

TYPE B WSA Class 1 & 2 Poles – VARIATION AGREEMENT

THIS AGREEMENT is made the 25th day of July 2022

1. PARTIES

- 1.1 THE FORESTRY CORPORATION OF NEW SOUTH WALES a statutory State owned corporation constituted by the Forestry Act 2012 (NSW) ('State Forests')
- 1.2 DALE & MEYERS OPERATIONS PTY LIMITED (ACN 110447366) AS TRUSTEE FOR THE DALE AND MEYERS OPERATIONS TRUST, 151-153 KENT ST MARYBOROUGH, QLD 4650 ('Company')
- 1.3 THE STATE OF NEW SOUTH WALES ('State of NSW')


2 RECITALS

- 2.1 The parties are parties to a Type B Wood Supply Agreement assigned by Allen Taylor & Company Limited on 23 December 2015 requiring State Forests to supply annual Allocations of Class 1 & 2 Hardwood Poles to the Company for a term expiring on 31 December 2023 ("the WSA").
- 2.2 The original parties previously reached agreement on changes to the Delivered Price Review Mechanism in Schedule 6 of the Wood Supply Agreement and confirmed in letters dated 2 October 2012 and 24 September 2015 respectively.
- 2.3 The parties have reached agreement on an extension to the term of the WSA and other amendments to its conditions.
- 2.4 This Agreement sets out the agreed amendments to the WSA.

3. OPERATIVE PROVISIONS

3.0 Unless a contrary intention appears in this agreement:

- 3.1 "Agreement" means this agreement;
- 3.2 headings are for convenience only and do not affect the interpretation of the Agreement;
- 3.3 words importing the singular include the plural and vice versa;
- 3.4 words importing a gender include any gender;
- 3.5 a reference to any thing includes a part of that thing;
- 3.6 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;
- 3.7 a reference to a document includes all amendments or supplements or replacements or notations of that document;
- 3.8 a reference to a party to a document includes that party's successors and permitted assigns;
- 3.9 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;
- 3.10 a reference to dollars or \$ is a reference to the lawful currency of the Commonwealth of Australia.

MP. 




4. **AMENDMENTS**

- 4.1 On and from the date of this Agreement the WSA is amended in accordance with Schedule 1.

EXECUTED AS A DEED:

EXECUTED for and on behalf of)
THE FORESTRY CORPORATION)
OF NEW SOUTH WALES)
by its delegate)
Anshul Chaudhary)
in the presence of: CEO)
Witness)

Delegate

EXECUTED by DALE & MEYERS)
OPERATIONS PTY LIMITED)
by [two directors] or [a director and)
its secretary] or [its sole director])
Secretary/Director)

Director

SIGNED SEALED AND)
DELIVERED by THE HONOURABLE)
Dugald Saunders Minister for)
Agriculture, Minister for Western)
New South Wales in and for the State)
of New South Wales for and on)
behalf of the Crown but not so as to)
incur any personal liability.)

in the presence of:

Witness

Minister

SCHEDULE 1

Amendments to the WSA

1. In clause 2.1 at the end of the definition of Force Majeure insert the following:
"and includes any circumstance where Contract Harvesting ceases to be RFA forestry operations within the meaning of the *Environment Protection and Biodiversity Conservation Act 1999*"
2. In clause 4.1 delete "2023" and insert instead "2028"
3. After clause 17.2 insert a new clause 17.2A as follows:
17.2A A Delivered Price agreed or determined under clause 17.1 shall be reviewed and varied during the relevant DP Year at the end of each Quarter in accordance with Schedule 10. Clause 17.1 shall not apply to a review under Schedule 10, and the Delivered Price at the commencement of each DP Year and for the first Quarter of the DP Year shall be as agreed or determined under clause 17.1 without reference to Schedule 10. A reference to a Quarter in this clause 17.2A and Schedule 10 is a reference to the 3 month period commencing on 1 July, 1 October, 1 January, and 1 April each Year.
4. In clause 17.3 delete "and 1 July 2020" and insert instead ", 1 July 2020 and 1 July 2024";
5. After clause 17.3 insert a new clause 17.3A as follows:
17.3A At the same time as the parties conduct a review under clause 17.3 in 2024 the parties must review in good faith the provisions of Schedule 10 to reach agreement if possible regarding amendments to Schedule 10 that may be necessary in order that it more appropriately calculate relative changes to the cost to State Forests of carrying out Contract Harvesting during each DP Year.
6. Delete Schedule 6 and replace with Schedule 6 in **Attachment 1** to this Schedule.
7. After Schedule 9 insert a Schedule 10 as follows:

SCHEDULE 10

Quarterly Rate Review

Part 1

- (a) The Delivered Prices for each Quarter of a DP Year except the first Quarter of that DP Year shall be the Delivered Prices for the previous Quarter varied by the percentage determined by State Forests by applying the review mechanism set out as Part 2 to this Schedule 10.
- (b) State Forests must within thirty days of the end of each Quarter except the first Quarter of the DP Year, provide to the Company details of the calculations of the Delivered Prices to apply for the new Quarter.
- (c) If an Indicator referred to in Part 2 is rebased, its calculation varied, ceases to be available, or is superseded by a superior Indicator, State Forests may replace or vary that Indicator with, or to, one which in State Forests opinion is an equivalent and suitable alternative.

Part 2

Item 1 Definitions

In this Schedule 10 unless the context indicates to the contrary:

MP.



SCHEDULE 1

"Base Indicator Rate" for a review means the Indicator Rate which was the Current Indicator Rate for the previous review, except that in the first review, and in the first review following the commencement of each DC Year, it means:

- (a) in the case of Cost Item CPI:- the figures last published by the Australian Bureau of Statistics (ABS) prior to the commencement of the Reviewed Quarter;
- (b) in the case of Cost Item Fuel:- the Net Fuel Price for the Quarter immediately before the Reviewed Quarter;

"Cost Item" means an item set out in column 1 of Part 3;

"Current Indicator Rate" for a review means:

- (a) In the case of Cost Item CPI:- the figures as last published by the ABS prior to the end of the Reviewed Quarter.
- (b) In the case of Cost Item Fuel:- the Net Fuel Price for the Reviewed Quarter;

"Delivery Charge Weighting" means the sum of the non-Product Price weightings listed in the Delivered Price Review Mechanism outcome which applied during the Reviewed Quarter.

"First Quarter" means the period commencing 1 October 2022 and ending 31 December 2022.

"Indicator" means an Indicator of a Cost Item more particularly being any Indicator set out in column 2 of Part 3;

"Indicator Rate" means the value or status of an Indicator at a point in time;

"Indicator Weighting" means the weighting given to an Indicator for the purpose of calculating the weighted movement across all Indicators during a review more particularly being, for the first review under this Schedule, the weighting set out in column 8 of Part 3 as varied from review to review in accordance with this Schedule 10;

"Net Fuel Price" for a Quarter means the item identified as the Net Fuel Price in Part 3 of this Schedule 10 more particularly being an amount calculated for that Quarter as demonstrated by columns 2 and 3 of that Part;

"Reviewed Quarter" means the Quarter that ended immediately before the conduct of a review under this Schedule 10.

Current Indicator Rates Definitions

Item	Indicator	Source
CPI	CPI	ABS Consumer Price Index Cat No 6401 Tables 1 and 2 (Series ID A2325846C; Index numbers" All Groups CPI: Australia) As last published by the Australian Bureau of Statistics (ABS) at www.abs.gov.au
Fuel	Terminal Gate Price	Daily average Terminal Gate Price, in dollars per litre (Including GST) of Diesel in Sydney As last published by the Australian Institute of Petroleum (AIP) at www.aip.com.au
	GST	GST as specified by the Australian Tax Office
	On Road Fuel Tax Credit	Fuel Tax Credit Rates applicable to liquid fuels for heavy vehicles travelling on public roads As published at https://www.ato.gov.au/Business/Fuel-schemes/Fuel-tax-credits---business/Rates---business/
	Off Road Fuel Tax Credit	Fuel Tax Credit Rates applicable to liquid fuels for heavy machinery working off public roads. As published at https://www.ato.gov.au/Business/Fuel-schemes/Fuel-tax-credits---business/Rates---business/

 mp. 



SCHEDULE 1


Item 2 : Methodology

The following describes the method of varying the Delivered Prices:

1. Ascertain the level of each Indicator in column 1 of Part 3, expressed in dollars and cents, percentage or as an index (as the case may be) current at the time of the review (the Current Indicator Rate).
2. Ascertain the movement in each Indicator during the relevant review period by establishing the percentage increase (or decrease) in the Indicator Rate (by dividing the Current Indicator Rate (see clause 1) by the Base Indicator Rate and applying any weighting specified in column 6 to that percentage change).
3. Calculate the weighted movement across all Indicators by applying the methodology below:
 - (a) multiply the movement in each Indicator (see clause 2) by the Indicator Weighting
 - (b) the sum of the products of each calculation referred to in clause 3(a) is the weighted movement across all Indicators.
4. The weighted movement across all Indicators calculated in accordance with clause 3 is then multiplied by the Delivery Charge Weighting to determine the overall weighted movement over the Reviewed Quarter.
5. The new Delivered Prices to apply in the Quarter following the Reviewed Quarter are calculated by applying the weighted movement across all Indicators (from clause 4 above) to the current Delivered Prices.
6. For the purposes of the next quarterly rate review, ascertain new column 8 Part 3 Indicator Weightings for each Indicator by multiplying the then current column 8 Indicator Weighting for each Indicator by the movement in the relevant Indicator (see clause 2 above) over the Reviewed Quarter and then dividing the result by the weighted movement across all Indicators (see clause 3 above). This will produce a new table of Indicator Weightings for the next review which sums to 100 percent.

