag number.

Barcode tags will be applied to the large end of log products with two staples, one at each end of the tag.

1.2.4 Hammer Branding of Grader Id

Log grader is recorded against the log tag and the name of the log grader printed on the docket.



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1.2.5 Log Marking Format

Logs will be marked at the large end in the format shown in Figure 1 or Figure 2. With log products sold by volume, all log details are recorded against the tag and these details are printed on the delivery docket.

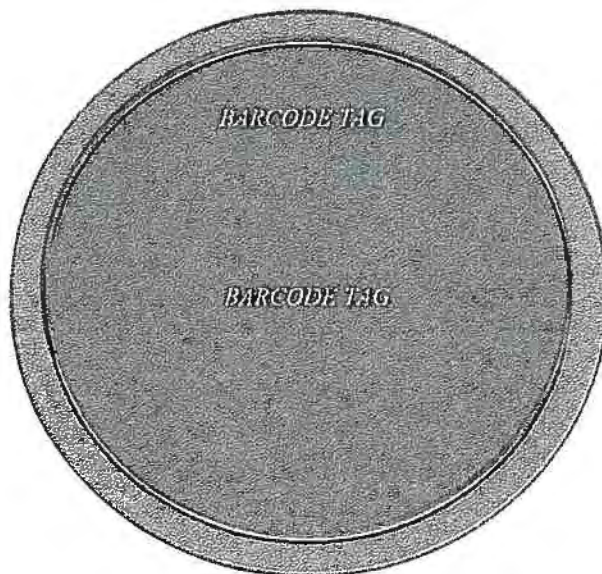
Figure 1 - Log Marking Format



Sale by volume

Where a log is multi-graded, i.e. two products in the one log, both tags will be included on the large end of the log as shown in Figure 2 below. The estimate where the change in grade of a log is determined is to be marked on the log with a stripe of paint. No log will be sent with more than three grades.

Figure 2 - Log Marking Format – Multi-graded Logs



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SECTION 2: DELIVERY DOCKETS

Load details will be recorded on a Delivery Docket prior to removal of log products from the loading point and a copy of the Delivery Docket will be carried with the load. Delivery Dockets take the form of either an Electronic Docket (E-Docket) or a Manual Delivery Docket from a Delivery Docket Book. E-Dockets are the primary format. A printed E-docket as well as an electronic (I-button) copy will be carried with the load wherever possible. If a system failure occurs, Manual Delivery Dockets will be used as outlined in section 2.2 and will be re-recorded as E-Dockets.

Completion of Delivery Dockets

2.1 E-Dockets

FCNSW must ensure that, prior to departure from the Loading Site, the following details are completed on the E-Docket:

- Manual Docket number (only where the E-Docket relates to a manual docket)
- Customer/Destination
- Fleet No (Haulage Contractor, Truck and Trailer Registration, Tare and number of axles)
- Species
- Product
- Length (where relevant)
- Sub Location (log dump/stack number)
- Log Count (where relevant)
- Gross Weight (where relevant)

Where logs are to be accounted for by volume, the following additional details will be recorded for each log on the load:

- Barcode Tag Number
- Length (refer to Table 1)
- Diameter (refer to Table 1)
- Species Code (refer to Table 3)
- Product
- Log Grader

In the case of non-standard poles, the length, the number of poles of that length and the product will be entered on the E-Docket.

FCNSW must ensure that the Haulage Contractor signs the E-Docket and that the E-Docket details are transferred to the Haulage Contractor's 'I-Button' successfully.

2.2 When Manual Dockets are required

Electronic delivery docketing (EDD) replaces the system of manual pre-printed delivery docket books. However in a few circumstances, loads will be recorded on a Manual Delivery Docket:

- Where a Harvesting Contractor's HH is not available / operable at the time of loading;
- Where a proposed load cannot be entered successfully on a Harvesting Contractor's HH
- Where directed by FNSW, for example from a holding yard to another customer.