Part 3

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Item	Indicator	Example Base Indicator Rate	Example Current Indicator Rate	Movement	Example Indicator Weighting	Example Weighted Movement	Indicator Weighting for the first review
Item 1: CPI	CPI - All Groups 8 Capital Cities	114.4	118.8	3.80%	81%	3.08%%
Item 2: Fuel	Daily weighted average Terminal Gate Price (TGP) of Diesel in Sydney (AIP)	\$1.2490	\$1.1174				
	Less GST	\$0.1135	\$0.1016				
	Less 66% of the On Road Fuel Tax Credit Rate	\$0.1069	\$0.1100				
	Less 34% of the Off Road Fuel Tax Credit Rate	\$0.1428	\$0.1444				
	Net Fuel Price	\$0.8859	\$0.7615	-14.04%	19%	-2.67%%
					100.0%	0.41%	100.0%

MP. 





ATTACHMENT 1

SCHEDULE 6

DELIVERED PRICE REVIEW MECHANISM

Hardwood Poles Grade 1, 2 and 3 and Non-Standard and Hardwood Piles

Part 1: Definitions and interpretation

In this Schedule unless the context indicates to the contrary:

Base Indicator Rate for a review means the relevant Indicator Rate for the previous review except for the first review after Commencement where the Base Indicator Rates are as in column 3 of Part 3.

CPI Indicator Rate for a review means the ABS 6401.0 Consumer Price Index - Table 1: (Series ID A2325846C - Index Numbers; All Groups; Australia) current as at the first day of the Year in which a review is being conducted.

Data Source means the source of where the Indicator rates are generated from, more particularly being any item set out in column 2 of Part 3

DP Year means the 12 month period commencing 1 October in any year

Fuel Indicator Rate for a review means the value of the daily weighted average Terminal Gate Price over the previous Year, in dollars per litre, of Diesel in Sydney as published by the Australian Institute of Petroleum (AIP), minus the GST, minus the 60% of the Road Transport Fuel Tax Credit (RTFTC), minus 40% of the Forestry Fuel Tax Credit (FFTC), rounded to five decimal places.

Indicator means an Indicator set out in column 1 of Part 3

Indicator Weighting means the weighting given to an Indicator for the purpose of calculating the weighted movement across all Indicators during a review more particularly being the weighting set out in column 4 of Part 3.

Product Price Movement for a Year for a particular pole grade means the movement (expressed as a percentage) over the Year in the **CPI Indicator Rate**;

Repairs, Maintenance and Other Indicator Rate for a review means the ABS 6401.0 Consumer Price Index - Table 1: (All Groups CPI - Index Numbers; weighted average of eight capital cities) current as at the first day of the Year in which a review is being conducted.

Wages Indicator Rate for a review means the ABS Labour Price Index Cat No 6345 Table 2b (Series ID A2599619A Quarterly Index ; Total hourly rates of pay excluding bonuses ; New South Wales ; Private and Public ; All Industries) current as at the first day of the Year in which a review is being conducted, rounded to two decimal places.

Year means a twelve-month period from July to June.

Part 2 : Methodology

The following describes the method of varying the Delivered Prices:

1. Ascertain the Indicator Rate of each Indicator current at the time of the review.
2. Ascertain the movement in each Indicator during the relevant review period by establishing the percentage increase (or decrease) in the Indicator Rate by comparing the current Indicator Rate (see clause 1) to the Base Indicator Rate.
3. Calculate the weighted movement across all Indicators by applying the methodology below:
 - (c) multiply the movement in each Indicator (see clause 2) by the weighting in column 4 of Part 3;
 - (d) the sum of the products of each calculation referred to in clause 3(a) above is the weighted movement across all Indicators.

MP.

A

8

B

ATTACHMENT 1

4. The new Delivered Prices determined under this review mechanism are calculated by applying the weighted movement across all Indicators, from clause 3 above, to the current Delivered Prices as per the methodology in the example below:
 - (a) assume the weighted movement across all Indicators is +2.5%, and the existing Delivered Price is \$70.00;
 - (b) the new Delivered Price is $\$70.00 \times 1.025$ which equals \$71.75
5. For the purposes of the next Delivered Price review ascertain new column 4 Part 3 Weightings for each Indicator by multiplying the then current column 4 Part 3 Weighting for each indicator by the period movement in the relevant Indicator (see clause 2 above) and then dividing the result by the weighted movement across all Indicators (see clause 3 above). This will produce a new table of Indicator Weightings which sum to 100 percent. For example:
 - (a) assume Cost Item 1 movement (see clause 2 above) is +4.0%, the weighted movement across all Indicators is +2%, and the weighting for Cost Item 1 (from column 4 of Part 3) is 70%;
 - (b) then the new Indicator Weighting for Cost Item 1 is calculated by the formula;
 - (c) $70\% \times 1.04 / 1.02$ which equals 71.3%.
6. For the purposes of calculating the movement in the CPI over the previous Year the relevant figures are the figures last published for the June quarter of the last Year and the figures published for the June quarter in the Year proceeding that Year;
7. If an unscheduled review is requested in accordance with **clause 17.3**:
 - (a) for the purposes of establishing the Current Indicator Rates of any Indicator for the review the relevant figures will be the figures last published or otherwise available prior to the commencement of the review; and
 - (b) the Current Indicator Rates so established shall be the Base Indicator Rates for the next scheduled review under **clause 17.2**.

Part 3 : Indicators and Weightings

Poles Grade 1, 2, 3 and Export Delivered Price Review Mechanism			
Column 1	Column 2	Column 3	Column 4
Indicator	Data Source	Base Indicator Rate 1 Oct 2022	Weighting at 1 Oct 22
<u>Item 1: Wages</u> Labour Price Index (LPI) – All Industries	www.abs.gov.au LPI - Cat No 6345 Table 2b	136.5	20.25%
<u>Item 2: Repairs, Maintenance and Other</u>	www.abs.gov.au CPI – All Groups 8 Capital cities	118.8	10.05%
<u>Item 3: Fuel</u> Daily weighted average Terminal Gate Price (TGP) of Diesel in Sydney	www.alp.com.au		14.16%
	Base Price	\$1.1174	
	Minus GST	\$0.1016	
	Minus 70% of the RTFTC	\$0.1167	
	Minus 30% of the FFTC	\$0.1274	
	Net Price	\$0.7718	
<u>Item 4: Product Prices</u>	www.abs.gov.au LPI - Cat No 6345 Table 2b	118.8	55.54%

MP.   

THIS DEED

is made this

23rd

day of

December

2015

BETWEEN

Allen Taylor & Company Ltd ACN 000 003 056, c/- Level 3, 40 Mount Street, North Sydney, NSW, 2060, ("the **Assignor**").

AND

Dale & Meyers Operations Pty Ltd ACN 110 447 366 as trustee for the Dale & Meyers Operations Trust, 151 – 153 Kent Street, Maryborough, QLD, 4650, ("the **Assignee**").

AND

FORESTRY CORPORATION OF NEW SOUTH WALES, a statutory State owned corporation constituted under the *Forestry Act, 2012*, ("**FCNSW**").

AND

STATE OF NEW SOUTH WALES ("the State")

WHEREAS

- A in June 2004 the Assignor, FCNSW (under the trading name State Forests of NSW) and the State entered into a Hardwood Pole (Class 1 & 2) wood supply agreement for an annual supply of timber until 31 December 2023 (which inclusive of any amendment or variation thereto is hereinafter called "the Wood Supply Agreement").
- B The Wood Supply Agreement provides that the Assignor may not, without the prior approval of the Minister administering the *Forestry Act 2012* ("the Minister"), assign its rights and entitlements under the Wood Supply Agreement to any person.
- C The Assignor and the Assignee have agreed that, subject to the Minister's approval, the Wood Supply Agreement is to be assigned from the Assignor to the Assignee pursuant to the terms of a contract for sale between the Assignor and the Assignee ("the Contract for Sale").
- D The Minister is prepared to approve the assignment of the Wood Supply Agreement to the Assignee in the manner provided by this Deed.

NOW THIS DEED WITNESSES:

- 1. This Deed takes effect when the Assignee and the Assignor jointly advise FCNSW in writing that the Contract for Sale has been completed.
- 2. If this Deed fails to take effect before 30 June 2016 it shall terminate and be of no further effect on and from that date.
- 3. On and from the date this Deed takes effect the Assignor assigns all its rights titles and interest in the Wood Supply Agreement to the Assignee.
- 4. The Minister, by his execution of this Deed on behalf of the State, (but subject to clause 2 of this Deed), approves the said assignment.
- 5. On and from the date that this Deed takes effect each of FCNSW, the State and the Assignor releases each of the others from all obligations under the Wood Supply Agreement and all actions, claims or proceedings that it may have against any of the others under or in respect of the Wood Supply Agreement except in relation to timber supplied by FCNSW to the Assignor prior to this Deed taking effect but not paid for by the Assignor.
- 6. The Assignee covenants with FCNSW and the State that on, and from the date this Deed takes effect, the Assignee shall be bound by and will do, perform, observe and carry out each and every one of the covenants, obligations and provisions on the part of the Assignor in the Wood Supply Agreement (including any such covenants, obligations and provisions which should have been performed, observed or carried out at or prior to the date this Deed takes effect) so far as they remain in force and are capable of taking effect, as if the Assignee had originally been a party to the Wood Supply Agreement as the Assignor.
- 7. FCNSW and the State each covenants with the Assignee that on and from the date this Deed takes effect, they shall each be bound by and will do, perform observe and carry out each and

every one of the covenants, obligations and provisions on their respective parts set out in the Wood Supply Agreement so far as they remain in force and are capable of taking effect as if the Wood Supply Agreement had originally been entered into between FCNSW, the State, and the Assignee.

EXECUTED AS A DEED:

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

N.J.V. Roberts, CGO
in the presence of:

Witness

Delegate

EXECUTED by **Allen Taylor &**
Company Ltd ACN 000 003 056
by a director and its secretary

Signature of Director

Stephen Dadel
Print full name

Signature of Secretary / Director

DOMINIC PAUL MILLGATE

Print full name

EXECUTED by **Dale & Meyers**
Operations Pty Ltd ACN 110 447 366
as trustee for the **Dale & Meyers**
Operations Trust by two directors

Signature of Director

RAYMOND WILLIAM TATNELL
Print full name

Signature of Director SECRETARY

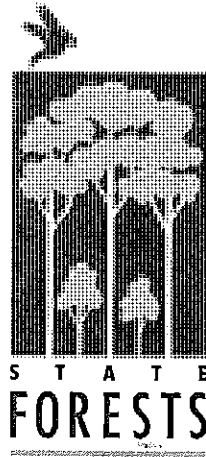
CATHERINE JEAN KAMINSKI
Print full name

SIGNED SEALED AND
DELIVERED by **THE HONOURABLE**
NIALL BLAIR MLC

Minister for Primary Industries
in and for the State of New South
Wales for and on behalf of the
Crown (but not so as to incur any
personal liability) in the presence of

Witness

Minister for Primary
Industries



WOOD SUPPLY AGREEMENT

**(TYPE B – CLASS 1 AND 2
POLES))**

Allen Taylor & Company Ltd

June 2007

TABLE OF CONTENTS

1.	PARTIES	1
2.	DEFINITIONS AND INTERPRETATION.....	1
3.	SCOPE OF AGREEMENT	7
4.	DURATION OF AGREEMENT	7
5.	ALLOCATIONS	7
6.	SPECIAL CONDITIONS REGARDING ALLOCATION 2	9
7.	SHORTFALL.....	10
8.	METHOD OF SUPPLY	11
9.	ANNUAL DELIVERY PLAN.....	12
10.	MONTHLY DELIVERY SCHEDULES.....	12
11.	AMENDMENT OF ANNUAL DELIVERY PLAN OR MONTHLY DELIVERY SCHEDULES.....	14
12.	DELIVERY.....	14
13.	TITLE AND RISK.....	15
14.	SPECIFICATIONS.....	15
15.	DETERMINATION OF QUANTITY OF TIMBER	16
16.	DELIVERED PRICE.....	17
17.	DELIVERED PRICE REVIEW	17
18.	INFORMATION.....	19
19.	PAYMENT	19
20.	GOODS AND SERVICES TAX	20
21.	COMPLIANCE.....	20
22.	SALE OF TIMBER TO OTHER PERSONS	21
23.	SECURITY	21
25.	LEGAL RESPONSIBILITY AND LIMITATION OF LIABILITY	23
26.	ISSUE OF REQUIRED LICENCES	23
27.	DEFAULT OR INSOLVENCY	24
28.	RESOLUTION OF DISPUTES - MANDATORY MEDIATION AND ARBITRATION.....	25
29.	ASSIGNMENT.....	26
30.	MINISTER'S APPROVAL FOR ASSIGNMENT.....	27
31.	ASSESSMENT OF VALUE ADDED PERFORMANCE.....	28
32.	AMENDMENT OF THE ALLOCATIONS	28
33.	VARIATION	30
34.	INTEREST	30
35.	NOTICE.....	30
36.	GOVERNING LAW	31
37.	SEVERABILITY.....	31
38.	GENERAL.....	31
39.	CONFIDENTIALITY	32
40.	OBLIGATION TO CONSULT.....	32

Schedules

Schedule 1 Specifications

Schedule 2 Allocation

Schedule 3 Plan of Management Areas

Schedule 4 Code of Procedure

Schedule 5 Delivered Price Schedule

Schedule 6 Delivered Price Review Mechanism

Schedule 7 Delivery Site and Delivery Hours

**TYPE B – POLES CLASS 1 AND 2
WOOD SUPPLY AGREEMENT**

THIS AGREEMENT is made the day of 2004

1. PARTIES AND RECITALS

- 1.1 **THE FORESTRY COMMISSION OF NEW SOUTH WALES** a corporation constituted under the Forestry Act 1916 (NSW) trading as **FORESTS NSW** ('Forests NSW')
- 1.2 **Allen Taylor & Company Limited** (ACN 000 003 056) ('Taylors')
- 1.3 **THE STATE OF NEW SOUTH WALES** ('State of NSW')
- 1.4 **RECITALS**
 - 1.4.1 Taylors are part of Boral Timber Division, an administrative division of Boral Limited.

2. DEFINITIONS AND INTERPRETATION

- 2.1 In this Agreement unless a contrary intention appears:

'Act' means the Forestry Act 1916 (NSW) and all regulations made under that Act;

'Allocation 1' for a Year means the volume of Timber set out as Allocation 1 in Part 1 of **Schedule 2** for that Year;

'Allocation 2' for a Year means the volume of Timber set out as Allocation 2 in Part 1 of **Schedule 2** for that Year;

'Allocations' means Allocation 1 and Allocation 2;

'Allocation' means Allocation 1 or Allocation 2 as the case may be;

'Allocation Distribution Table' means the table attached as Part IV **Schedule 2** (as may be amended in accordance with **clause 5.5**);

'Annual Delivery Plan' means a schedule prepared by Forests NSW for the Year to which it applies which must provide for the supply of the Allocations (or such lesser volume as the Company requests or which is in accordance with **clause 6** in relation to Allocation 2) and which sets out relevant information regarding:

- (i) the various Compartments from which that supply is intended;
- (ii) the forest types of the various Compartments and the expected yields of Timber; and
- (iii) the monthly volumes of Timber proposed to be delivered to the Delivery Site.

'Area of Supply' means the Crown-timber lands within Forests NSW North East, and Central Regions more particularly being described on the plan attached as **Schedule 3**;

‘Available HQL Resource’ for a period means the maximum volume of HQL sawlogs (including any HQL Equivalent Volume) which Forests NSW (acting reasonably) determines is reasonably available to be supplied from the Area of Supply under all Type B Agreements during the period after taking into account Forests NSW obligations to supply all of the timber it is obliged to supply under the Type A Agreements (including any timber which is to be supplied in that Year under a clause in a Type A Agreement identical to or having similar effect to **clause 14.6** of this Agreement) during that period;

‘Available HQL Production’ for a Year means the volume of HQL sawlogs (including any HQL Equivalent Volume) harvested in the Area of Supply in the Year that is in excess of the Total Priority HQL Volume for the Year;

‘Available HQS Production’ for a Year means the volume of HQS sawlogs (including any HQS Equivalent Volume) harvested in the Area of Supply in the Year that is in excess of the Total Priority HQS Volume for the Year;

‘Available HQS Resource’ for a period means the maximum volume of HQS sawlogs (including any HQS Equivalent Volume) which Forests NSW (acting reasonably) determines is reasonably available to be supplied from the Area of Supply under all Type B Agreements during the period after taking into account Forests NSW obligations to supply all of the timber it is obliged to supply under the Type A Agreements (including any timber which is to be supplied in that Year under a clause in a Type A Agreement identical to or having similar effect to **clause 14.6** of this Agreement) during that period;

‘Base Indicator Rate’ see **Schedule 6**;

‘Class’ means a class of Timber categorised by reference to kilonewtons and length. The Classes of Timber relevant to this Agreement are specified in the Allocation Distribution Table;

‘Code of Procedure’ means the Code of Procedure attached as **Schedule 4** as may be amended from time to time in accordance with this Agreement;

‘Commencement Date’ means 1 July 2004;

‘Company’ means the Company and includes all employees, servants and agents of the Company;

‘Company’s HQL Percentage Share’ means the percentage described in **Part III** of **Schedule 2** as the Company’s HQL Percentage Share;

‘Company’s HQS Percentage Share’ means the percentage described in **Part III** of **Schedule 2** as the Company’s HQS Percentage Share;

‘Compartment’ means an identified geographic administrative area from which Forests NSW may supply Timber to the Company;

'Contract Harvesting' means the felling, extraction, sorting, processing, grading, loading, hauling, delivery and distribution of Timber by a Contractor engaged by Forests NSW necessary to deliver the Allocations to the Company;

'Contractor' means a person under contract with Forests NSW to conduct forestry operations and includes principals, employees and agents of the Contractor;

'Cost Item' see Schedule 6;