In the case of 1, for sale by volume, the Manual Delivery Docket will have the log's barcode number included. The number recorded shall be the barcode number commencing with the first digit greater than "0", i.e. 001AF3 will be recorded as 1AF3. These Manual Delivery Dockets will be re-recorded by the Harvesting Contractor as E-Dockets as soon as the Harvesting Contractor's HH is available.

Where the Harvesting Contractor has re-entered the Manual Delivery Docket as an E-Docket, the manual delivery docket number will be entered on the E-docket. The E-Docket is to be printed and the original copy will be forwarded to the Customer with the next available load to the Customer.

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The Harvesting Contractor will ensure that the E-Docket accurately reflects the original Manual Delivery Docket. If, in the process of entering the E-Docket, the Harvesting Contractor identifies an error on the Manual Delivery Docket, the Harvesting Contractor will enter the correct information on the E-docket.

In the case of 2, these Manual Delivery Dockets will be entered by FCNSW.

2.3 Manual Delivery dockets

Where a manual docket is required, FCNSW must ensure that, prior to departure from the Loading Site, the following details are completed on the Delivery Docket:

- Customer/Location
- Date
- Time
- Region
- State forest
- Harvesting Plan No
- Age Class (where relevant)
- Compartment
- Operation Type (Where relevant)
- Product (Where relevant)
- Grade (Where relevant)
- Species (Where relevant)
- Count (Where relevant)
- Harvest, Load and Haulage Contractor
- Truck & Trailer Registration Number
- Truck Type
- Name of Truck Driver and Log Grader,
- Gross, Tare and Net Weight (where weight sales are by truck scales) Tare weight will be predetermined at the commencement of each quarter on the basis of a certified weighbridge).

Where logs are to be accounted for by volume, the following additional details must be recorded for each log on the load:

- Length (refer to Table 1)
- Diameter (refer to Table 1)
- Species Code (refer to Table 3)
- Product Code (refer to Table 2)

These details will be written on the docket, from scanning each log and/or marking each log using paint or crayon with the relevant details. If this is not possible, the load will not be sent until an electronic docket can be completed.

Where a manual docket is created, this will be re-entered as an e-docket by the crew or by FCNSW where this is not possible. These e-dockets will include a cross reference to the manual docket number.

In the case of non-standard poles, the length, the number of poles of that length and the product code must be entered on the Delivery Docket.

2.4 Receipt of Delivery

Upon receipt of a load of logs at the Delivery Site, where the Customer is receiving electronic copies of E-Dockets (e.g. via I-button), the Customer is responsible for ensuring the successful transfer of the E-Docket to the Customers HH from the Haulage Contractors I-Button. Verification of receipt is achieved through the process outlined in Section 2.7.



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Printed copies of E-Dockets (or Manual Delivery Dockets) must be signed by the Customer and will be distributed in the following manner:

ORIGINAL – Customers Copy. This must be signed by the Customer and then returned to the Haulage Contractor for return to FCNSW. Verification of receipt is achieved through the process outlined in Section 2.8.

DUPLICATE – FCNSW copy. Signed copy to be retained by the Haulage Contractor who will submit the docket to FCNSW.

TRIPLICATE – Haulage Contractors Copy. Signed copy will be retained by the Haulage Contractor.

2.5 Docket Errors

In the event of a Delivery Docket error being identified prior to Delivery, or at the Delivery Site prior to the truck which delivered the load departing the site, the necessary amendment on a: E-Docket, must be registered as a dispute by the Customer through the Customers HH, unless the change being made relates to gross weight, in which case the truck drivers signature is required; Printed E-Docket only (or Manual Delivery Docket), must be made on the Delivery Docket and such changes initiated by the Customer's representative and the truck driver. The Haulage Contractor will then submit the duplicate copy of the docket to FCNSW. The duplicate copy of the docket must be retained by the Customer for 60 days from the date of the docket.

Errors identified by the Customer after the truck driver has left the Delivery Site must be treated as a dispute - recorded through the Customers HH or on the Delivery Docket.

Errors relating to log grade are to be treated separately as a disputed log as these changes can only be made by a FCNSW Officer (refer section 3.3).

2.6 Delivery outside of normal delivery hours

On the occasions where a mill representative is not available when the load is delivered and specifically where arrangements have been made for delivery outside of normal delivery hours, the Contractor may unload the timber and leave the Original copy of the Printed E-Docket (or Manual Delivery Docket) at a predetermined location.

A mill representative is not available at the..... delivery site outside the following times:

Day	Mill representative available
Monday	
Tuesday	
Wednesday	
Thursday	
Friday	
Saturday	
Sunday	
Public Holidays	

These loads must be placed separately from other loads and clearly marked by the Haulage Contractor with the docket number, so as to enable its identification by a Customer representative.

All details of the Delivery Docket will be completed by the Haulage Contractor except for the signature of the Customer representative.



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By no later than 3.00 pm on the first working day following delivery a Customer representative will sign the Customers copy of the docket and fax it to FCNSW.

2.7 Submission of Dockets

Where the Customer is receiving:

- Printed E-Dockets (or Manual Delivery Dockets) – both copies of the Delivery Docket must be signed and the duplicate returned to the Harvesting Contractor for submission to FCNSW.
- Electronic copies of E-Dockets (e.g. via I-button) - using a Modem Cradle, the Customer must "connect to base" every evening following delivery of logs, in order to download E-Docket data to the FCNSW communications server.

A freecall 1800 number is provided by FCNSW for dial-up connection and must be used by the Customer. It is the Customers responsibility to ensure the transfer is completed successfully.

Any problems with data transfer must be reported immediately to the Regional Trainer. Any corrections may require the Customer to 're-connect to base'.

The above procedures provide the means of verification of delivery and acceptance or otherwise of loads delivered.

Original copies of printed E-Dockets and any Manual Delivery Dockets must be retained by the Customer for a minimum of 60 days from the date of the docket, unless otherwise requested by FCNSW.

2.8 Basis of Accounts

E-dockets will form the primary basis of accounts, though manual dockets may also be used when required.

The outcome of docket errors and disputed logs / loads may be used to vary the information initially submitted on an E docket. In those cases the manual docket or the E-docket data as varied will be the basis of accounts.

Docket errors are errors made on the docket that do not affect the log or load details. Disputed logs/loads are errors on the docket that do.

2.9. Calculation of volume

2.9.1. Sawlogs and Veneer logs

The volume of a sawlog is calculated using the formula below

$$V = L \times \pi \times D^2 / 4$$

Where

V is volume in cubic metres

L is log length in metres rounded down to the next even decimetre

D is log diameter in metres

SECTION 3. SALE BY WEIGHT

3.1 Sale by Weight Using Truck Scales

Where logs are to be accounted for by weight as measured by truck scales, the following procedure must be followed:

3.1.1 Tare Weight

The tare weight of each truck/trailer combination delivering logs using the truck scale system will be calculated by FCNSW from tare weight certificates provided by the Haulage Contractor. The tare weight

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certificates must be obtained from a weighbridge, which has current certification by the NSW Department of Fair Trading in the presence of a FCNSW Officer

Haulage Contractors will be required to submit tare weight certificates to FCNSW before commencing delivery and at quarterly intervals throughout the year.

Tare weights are to be certified measured using the normal running truck and trailer configuration (i.e. all bolsters, spare tyres and chains) and with a full tank of fuel.

Each truck and trailer combination will have a 4 digit Fleet Number which will relate to the Truck and Trailer Registration, total number of axles and agreed tare. This Fleet Number will be recorded on a sticker/card on the inside of the windscreen or the inside door of each truck.

3.1.2 Routine Weighing

Prior to the departure from the Loading Site each truckload of logs shall have the relevant details including the source of the logs recorded on a Delivery Docket. In addition the tare weight of the truck shall be recorded on the Delivery Docket.

The truck, following loading at the dump, is required to stop at the next available level and firm site, so that the gross weight can be determined. The time required before an accurate gross weight can be determined from the truck scales varies but generally is advised to be 5 minutes.