'Current Indicator Rate' see Schedule 6;

'Delivered Price Review Mechanism' means the mechanism and procedures set out in Schedule 6 as amended in accordance with this Agreement;

'Delivered Prices' means the prices payable for Timber delivered to the Company under this Agreement determined in accordance with clauses 16, and 17;

'Delivered Price Schedule' means the schedule attached as Schedule 5 for calculating the Delivered Price as prepared and amended from time to time in accordance with clause 17;

'Delivery Hours' means the hours specified in Schedule 7;

'Delivery Site' means the location identified in Schedule 7 as the Delivery Site;

'DP Year' means the 12 month period commencing 1 October in any year;

'Force Majeure' means an event (other than the payment of money) arising from an act of God, industrial dispute, act or omission of government or government department or instrumentality (other than Forests NSW), war, sabotage, riot, civil disobedience, epidemic, disease, fire, explosion, failure of power supply, accident, natural disaster, calamity or unlawful act by other person, or any similar cause which prevents a party from performing its obligations (in whole or in part) under this Agreement;

'HQL sawlogs' means timber described in Schedule 8 as HQL sawlogs;

'HQL Equivalent Volume' means Forests NSW' determination (acting reasonably) of the volume of that part of larger high quality logs such as Timber that could be converted into HQL sawlogs. For example the HQL Equivalent Volume of a volume of Timber would be determined by Forests NSW dividing that volume by the HQL/Timber Conversion Factor;

'HQL/Timber Conversion Factor' means the figure specified as the HQL/Timber Conversion Factor in Part V of Schedule 2;

'HQS sawlogs' means timber described in Schedule 8 as HQS sawlogs;

'HQS Equivalent Volume' means Forests NSW' determination (acting reasonably) of the volume of that part of larger high quality logs such as Timber that could be converted into HQS sawlogs. For example the HQS Equivalent Volume of a volume

of Timber would be determined by Forests NSW dividing that volume by the HQL/Timber Conversion Factor;

'HQL/Timber Conversion Factor' means the figure specified as the HQL/Timber Conversion Factor in Part V of **Schedule 2**;

'Indicator' see **Schedule 6**;

'Indicator Rate' see **Schedule 6**;

'Indicator Weighting' see **Schedule 6**;

'Minister' means the Minister administering the Act;

'Monthly Delivery Schedule' means a schedule stating the Monthly Quantity and the Compartments from which the Monthly Quantity is to be harvested during the month to which it applies, together with any special delivery requirements for that month. The Monthly Quantity and area will be based on, but not bound to, the indicative information in the Annual Delivery Plan for that month, and must:

- (i) provide for the need for the Company to stockpile Timber in some months to compensate for events preventing Contract Harvesting;
- (ii) provide for the need for the Company to otherwise manage its mill site stockpiles to control inventory costs and minimise deterioration in the quality of stockpiled Timber;
- (iii) take into account the cumulative performance of monthly deliveries against the Annual Delivery Plan; and
- (iv) specify the volume of each of the Classes to be delivered during the month;

'Monthly Quantity' means the volume of Timber specified in a Monthly Delivery Schedule to be delivered to the Delivery Site during the month to which the Monthly Delivery Schedule applies;

'Northern Region' means all the land within the area identified as the Northern Region on the plan attached as **Schedule 3**;

'Region' means the Crown-timber lands within the geographical area identified as a Forests NSW region in **Schedule 3**;

'Required Licences' means licences which are required under the Act to permit the processing of Timber by the Company in the exercise of its rights under this Agreement and any other licences required under the Act from time to time by the Company to enable it to exercise its rights under this Agreement;

'Salvage operations' means the harvesting of windthrown timber or damaged timber;

'Specifications' means the specifications for the hardwood timber set out in **Schedule 1**;

'Timber' means the timber detailed in the Specifications;

'Total Type B Agreement HQL Volume' for a period means the aggregate of all the HQL sawlogs, including HQL Equivalent Volume, Forests NSW may be required to supply under the Type B Agreements during that period;

‘Total Type B Agreement HQS Volume’ for a period means the aggregate of all the HQS sawlogs, including HQS Equivalent Volume, Forests NSW may be required to supply under the Type B Agreements during that period;

‘Total Priority HQL Volume’ for a Year means the total of:

- (a) 245,922 m3 of Timber being the volume of HQL sawlogs specified for supply in a Year under the Type A Agreements;
- (b) 5,742 m3 of Timber being the volume of HQL Equivalent Volume specified for supply in a Year as Allocation 1 under the Type B Agreements as varied at the same time and in the same proportion as Allocation 1 may vary in accordance with **clause 32**; and
- (c) any volume of HQL sawlogs which is to be supplied in that Year under a clause in a Type A Agreement identical to or having similar effect to **clause 14.6** of this Agreement;

‘Total Priority HQS Volume’ for a Year means the total of:

- (a) 57,759 m3 of Timber being the volume of HQS sawlogs specified for supply in a Year under the Type A Agreements;
- (b) 23,325 m3 of Timber being the volume of HQS sawlogs and HQS Equivalent Volume specified for supply in a Year as Allocation 1 under the Type B Agreements as varied at the same time and in the same proportion as Allocation 1 may vary in accordance with **clause 32**; and
- (c) any volume of HQS sawlogs which is to be supplied in that Year under a clause in a Type A Agreement identical to or having similar effect to **clause 14.6** of this Agreement;

‘Type A Agreements’ means:

1. the agreements within a class of agreements each of which:
 - (a) is a written agreement between Forests NSW, the State of NSW and a person entered into in 2004 for an annual supply of HQL sawlogs and HQS sawlogs from the Area of Supply;
 - (b) bears the title of Type A Hardwood Timber Term Agreement;
 - (c) has substantially identical terms and conditions except there may be variations in relation to:
 - (i) the quantity of the Allocations and the precise Specifications for Timber, (as Allocations, Specifications and Timber are defined in the agreement); and
 - (ii) the indicative areas from which the timber will be supplied; and
2. the agreement dated 26 August 2003 between Forests NSW, the State of NSW, Allen Taylor & Co Ltd and Duncans Holdings Ltd;

‘Type B Agreement’ means a written agreement between Forests NSW, the State of NSW and a person entered into in 2004 on terms and conditions substantially identical to the provisions of this Agreement except in relation to the quantity of the Allocations and the precise Specifications for Timber;

‘Value Added Criteria’ means criteria either regarding the sawing, drying, dressing or other processing of Timber, or regarding the marketing of Timber, which adds value to the Timber;

‘Year’ means a period of twelve months commencing on 1 July in any year.

2.2 In this Agreement, unless the context requires otherwise:

- 2.2.1 a reference to the Act includes all amendments, regulations, rules, by-laws and proclamations under the Act;
- 2.2.2 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;
- 2.2.3 headings are for convenience only and do not affect the interpretation of this Agreement;
- 2.2.4 words importing the singular include the plural and vice versa;
- 2.2.5 words importing a gender include any gender;
- 2.2.6 a reference to a person includes a company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;
- 2.2.7 a reference to any thing includes a part of that thing;
- 2.2.8 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;
- 2.2.9 a reference to a document includes all amendments or supplements or replacements or novations of that document;
- 2.2.10 a reference to a party to a document includes that party's successors and permitted assigns;
- 2.2.11 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;
- 2.2.12 a reference to dollars or \$ is a reference to the lawful currency of the Commonwealth of Australia;
- 2.2.13 a reference to the Minister is a reference to the Minister acting in his capacity as representative of the Crown in the right of the State of New South Wales but not as a statutory officer under the Act;
- 2.2.14 a reference to Forests NSW making Timber available is a reference to making Timber available by the method described in **clause 8.1**;
- 2.2.15 a reference to taking Timber is a reference to accepting delivery of Timber delivered by Forests NSW in the course of Forests NSW conducting Contract Harvesting.

3. SCOPE OF AGREEMENT

- 3.1 The Company carries on the business of the processing of hardwood timber and requires supplies of Timber to conduct its business.
- 3.2 From the Commencement Date Forests NSW will make available supplies of Timber to the Company and the Company must accept and pay for the supplies of Timber delivered by Forests NSW upon the terms and conditions set out in this Agreement.
- 3.3 The Company must pay Forests NSW the prices calculated in accordance with **clause 16**.
- 3.4 The State of NSW undertakes to ensure that Forests NSW has sufficient resources and the necessary capacity to make the Timber to be supplied under this Agreement available to the Company and will cause Forests NSW to perform its obligations as required by the provisions of this Agreement. The State of NSW will only be excused for any failure to perform its undertakings set out in this clause if prevented from doing so by Force Majeure. For the purposes of this clause the words 'act or omission of government or government department or instrumentality' in the definition of Force Majeure will be deemed to mean 'act or omission of a government or government department or instrumentality other than the government or a department or instrumentality of the State of NSW'.

4. DURATION OF AGREEMENT

- 4.1 This Agreement will take effect from the date of this Agreement and will operate until 31 December 2023 unless determined at an earlier date under a provision of this Agreement.
- 4.2 If the Company makes written application to Forests NSW and the Minister to renew this Agreement provided it is not in material breach of this Agreement at the time it makes the application, the Minister and Forests NSW must consult with the Company, and negotiate with the Company in good faith for the purpose of seeking to reach agreement in respect of the grant of a renewed Agreement and the terms and conditions of such a renewal. Nothing in this clause obliges Forests NSW or the State of NSW to grant a renewal of this Agreement.
- 4.3 The parties agree that in the event of an assignment of this Agreement as envisaged by **clauses 29 and 30**, the parties will execute a further agreement upon the same terms as this Agreement but including provisions incorporating an obligation in **clause 21** upon the Company or any assignee to comply with any conditions imposed under **clause 30** as obligations under the agreement (and it is agreed that non-compliance with such conditions will be a material breach for the purposes of **clause 27.2**).

5. ALLOCATIONS

- 5.1 From the Commencement Date and subject to **clause 6**, Forests NSW must make available to the Company each of the Allocations in each Year.
- 5.2 Despite any provision of this Agreement Forests NSW is not obliged to supply the Timber from outside the Area of Supply.
- 5.3 Forests NSW may supply the Timber from outside the Area of Supply provided:

- 5.3.1 Forests NSW must use its reasonable endeavours to supply the Timber it is required to supply under this Agreement from the Area of Supply;
 - 5.3.2 Forests NSW may supply the Timber from the Northern Region and elsewhere provided that Forests NSW may not supply the Timber from outside the Northern Region unless it has used its reasonable endeavours to supply it from within the Northern Region;
 - 5.3.3 the Delivered Price payable for the Timber from outside the Area of Supply must be calculated on the assumption that the Timber had been harvested and delivered from within the Area of Supply nearest to the actual point of harvest; and
 - 5.3.4 Forests NSW must act reasonably to ensure that the Timber supplied from outside the Area of Supply is suitable for the Company's business.
- 5.4 Part II of **Schedule 2** sets out indicative proportions of each of the Allocations which are to be made available from particular Regions for the term of this Agreement. The parties acknowledge the purpose of Part II is to provide information relating to likely sources of Timber but Forests NSW is not able to make any firm commitment that Timber will be available in the proportions or from the Regions indicated. The inclusion of this acknowledgment does not relieve Forests NSW of its obligations to make the Allocations available under, and in accordance with, this Agreement. Forests NSW will update this information from time to time if the indicative information provided ceases to be relevant for a period greater than 2 Years.
- 5.5 Part IV of **Schedule 2** sets out the Allocation Distribution Table being the relative proportions of each of the Classes Forests NSW expects to be produced from its harvesting operations in the Area of Supply during each Year. The parties acknowledge Forests NSW is not able to make any firm commitment that Timber will be available in the proportions indicated and in this regard the provisions of **clause 10.3** will apply. Forests NSW may, in consultation with the Company, review the Allocation Distribution Table during January each of 2008, 2012, 2016, and 2020. State Forest may by written notice to the Company issued as soon as practicable after the review, amend the Allocation Distribution Table from 1 July immediately following the review to reflect Forests NSW best estimate, on the basis of information available to it at the time of the review, of the relative proportions of each of the Classes Forests NSW expects to be produced from its harvesting operations in the Area of Supply during each of the following four Years.
- 5.6 Part VI of **Schedule 2** sets out the relative proportions of each of the relevant species Forests NSW expects to be produced from its harvesting operations in the Area of Supply during each Year. The parties acknowledge the purpose of Part VI is to provide indicative information relating to likely proportions of Timber but Forests NSW is not able to make any firm commitment that Timber will be available in the proportions specified. Forests NSW will update this information from time to time if the indicative information provided ceases to be relevant for a period greater than 2 Years.
- 5.7 Forests NSW must not unfairly or inequitably disadvantage the Company, in relation to other Type B Agreement holders, in a manner in which it supplies the Allocations, and the relative proportions of the Classes and species it is prepared to supply to the Company.

6. SPECIAL CONDITIONS REGARDING ALLOCATION 2

- 6.1 Forests NSW obligations to supply Allocation 2 each Year are qualified by this **clause 6**. This **clause 6** has no application to the obligations to supply Allocation 1.
- 6.2 Each Year in addition to its obligations to supply Allocation 1 Forests NSW must use its reasonable endeavours to supply the lesser of:
- 6.2.1 the volume calculated by the following formula:
$$\text{AHQLP} \times \text{Co\%HQL} \times \text{HQL/TC}$$

Where:
AHQLP means the Available HQL Production for the Year;
CoHQL % means the Company's HQL Percentage Share; and
HQL/TC means the HQL/Timber Conversion Factor; and
- 6.2.2 the volume calculated by the following formula:
$$\text{AHQSP} \times \text{CoHQS\%} \times \text{HQS/TC}$$

Where:
AHQSP means the Available HQS Production for the Year;
CoHQS% means the Company's HQS Percentage Share; and
HQS/TC means the HQS/Timber Conversion Factor.
- A worked example of the application of this formula is set out as **Schedule 9**.
- 6.3 Each Year Forests NSW must use its reasonable endeavours to ensure there is an Available HQL Production or an Available HQS Production sufficient that the Company is supplied with Allocation 2 in that Year.
- 6.4 No claim may be made against Forests NSW in relation to its obligations to supply Allocation 2 if it complies with **clauses 6.2 and 6.3**. Nothing in **clauses 6.2 and 6.3** requires Forests NSW:
- 6.4.1 to supply a volume of Timber in excess of Allocation 2;
- 6.4.2 to harvest Timber from the Area of Supply at a rate which compromises its capacity to harvest the Total Priority HQL Volume or the Total Priority HQS Volume from the Area of Supply each Year from the Commencement Date to 31 December 2023; or
- 6.4.3 to harvest Timber in breach of any law or written direction from the Minister regarding the supply to all Type B Agreement holders or in respect to the timber to be supplied under the Type B Agreements.
- 6.5 Unless otherwise agreed between Forests NSW and the Company all Timber delivered to the Company in a Year under this Agreement will be firstly applied in satisfaction of Forests NSW's obligations in relation to Allocation 1 until those obligations are satisfied and thereafter shall be applied in satisfaction of Forests NSW's obligations in relation to Allocation 2.
- 6.6 Prior to 1 April in each Year Forests NSW must use its reasonable endeavours to estimate the volume that will be calculated in accordance with **clause 6.2** for the following Year. The volume so estimated must:
- 6.6.1 be disclosed to the Company at the commencement of negotiations for the purposes of **clause 9.1**; and

- 6.6.2 be included in the Annual Delivery Plan for the following Year as the indicative volume to be supplied in relation to Allocation 2 if it is less than Allocation 2.
- 6.7 If Forests NSW forms the reasonable opinion that supplying Allocation 2 in a Year (in addition to supplying Allocation 1) will compromise its capacity to harvest timber in the manner set out in **clause 6.4.2** it must as soon as practicable after forming that opinion inform the Company accordingly. If requested by the Company to do so Forests NSW must as soon as practicable give the Company particulars in writing of the basis upon which Forests NSW formed that opinion.
- 6.8 If Forests NSW forms the reasonable opinion that supplying Allocation 2 in a Year (in addition to supplying Allocation 1) would involve a breach of any law or a direction of the Minister ("Ministerial direction") it must as soon as practicable after forming that opinion inform the Company accordingly. If requested by the Company to do so Forests NSW must as soon as practicable give the Company particulars in writing of the basis upon which Forests NSW formed that opinion and a copy of any Ministerial direction provided it will have no obligation to provide a copy of any Ministerial direction if directed not to do so by the Minister.

7. SHORTFALL

- 7.1 If for reasons other than Force Majeure or the default of Forests NSW or the State of NSW the Company:
 - 7.1.1 takes less than 80 per cent of an Allocation for two consecutive Years during the term of this Agreement; or
 - 7.1.2 takes less than 70 per cent of an Allocation in any Year,
 Forests NSW may terminate this Agreement under the provisions of **clause 27**.
- 7.2 Subject to **clause 7.3** if for reasons other than Force Majeure, or the default of Forests NSW or the State of NSW, the Company fails in any Year ("FD Year") to take at least 90% of an Allocation and Forests NSW does not terminate this Agreement under **clause 7.1**:
 - 7.2.1 the Company must pay Forests NSW within 90 days of Forests NSW' written demand to pay (which may not be served before the end of the FD Year) the sum of money equal to the difference between the price that would have been payable had the Company taken 90% of the Allocation and the price paid or payable for the quantity of Timber comprising the Allocation actually taken by the Company in that FD Year. In calculating the price that would have been payable had the Company taken at least 90% of the Allocation the relevant price for Timber not taken is the weighted average price for the Timber actually taken in the relevant Year. Any sum payable by the Company under this clause is payable as pre-estimated and liquidated damages and not as a penalty;
 - 7.2.2 if in the Year in which the Company makes a payment under **clause 7.2.1** (the SFD Year) the Company takes a quantity of Timber in excess of 90% of the Allocation, the amount payable by the Company for the quantity of Timber comprising the Allocation above 90% for that Year will be reduced by the amount of any sum paid under **clause 7.2.1**; and
 - 7.2.3 the amount of any reduction allowed under **clause 7.2.2** must not exceed the sum that would have otherwise been payable for the quantity of Timber in excess of 90% at the price applicable for the SFD Year.