For E-Dockets the gross weight and the calculated net weight shall then be radioed back to the Harvesting Contractors crew. For Printed E-Dockets (or Manual Delivery Dockets) the gross weight and the calculated net weight shall also be recorded on the Delivery Docket. The site on which the gross weight is determined must be within 1Km of the log dump, unless otherwise negotiated with a FCNSW Officer.

On arrival at the customer/location and prior to the commencement of unloading, the truck driver must request the Customer to verify the gross weight recorded on the delivery docket by comparing it to that shown on the truck scales.

If the difference between the gross weight recorded on the Delivery Docket and the gross weight shown on the truck scales at the Delivery Site is greater than one percent (of the gross weight recorded on the Delivery Docket), the gross weight shown at the Delivery Site shall be recorded on the Delivery Docket. The initial gross weight recorded in the forest shall be crossed out on a Printed E-Docket (or Manual Delivery Docket).

Any change to the gross weight resulting from the verification at the Delivery Site in accordance with the above will require the resultant net weight to be altered. Any such changes to the gross weight and net weight must be signed by both the truck driver and a Customer representative.

Where a full load of one product is not available the load may be made up with another Log Product. In this case an interim gross weight is recorded after the first product has been loaded and the final gross weight after both products have been loaded. Both the gross weights and the net weights of each product must be clearly indicated on separate Delivery Dockets. No more than two Log Products per load may be carried.

3.1.3 Verification of Truck Scales and Audit Procedures

FCNSW must ensure that each truck must obtain a weighbridge docket to verify the Gross Weight of one load each month. The E-Docket number is to be written on the weighbridge docket and the weight docket submitted to FCNSW. For a Manual Delivery Docket, the weighbridge docket is to be attached to the original copy of the Delivery Docket.

Truck scale weights as read at the weighbridge which are inconsistent with weighbridge recordings for gross weight by more than one percent must have weighbridge dockets attached to the Delivery Docket

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(or the E-Docket number written on each weighbridge ticket) of every subsequent load until the required level of accuracy is obtained.

In the event that the truck scales are not verified to be within one percent of the weighbridge reading the gross weight recorded by the weighbridge will be used for accounting purposes. Otherwise the weights recorded on the Delivery Docket will be used.

FCNSW may direct any load to be checked on a certified weighbridge at any time. Where the variation in gross weight as measured by truck scales and as measured by public weighbridge exceeds +/- 1%, the certified weigh bridge measurement will be accepted and the E-Docket number written on the weighbridge docket and the weight docket submitted to FCNSW; or weighbridge docket attached to the original copy of the Manual Delivery Docket for forwarding to FCNSW by the Haulage Contractor.

3.1.4 Inoperable Truck Scales

If truck scales become inoperable or inaccurate, alternate methods of accounting for the load will be made between FCNSW and the Customer.

Alternate methods of accounting may include weighbridge measure or log volume measure.

3.2 Sale by Weight Using Weighbridges

3.2.1 Use of Weighbridges en route to a Delivery Site

Where loads to a customer are occasionally weighed on a weighbridge en route to the Customer (rather than using truck scales) the following process applies:

The gross weight of the truck, trailer and load is to be recorded on an approved printed receipt at the weighbridge and the weight receipt carried with the load; and

For a Printed E-Docket (or Manual Docket) the gross weight is to be recorded on the Delivery Docket and weight receipt attached to the Docket. Originals will be submitted to FCNSW by the Haulage Contractor; and

For an E-Docket, immediately after the E-Docket is transferred to the Customers HH, the Customer must record the new gross weight and weight receipt number on the Customers HH.

3.2.2 Weighbridges at the Delivery Site

The gross weight of the truck, trailer and load is to be recorded through on approved HH on arrival at the Delivery Site or an approved printed receipt.

Where there is a HH at the weighbridge the Haulage Contractor must ensure that the E-Docket is transferred successfully from the I-Button to the HH at the Gross weighing, and that the I-Button is read again at the Tare weighing.