7.3 If the Company proposes to take less than 90% of an Allocation during a Year it may by notice ("Undercut Notice") to Forests NSW request Forests NSW to elect by notice to the Company ("Waiver Notice") to waive **clauses 7.1 and 7.2** or any of them, provided:

7.3.1 any Undercut Notice must:

- (a) be in writing;
- (b) specify the volume of the Allocation intended to be taken by the Company in the relevant Year;
- (c) be served on Forests NSW no later than 3 months prior to the commencement of the Year;

7.3.2 any Waiver Notice which Forests NSW in its absolute discretion elects to issue to the Company:

- (a) must be in writing;
- (b) must be served on the Company not later than 1 month prior to the commencement of the Year;
- (c) may be limited to a specified volume or such other conditions as Forests NSW sees fit; and
- (d) will bind Forests NSW for the purposes of the application of **clauses 7.1 and 7.2**, or any of them, in the manner specified in the notice.

7.4 Nothing in this Agreement prevents the Company from requesting Forests NSW waive **clause 7.2** in circumstances other than those set out in **clause 7.3**.

7.5 If the Company makes a payment under **clause 7.2.1** in respect of a FD Year the FD Year shall not be taken into account as a Year for the purposes of Forests NSW exercising a right to terminate under **clause 7.1.1** or **clause 7.1.2**.

7.6 For the purposes of this **clause 7**:

7.6.1 a reference to an Allocation shall, in relation to Allocation 2, be a reference to the lesser:

- (a) of Allocation 2; and
- (b) the volume of Timber that Forests NSW is ready willing and able to supply to the Company in the relevant Year in accordance with **clause 6** in relation to Allocation 2;

provided that if in any Year the volume referred to in **clause 7.6.1(b)** is less than 50% of Allocation 2:

7.6.2 **clause 7.2** shall not apply to that Year in relation to the Company failing to take Allocation 2; and

7.6.3 that Year shall not be taken in account as a Year for the purposes of Forests NSW exercising a right to terminate under **clause 7.1.1** or **clause 7.1.2** in relation to the Company failing to take Allocation 2.

8. METHOD OF SUPPLY

8.1 Forests NSW shall make Timber available by conducting Contract Harvesting and delivering the Timber to the Delivery Site.

8.2 If in any Year the Company requests Forests NSW supply it less than an Allocation, for the sole purpose of determining whether Forests NSW has complied with its obligations under this Agreement to supply that Allocation to the Company in that Year, Forests NSW will be deemed to have supplied that volume which it is ready

willing and able to supply and not any lesser quantity which it actually supplies in accordance with the Company's request. Nothing in this clause will give Forests NSW any right to claim payment (except as provided in clause 7) for any Timber it is deemed to supply under this clause.

9. ANNUAL DELIVERY PLAN

- 9.1 No later than April in each Year Forests NSW and the Company must confer and negotiate in good faith to reach agreement on the Annual Delivery Plan for the following Year. In default of agreement by the end of the following May Forests NSW may determine the Annual Delivery Plan for the following Year. Any agreement or determination of the Annual Delivery Plan must recognise:
 - 9.1.1 the need for the Company to stockpile Timber in some months to compensate for events preventing delivery such as wet weather preventing harvesting of Timber; and
 - 9.1.2 the need for the Company to otherwise manage its mill site stockpiles to control inventory costs and minimise deterioration in the quality of stockpiled Timber.
- 9.2 Forests NSW must provide the Company with a copy of the Annual Delivery Plan for a Year not less than 21 days before the commencement of the Year.
- 9.3 The parties acknowledge that each Annual Delivery Plan contains indicative information and the parties must co-operate in the implementation of each Annual Delivery Plan and each must use their reasonable endeavours to comply with it.
- 9.4 If there is any inconsistency between any Annual Delivery Plan and this Agreement the provisions of this Agreement will prevail.
- 9.5 Agreement by Forests NSW to an Annual Delivery Plan or Monthly Delivery Schedule or amendment thereto which would result in the Company taking less than a volume of timber the Company is required to take under this Agreement in any Year will not constitute a waiver of any obligation imposed or right given by this Agreement.

10. MONTHLY DELIVERY SCHEDULES

- 10.1 Each Year Forests NSW will use reasonable endeavours to ensure that the volume of Timber to be delivered under the relevant Annual Delivery Plan is delivered substantially in accordance with the Monthly Delivery Schedules for that Year.
- 10.2 Each calendar month no later than 7 days prior to the next month the parties must confer and negotiate in good faith to reach agreement on the Monthly Delivery Schedule for the next month. In default of agreement the Monthly Delivery Schedule for the next month will be determined by Forests NSW provided:
 - 10.2.1 Forests NSW will have due regard to the Company's requests; and
 - 10.2.2 If the Company has a special requirement regarding volume in a particular month Forests NSW will, with due regard to the practicalities and the rights of other persons supplied with Timber by Forests NSW, use all reasonable endeavours to meet the Company's request.

- 10.3 Forests NSW must use its reasonable endeavours to ensure that each month it is ready willing and able to supply the Monthly Quantity in the Classes and proportions set on the Allocation Distribution Table. Despite any other provision of this Agreement if it complies with this **clause 10.3**:
- 10.3.1 Forests NSW has no other obligation in relation to the Allocation Distribution Table; and
- 10.3.2 no claim may be made against Forests NSW in relation its performance of this Agreement in relation to the Allocation Distribution Table.
- 10.4 At the commencement of negotiations referred to in **clause 10.2** Forests NSW must serve a notice in writing on the Company which:
- 10.4.1 specifies the Monthly Quantity it is ready willing and able to supply in the relevant month (the Base Monthly Quantity);
- 10.4.2 specifies the volume of each of the Classes that would be supplied during the relevant month if the Base Monthly Quantity was delivered in the proportions set on the Allocation Distribution Table.
- 10.5 If in the course of negotiations referred to in **clause 10.2** the Company is not prepared to accept the volume specified for a Class in accordance with **clause 10.4.2** during the relevant month it must state that fact in a notice in writing to Forests NSW served during the course of those negotiations.
- 10.6 If the Company serves notice in accordance with **clause 10.5**:
- 10.6.1 the Company shall not be entitled to a supply during the relevant month of any Timber in the Class identified in the notice;
- 10.6.2 the Monthly Delivery Schedule for the relevant month may be determine by Forests NSW so as:
- (a) to give effect to **clause 10.6.1**; and
- (b) to provide for a Monthly Quantity equivalent to the Base Monthly Quantity less any volume specified in accordance with **clause 10.4.2** for the Class identified in the notice;
- 10.6.3 any volume specified in accordance with **clause 10.4.2** for the Class identified in the notice (the "Forfeited Volume") shall:
- (a) be deemed to have been supplied by Forests NSW in part satisfaction of its obligations under **clause 5.1**;
- (b) be deemed to have been taken by the Company for the purposes of **clause 7.1**;
- in the Year in which the month associated with the Forfeited Volume occurs.
- 10.7 Nothing in **clause 10.6** entitles Forests NSW to claim payment for the Forfeited Volume or any part thereof under any provision of this Agreement except to the extent any part or whole of it is subsequently supplied by Forests NSW and accepted by the Company in the same month in which the Forfeited Volume arose.
- 10.8 If Forests NSW or the Company wishes to vary a current Monthly Delivery Schedule, it must notify the other party as soon as practicable and Forests NSW and the Company 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.

11. AMENDMENT OF ANNUAL DELIVERY PLAN OR MONTHLY DELIVERY SCHEDULES

- 11.1 From time to time during the term of this Agreement the Company may request Forests NSW, by notice in writing, to consider any modifications or change to an Annual Delivery Plan which the Company believes is necessary to enable or facilitate the Contract Harvesting of any Timber under this Agreement. If Forests NSW is satisfied that the requested modification or changes are necessary and reasonable, with due regard to the practicalities and the rights of other persons supplied with Timber by Forests NSW, Forests NSW must amend or vary the Annual Delivery Plan in the manner requested by the Company.
- 11.2 If Forests NSW considers a modification or variation of an Annual Delivery Plan is necessary to enable or facilitate the Contract Harvesting of Timber under this Agreement, Forests NSW will consult with the Company in respect of the proposed modification or variation and take into account its views. After doing so it may modify or vary the Annual Delivery Plan to enable or to facilitate the Contract Harvesting. Nothing in this clause will relieve Forests NSW of its obligations under **clause 5.1**, as modified by **clause 6**.
- 11.3 Where any timber in a Compartment has been damaged or destroyed by fire, disease or other natural cause or access to a Compartment intended to supply an Allocation is otherwise prevented by Force Majeure, Forests NSW 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 timber in Compartments. Subject to Force Majeure nothing in this clause will relieve Forests NSW of its obligations under **clause 5.1**, as modified by **clause 6**.
- 11.4 Forests NSW must provide the Company with a copy of any varied Annual Delivery Plan or Monthly Delivery Schedule for the period to which it applies:
 - 11.4.1 in the case of an Annual Delivery Plan or Monthly Delivery Schedule varied under **clause 11.3**:- as soon as practicable and in any event before the commencement of the period to which it applies; and
 - 11.4.2 in any other case:- at least 28 days before the commencement of the period to which it applies.