Where weights are recorded on an approved printed receipt, the tare weight of the truck and the trailer and the net weight of the load is to be printed on the receipt referred to above following the unloading of the truck. The tare weight, gross weight and net weight are to be recorded on the Delivery Docket and a copy of the weighbridge docket is to be attached to the original copy of the Delivery Docket.

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SECTION 4. DISPUTED LOGS

4.1. Disputed Logs

A disputed log is a log where the Customer disagrees with either the log details or the grade of the whole or part of the log.

The Customer, if disagreeing with log details or grade, must notify FCNSW of the disputed log within three business days of the delivery of the log. Notification for logs received on a:

- E-Docket – will be through the Customer's HH with the E-Docket data downloaded through a Modern Cradle to FCNSW Server. For products sold by weight acceptance or dispute is recorded against the load, not individual logs. For products sold by volume individual logs may be accepted or disputed and if the latter a reason for the dispute recorded (see Table 5). If the Customer anticipates that individual logs may be in dispute, then the Customer should retain the load in the "loads in progress list" (i.e. not accept the load) until individual logs have been scanned and accepted/disputed. Once a load is accepted, individual logs cannot be disputed through the Customer's HH.
- Loads received on a Customer's HH but not accepted or disputed within 8 calendar days, will register automatically as accepted. After that time that load cannot be disputed through the Customer's HH.
- Printed E-Docket (or Manual Delivery Docket) – will be on the Delivery Docket, with a reason for the dispute recorded (see Table 5) and the Docket faxed to FCNSW.

The disputed log must be set aside in a place that it can be readily and safely inspected.

Table 5: Reasons for Dispute

Dispute Description	Means (depending on species and specifications)
Log missing (LM)	A log recorded on the Delivery Docket is not on the load.
Log extra (LX)	A log on the load is not recorded on the Delivery Docket.
Docket Error (DE)	Some docket information is wrong (not necessarily log related).
Measurement (M)	Measurements are wrong or load or proportion of load does not satisfy diameter or length specification.
Species (SP)	Species ID is wrong.
Servicing (SV)	Machine damage or poor servicing.
Crooked/Sweep (CS)	Query grade due to crookedness/sweep or load or proportion of load does not satisfy sweep specification. Includes double sweep or change of direction.
Lumps, Limbs & Knots (LLK)	Query grade due to lumps, limbs or knots, or load or proportion of load does not satisfy knot specification.
Centre Defect (CD)	Query grade due to centre defect such as rings & pipe, rot, grub holes or dry heart (Cypress).
Insect Damage (ID)	Query grade due to non termite related insect damage. E.g. Ambrosia.
Gum Vein (GV)	Query grade due to gum related defect (other than Centre defect). E.g. loose gum vein in alpine ash and gum pockets in blue gum.
Spiral Grain (SG)	Query grade due to spiral grain or load or proportion of load does not satisfy spiral grain specification.

A FCNSW Officer will inspect the log within five working days of being notified wherever practical.

Where the FCNSW Officer determines that the disputed timber fails to meet the Specifications or that there has been an error on the Delivery Docket, action as determined in Table 6 below will occur. Where the FCNSW Officer determines that the disputed timber fails to meet the Specifications and the customer refuses to accept the log, FCNSW will request the Harvesting contractor to arrange for the log to be picked up and delivered to an alternative delivery site. Where this is not practical, FCNSW will make alternative arrangements. Any logs so redirected will require a new Delivery Docket to cover the delivery as set out in this Code. The action required is set out in Table 6.

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Any dispute over a decision made by a FCNSW Officer regarding disputed logs should be referred to the Regional Log Supply Manager for resolution.