12. DELIVERY

- 12.1 Forests NSW must effect delivery of Timber by delivering it:
 - 12.1.1 to the Delivery Site; and
 - 12.1.2 during the Delivery Hours andthe Company may not refuse Timber or fail to unload Timber delivered to the Delivery Site in accordance with this **clause 12.1** and substantially with the relevant Monthly Delivery Schedule and otherwise in accordance with this Agreement.
- 12.2 Except where the parties have agreed that Forests NSW' contractors will unload the Timber (in which case **clause 12.3** shall apply) the Company must:
 - 12.2.1 promptly unload Timber delivered to it in accordance with this Agreement with due regard to the practicalities and available unloading equipment; and
 - 12.2.2 ensure that all unloading operations carried out by it at the Delivery Site are performed in a safe manner in accordance with:

- (a) any relevant code issued by New South Wales WorkCover or other relevant agency which replaces or exercises the functions carried out by New South Wales WorkCover; and
- (b) the Company's safety policies for the Delivery Site.

12.3 If the parties have agreed that Forests NSW' Contractors are to unload the Timber Forests NSW must ensure that its Contractors:

- 12.2.1 promptly unload Timber for delivery in accordance with this Agreement with due regard to the practicalities and available unloading equipment; and
- 12.2.2 ensure that all unloading operations carried out by them at the Delivery Site are performed in a safe manner in accordance with:
 - (a) any relevant code issued by New South Wales WorkCover or other relevant agency which replaces or exercises the functions carried out by New South Wales WorkCover; and
 - (b) the Company's safety policies for the Delivery Site.

13. TITLE AND RISK

- 13.1 Ownership of the Timber taken by the Company will pass to the Company on payment for the Timber.
- 13.2 Delivery will be effected and the risks of ownership of the Timber will pass to the Company when the Timber is unloaded in accordance with this Agreement.

14. SPECIFICATIONS

- 14.1 Forests NSW must make available or supply and the Company must accept any timber which conforms with the Specifications and is within other requirements of this Agreement.
- 14.2 Timber will be deemed to conform with the Specifications if the Timber is unloaded at the Delivery Site in accordance with this Agreement and that Company does not object to its failure to meet Specifications by notice in writing to Forests NSW within seven days of its delivery.
- 14.3 If the Company objects to timber in terms of **clause 14.2** it must set the timber aside for inspection. Forests NSW must arrange for the inspection of the timber by a suitably qualified Forests NSW officer, in company with a representative of the Company, within 7 days after receipt of the objection. The adjudication of the disputed timber must be dealt with in accordance with the Code of Procedure. Despite the foregoing the Forests NSW' officer must provide a written determination in respect of the adjudication of the disputed timber.
- 14.4 A decision of a suitably qualified Forests NSW officer that the timber is Timber, will (except in the case of manifest error) be accepted by the parties as final and binding on the parties. The decision of the suitably qualified Forests NSW officer must be based on Forests NSW' hardwood log measurement manual 1st January 2002 edition, as amended from time to time following consultation with the Company. If a party disputes the adjudication on the grounds of manifest error the provisions of **clause 28** shall apply to the adjudication.

- 14.5 If the suitably qualified Forests NSW officer decides that any timber does not meet the Specifications and the parties cannot agree on terms upon which the Company agrees to purchase the timber, Forests NSW must within 7 days remove that timber from the Delivery Site at its own cost.
- 14.6 If quantities of Timber which conform to the Specification, and which the Company is entitled to under this Agreement in a Year, are not available in the Year as a consequence of Force Majeure or in breach of this Agreement:
- 14.6.1 the Company and Forests NSW must within a reasonable period of time confer with a view to exploring the possibility of the Company accepting timber from categories of logs which are not within the Specifications, in replacement of the quantities of Timber that are not available. Forests NSW must give written notice to the Company as soon as practicable and in any event within 28 days of becoming aware of a likely shortage and will in the same notice provide an opportunity for the Company to meet with Forests NSW and provide particulars of:
- (a) the extent and consequences of the shortage;
 - (b) details of other timber which Forests NSW can supply by way of replacement timber ("Replacement Timber"); and
 - (c) the terms and conditions (including price) on which Forests NSW would supply, or make available such Replacement Timber; and
- 14.6.2 The Company will not be entitled to invoke the provisions of **clause 27.6.1** or to claim any damages for breach against Forests NSW unless both parties have in good faith made all reasonable endeavours to meet the Company's needs for Timber from Replacement Timber available from Forests NSW but outside the scope of the Specifications.
- 14.7 Replacement Timber supplied to the Company under the provisions of **clause 14.6** will be deemed to be Timber supplied under this Agreement.
- 14.8 At the request of the Company, Forests NSW must consult with the Company with respect to the terms and conditions (including price) upon which Forests NSW is prepared to supply or make available Replacement Timber.
- 14.9 The Company has no obligation to accept Replacement Timber on the terms proposed or at all.

15. DETERMINATION OF QUANTITY OF TIMBER

- 15.1 The method of determination of the quantity of Timber upon which the price is payable under this Agreement will be as set out in the Code of Procedure. Either party may propose amendments to the Code of Procedure. If a party proposes an amendment the parties must as soon as practicable negotiate in good faith to reach agreement as to the amendment of the Code of Procedure. In default of agreement the Code of Procedure may be amended by Forests NSW as may be considered necessary by Forests NSW from time to time but Forests NSW will consult with and take into account any comments of the Company before any amendments are effected or implemented.
- 15.2 The Company acknowledges in relation to good faith negotiations regarding amendments to the Code of Procedure that the Code of Procedure is a standardised document applicable to a number of persons who are supplied with Timber by Forests

NSW from the Area of Supply and that amendments to the Code of Procedure will be introduced uniformly to those persons. Consequently a determination to make amendments to the Code of Procedure must take into account a wider range of issues other than those of immediate concern to the Company. The parties agree that any amendment of the Code of Procedure will apply, uniformly, to all persons supplied with Timber by Forests NSW from the Area of Supply.

- 15.3 The Company also acknowledges and accepts that Forests NSW will amend the Code of Procedure to introduce an electronic delivery docket system. The Company acknowledges and accepts it will be required to purchase and maintain computer hardware and software technology to support the system together with having e-mail capacity.
- 15.4 In the event that the parties agree an Allocation (or part thereof) is to be weighed and if the Company provides a weighbridge or other measuring device approved by Forests NSW, the Company must maintain and verify the weighbridge or other device as required by the manufacturer's specifications.
- 15.5 Forests NSW may from time to time undertake an independent verification of the operation and accuracy of the weighbridge or other device used in the measurement of Timber upon which the price is payable under this Agreement. Forests NSW will provide the Company with reasonable notice of its intention to undertake such verification
- 15.6 Any determination by Forests NSW to amend or not amend the Code of Procedure must be made and conveyed to the Company in writing within 21 days of the conclusion of negotiations on the proposed amendment. Forests NSW must give written notice of its determination. If the Company is dissatisfied with the determination it may, but only within 10 days of receipt of the notice of determination, claim a dispute in accordance with **clause 28**.
- 15.7 If there is any inconsistency between the Code of Procedure and this Agreement, the provisions of this Agreement shall prevail.

16. DELIVERED PRICE

- 16.1 The prices payable under this Agreement for Timber taken by the Company under this Agreement shall be the Delivered Prices.
- 16.2 The Delivered Prices payable at the Commencement Date for Timber supplied from the Area of Supply shall be the Delivered Prices specified in the Delivered Price Schedule for the Region from which the Timber is harvested.
- 16.3 The Delivered Prices referred to in **clause 16.2** shall be amended from time to time in accordance with **clause 17**.

17. DELIVERED PRICE REVIEW

- 17.1 The Delivered Prices for each DP Year commencing 1 October 2004 shall be the Delivered Prices for the previous DP Year varied by the percentage determined by Forests NSW by applying the Delivered Price Review Mechanism as specified in **Schedule 6**. To resolve doubt the Delivered Prices for the DP Year ending 30

September 2004 shall be the Delivered Prices set out in the Delivered Price Schedule as specified in **Schedule 5** at the Commencement Date.

- 17.2 As soon as practicable after the commencement of a DP Year, but not later than 60 days after the commencement of a DP Year, Forests NSW must:
- 17.2.1 apply the Delivered Price Review Mechanism to determine the Delivered Prices for that DP Year;
 - 17.2.2 provide the Company with details of its application of the Delivered Price Review Mechanism.
- Delivered Prices so determined shall be applied retrospectively to the commencement of the DP Year. Any money due to a party as a result of the retrospective application of Delivered Prices must be paid within one month of the claim for the adjustment being made.
- 17.3 The parties must review the Delivered Prices and the Delivered Price Review Mechanism on or before each of 1 July 2008, 1 July 2012, 1 July 2016 and 1 July 2020 and negotiate in good faith to reach agreement on whether to:
- 17.3.1 amend the Delivered Prices;
 - 17.3.2 amend the Delivered Price Review Mechanism by adding, deleting or varying any Cost Items, Indicators, Indicator Rates or Weighting's; or
 - 17.3.3 replace the Delivered Price Review Mechanism with a new mechanism for calculating annual shifts in the market value of Timber delivered at the Delivery Site; or
 - 17.3.4 do both of **clauses 17.3.1 and 17.3.2** or do both of **clauses 17.3.1 and 17.3.3**; and in default of agreement (and subject to **clause 17.4**) Forests NSW may:
 - 17.3.5 determine whether any amendment or replacement is necessary;
 - 17.3.6 may make such any amendment or replacement or both, as it considers necessary; and
 - 17.3.7 implement its determination in relation to Delivered Prices to apply in the Year following the Year of the review.
- 17.4 Any agreement or determination under **clause 17.3** must meet the requirements that:
- 17.4.1 the Delivered Prices are fair, reasonable and competitive and where available, comparable to current market prices for Timber (or timber types similar or comparable to Timber) of a similar quality and harvested and hauled in similar circumstances with regard to:
 - (a) quantities;
 - (b) harvesting difficulty; and
 - (c) haulage distances and difficulty; and
 - 17.4.2 the Delivered Price Review Mechanism provides a fair and reasonable mechanism for calculating shifts in the market value of Timber delivered to the Delivery Site.
- 17.5 If:
- 17.5.1 an exceptional change occurs in the Indicator Rate of an Indicator;
 - 17.5.2 a factor which is not then included as an Indicator or a Cost Item becomes apparent which may have a significant effect on the market value of Timber delivered to the Delivery Site; or
 - 17.5.3 a factor which is included as an Indicator or a Cost Item ceases to have an effect on the market value of Timber delivered to the Delivery Site;
- a party may request a review of the Delivered Price Review Mechanism and the parties must negotiate in good faith to reach agreement on the amendment of the