Table 5: Disputed log actions

DOCKET OR LOG GRADING ISSUES		ACTIONS				
Problem	Details	Remark and tag log	Complete 'Assessment of Disputed Logs' form	Arrange to shift log(s)	Complete a new docket	Recalculation of payment to harvesting contractor
Docket	Log measurement information incorrect		Yes			Yes
	Load weight information incorrect		Yes			Yes
	Logs incorrectly tallied		Yes			Yes
Log Marking	Incorrect Marking	Yes	Yes			Yes
Regrading	Change grade or reject	Yes	Yes			Yes
	Re-servicing	Yes	Yes			Yes
Redirection	Redirected following regrading	Yes	Yes	Yes	Yes	Yes
	Rejects loaded and delivered by haulier		Yes	Yes	Yes	Yes

SECTION 5. E-DOCKET FIELD EQUIPMENT AND SOFTWARE

5.1 Responsibilities for the field equipment and software

FCNSW has purchased the software under a perpetual limited licence from New Zealand Forest Research Institute Limited. All Contractors and Customers with field equipment must sign the Software Users Agreement appended to this Code of Procedure and abide by the conditions of the Agreement at all times.

Care, maintenance and/or replacement of Field Equipment is the responsibility of the User. Users must note and adhere to the "Safety Precautions" detailed in the Operators Manual (refer pages after CONTENTS in the Manual). Users must carry an adequate stock of batteries and other consumables at all times sufficient to operate the Field Equipment for at least one (1) week.

5.2 Resolution of problems with field equipment or software

In the event of Field Equipment or related Software failing to operate in part or in full, to the extent possible the owner of the equipment must determine what the problem is and resolve it. If it is not possible to resolve the problem or the Field Equipment has been lost/damaged, the Customer must contact FCNSW Regional trainer as soon as possible.

The Regional trainer will provide assistance in determining the nature of the problem and if necessary seek further advice from the Help Desk or System Manager. If possible, the Customer will endeavour to resolve the problem on site with the Regional Trainer. If the problem relates to the:

- Field Equipment and cannot be resolved/repared on site, the Regional Trainer will advise the System Manager and make arrangements for repair of the Field Equipment. The cost of repairs and any associated freight/insurance is the responsibility of the owner of the Field Equipment in question. If possible the Regional Trainer will arrange a spare as a swap-out until the Users Field Equipment can be repaired.
- Software and cannot be resolved on site, a Work Around will be established until the problem can be resolved. The Customer can adopt the Work Around procedure until such time that the problem is resolved. If not, alternate delivery arrangements may be arranged until a spare becomes available or the Field Equipment is returned.

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5.3 Process for deliveries in the event of field equipment breakdown/loss

Until the problem can be resolved or a spare located, in the event of a failure/loss of functionality of a: Printers (Harvesting Contractor) – deliveries will continue as normal, with a copy of the e-docket on an I-button and a manual docket as an interim hardcopy of the docket. E-Dockets can be emailed/faxed automatically to the Customer once downloaded from the Harvesting Contractor's HH to FCNSW.

- Print Quality – Printed E-dockets must be re-printed if not clearly legible and provided to the truck driver. Where this is due to the printer ribbon (i.e. faded), printer ribbons must be changed and the docket re-printed to provide a legible original to the customer.
- HH (Harvesting Contractor) – deliveries will continue using manual paper dockets.
- HH (Customer) – deliveries will continue with Printed E-Dockets.
- Modem Cradle – deliveries will continue as normal, data can be downloaded using any other modem cradle available (Contractor, Customer or FCNSW).
- I-Button – Haulage Contractors are to carry a spare at all times. Else deliveries will continue with Printed E-Dockets. E-Dockets will be automatically emailed or faxed to the Customer once downloaded from the Harvesting Contractor's HH to FCNSW.
- Scanner – deliveries will continue as normal with barcode numbers manually entered in HH's.
- Tacking Stapler/Staples/Barcodes – the Harvesting Contractor is to carry at least 5 days supply of these items at all times. Logs sold by volume are not to be delivered without tags. Some allowances will be made for the odd tag lost in transit.

5.4 Provision of spare field equipment

Provision of spare Field Equipment is first and foremost the responsibility of Users. Users should choose whether spares are carried and how many. Any spares carried by Users are at the cost of the User.

Initially FCNSW will carry a limited number of spare Field Equipment. FCNSW will make this spare Field Equipment available, at FCNSW discretion and in accordance with the following priorities:

FCNSW

Contractors

Companies.

Should a FCNSW spare be issued, it may at FCNSW discretion, be withdrawn and re-issued to another User in consultation with the existing User.

Any items of spare Field Equipment supplied to Users by FCNSW are to be returned to FCNSW in good working order as soon as the original or a replacement item of Field equipment is made available to the User. Should spare items of Field Equipment provided by FCNSW be damaged or destroyed, replacement/repair of the item(s) will be at the cost of the User.

SECTION 6: REVIEW AND AMENDMENT OF THIS CODE OF PROCEDURE

FCNSW may, after consultation with the Customer, review and amend any aspect of this Code of Procedure from time to time as determined by FCNSW.

Schedule of Amendments [Copies Attached]

Amendment No:	Date	Clauses Amended

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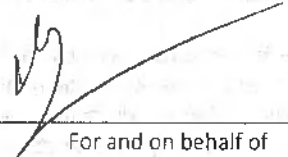
SECTION 7: ACKNOWLEDGEMENT OF AGREEMENT

FCNSW of New South Wales Trading as FCNSW and SOUTH EAST FIBRE EXPORTS PTY LTD hereby agree to this Code of Procedure.



For and on behalf of

FCNSW



For and on behalf of

SOUTH EAST FIBRE EXPORTS PTY LTD.

Date: 29th June 2018

Date: 29 JUNE 2018

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SECTION 8: DEFINITION OF TERMS

Customer	:	Means the principal of a sawmill or other processing plant to which the log products entered upon a Delivery Docket are to be delivered.
Delivery Docket	:	Means a sequentially numbered docket for recording the details of each truck load of logs as set out in Clauses 2.1 and 2.2. Either an E-Docket or a Manual Delivery Docket.
EDD		Electronic Delivery Docketing system.
E-Docket		Means a sequentially numbered delivery docket created on a Hand Held for recording the details of each truck load of logs as set out in Clause 2. It may be printed and/or transferred electronically via an I-Button, modem or other electronic means.
Field Equipment		Hardware used to create E-Dockets or support the process of printing or electronic transfer of same.
Gross Weight		Weight of the truck in tonnes, trailer and driver with a load of Logs.
HH		Means a "PSION Workabout" hand held field computer, used for creation of E-Dockets and entry of production/stock information by Harvesting Contractors and for receipt of E-Dockets by Companies.
I-Button		A small electronic device used for transferring E-Dockets from the Harvesting Contractor's Hand Held to the Haulage Contractor and from the Haulage Contractor to a Customer's Hand Held.
Loading Site	:	Means the point from which log product is loaded onto a haulage vehicle
Logs		Hardwood logs meeting specifications as set out in the Wood Supply Agreement with the Customer.
Manual Delivery Docket		Means a sequentially numbered paper docket for recording the details of each truck load of logs. Load details are handwritten on a paper docket from a Delivery Docket Book.
Net Weight		Difference between gross weight and tare weight in tonnes.
Printed E-Docket		A printed copy of an E-Docket.
Regional Log Supply Manager		Means the FCNSW employee with responsibility for managing delivered log sales to Customers in each region.
Regional Office		Means FCNSW Southern Region Regional Office located at Batemans Bay.
Regional Trainer		Means FCNSW Regional Trainer, Southern Region.
Signature		Means a handwritten signature on a paper or printed Delivery Docket or for an E-Docket an electronic signature effected through an I-button or Hand Held representing the signatory. Signed/Sign has a corresponding meaning.
FCNSW	:	Means the FCNSW Regional Office of the Region from which the load was obtained or other office agreed with FCNSW.
FCNSW Officer	:	Means an employee of FCNSW.
Tare Weight		Weight of the unloaded truck in tonnes with the trailer on the ground, driver, and fuel tanks half full.
Users		Contractors or Companies using Field Equipment for the creation, transfer or receipt of E-Dockets.
Volume		True under bark volume of Logs in cubic metres.
Work Around		Means a temporary solution to a software problem with EDD that enables continued use of the System but which does not have a material adverse impact on the performance or functionality of the System.

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Flow diagram for E-Docketing