Delivered Price Review Mechanism by adding, deleting or varying any Cost Item, Indicator, Indicator Rate, or Indicator Weighting and in default of agreement (and subject to **clause 17.6**) Forests NSW may:

17.5.4 determine whether any amendment is necessary;

17.5.5 make such any amendment as it considers necessary; and

17.5.6 implement its determination in relation to Delivered Prices to apply in the Year following the Year of the review.

17.6 Any agreement or determination under **clause 17.5** must meet the requirement that the Delivered Price Review Mechanism provides a fair and reasonable mechanism for calculating shifts in the market value of Timber delivered to the Delivery Site.

17.7 Forests NSW must advise the Company in writing of any variation to Delivered Prices or the Delivered Price Review Mechanism as soon as practicable after the variation is agreed or determined.

17.8 Any dispute regarding a determination by Forests NSW under **clause 17.3** or **clause 17.5** may be subject to the dispute resolution procedures of **clause 28**.

18. INFORMATION

18.1 The Company may request information from Forests NSW relating to the Indicators relevant to the review of the Delivered Prices or the Delivered Price Review Mechanism including any documentation verifying the accuracy of such information.

18.2 Forests NSW must promptly provide the information, on a confidential basis, to the Company except where the information is data provided to Forests NSW by third parties on a confidential basis in which case Forests NSW may only be required to provide the Company with aggregated data provided always that in so doing Forests NSW will not be in breach of any undertaking it has given not to disclose information.

19. PAYMENT

19.1 Forests NSW will issue monthly invoices for Timber taken by the Company during the previous month.

19.2 The Company must pay any invoice issued to it prior to the expiration of 14 days after the date of its issue, or the expiration of the calendar month within which it was issued, whichever last occurs. The Company is liable to pay an invoice issued to it and any interest accrued in accordance with **clause 34** on that invoice as a debt due and payable to Forests NSW.

19.3 If the Company fails to pay an invoice within the time for payment of that invoice:

19.3.1 Forests NSW may give written notice to the Company of its intention to suspend the Company's right to take Timber if payment is not made within 7 days after the date of the notice; and

19.3.2 Forests NSW may suspend the Company's right to take Timber under this Agreement if the invoice is not paid within the 7 day period.

20. GOODS AND SERVICES TAX

- 20.1 The 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.
- 20.2 The GST may be imposed on the prices for Timber delivered under this Agreement.
- 20.3 If GST is or will be imposed on a supply made under this Agreement, the supplier may:
- 20.3.1 increase the consideration otherwise provided for that supply under this Agreement by the amount of that GST; or
 - 20.3.2 otherwise recover from the recipient the amount of that GST.
- 20.4 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.
- 20.5 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.
- 20.6 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.
- 20.7 In this clause:
- 20.7.1 **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;
 - 20.7.2 **GST** includes any replacement or subsequent similar tax;
 - 20.7.3 **GST Act** means A New Tax System (Goods and Services Tax) Act 1999 (Cth);
 - 20.7.4 **New Tax System changes** has the same meaning as in the Trade Practices Act 1974 (Cth);
 - 20.7.5 **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; and
 - 20.7.6 Terms defined in the GST Act have the same meaning in this clause unless provided otherwise.

21. COMPLIANCE

- 21.1 The Company and Forests NSW must each respectively comply with:
- 21.1.1 the provisions of the Act and other Acts of the State of NSW;
 - 21.1.2 the Code of Procedure; and

21.1.3 the requirements of any person acting in the exercise of statutory powers (State or Commonwealth) enabling them to give directions in connection with or affecting the availability, taking, supply or delivery of Timber.

21.2 The Company and Forests NSW must each respectively ensure that their respective agents, contractors or other persons under their respective control or direction comply with clause 21.1;

22. SALE OF TIMBER TO OTHER PERSONS

22.1 Forests NSW reserves the right to:

22.1.1 supply Timber and other timber from within the Area of Supply; or

22.1.2 issue licences to obtain Timber, timber, products or forest materials within the Area of supply;

to any other person providing it does not, by so doing, adversely affect its capacity to perform its obligations under this Agreement and nothing in this clause 22 relieves Forests NSW from performing its obligations under this Agreement.

22.2 The Company may from time to time sell Timber which it owns to any person without the need for processing the Timber.

22.3 If the Company sells Timber under clause 22.2 the Company must provide Forests NSW with details in writing of the volume by log category of sales and the identity of the purchaser within 60 days after the end of each Year.

23. SECURITY

23.1 Forests NSW may at its sole discretion require the Company to provide security for the purpose of ensuring the due and proper performance of the Company's obligations under this Agreement in respect of payment of money.

23.2 If Forests NSW requires the Company to provide security the Company must provide the security ('security') in the amount determined by Forests NSW from time to time which must not exceed a sum equivalent to 15% of the Delivered Price of the volume of Timber Forests NSW is to make available in each Year assuming it was made available in accordance with the Annual Delivery Plan for the Year ('secured amount').

23.3 Forests NSW will give the Company written notice of any amount determined under clause 23.2 and any adjustment to or variation of the secured amount that may be determined by Forests NSW under the provisions of clause 23.

23.4 the Company must lodge, adjust or vary the secured amount within 28 days of the receipt of a notice from Forests NSW under clause 23.3.

23.5 The security must:

23.5.1 be in the form of a bank guarantee or other form approved by Forests NSW;

23.5.2 if requested be lodged within fourteen (14) days of the execution of this Agreement; and

23.5.3 be in a form which allows Forests NSW to draw upon the secured amount if the Company is in breach of this Agreement.

- 23.6 If the security is not transferable by delivery, it must be accompanied by an executed transfer or other documentation sufficient to effect transfer of the security. The costs (including stamp duty) of any transfer or retransfer must be borne by the Company.
- 23.7 If the Company commits a material breach of this Agreement with respect to the payment of money and does not remedy that material breach within 7 days after being given notice of that breach Forests NSW may at any time thereafter, draw upon the secured amount to meet any loss or damages arising from the Company's failure to perform any of its obligations to pay money under this Agreement.
- 23.8 If Forests NSW draws on the secured amount under this Agreement but does not terminate this Agreement as a result of any breach, then the Company must provide additional security so that the secured amount is maintained at the level notified under **clause 23.3**.
- 23.9 Forests NSW may suspend the Company's rights to take any Timber if the Company fails to lodge the security or to vary or adjust the secured amount within the time required in accordance with this **clause 23** or by any notice to the Company under this **clause 23**.
- 23.10 Forests NSW must release the security to the Company within six months of the date of termination or assignment (except assignment by Change in Control) of this Agreement if no money is then due to Forests NSW or any earlier date that may be otherwise agreed.

24. FORCE MAJEURE

- 24.1 If the Company is prevented from taking or accepting Timber or from processing Timber by Force Majeure and:
- 24.1.1 the Force Majeure was not caused by any 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 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 Forests NSW for suspension or modification of its obligations under this Agreement to the extent that its ability to meet its obligations have been adversely affected by the Force Majeure.
- 24.2 Where the Company makes an application under **clause 24.1**, Forests NSW will negotiate with the Company in good faith to review the Allocations taking into account the functions and obligations of Forests NSW under this Agreement and the Act and the requirements for the Company to do all things practicable to mitigate the effect of the Force Majeure.
- 24.3 If Forests NSW is prevented from performing all or any of its obligations under this Agreement by reason of Force Majeure:
- 24.3.1 the Company will have no claim against Forests NSW under this Agreement, to the extent that the non-performance is due to the Force Majeure;
 - 24.3.2 if Forests NSW is unable to resume the performance of its obligations within a period of 12 months from the date of the occurrence of the Force Majeure or the date when the occurrence of the Force Majeure first became apparent (the

‘relevant date’) either party may terminate this Agreement by written notice. The right to give notice under this clause must be exercised within a period of 15 months from the relevant date and in this regard time will be of the essence; and

24.3.3 Forests NSW may allocate any Timber which is available to the Company and other persons in a manner which reflects Forests NSW functions and obligations under the Act and accords with any directions of the Minister provided that where reasonably practicable and not inconsistent with those functions, obligations or directions Forests NSW must apportion the available Timber justly and equitably among those persons who would in the usual course, have been supplied with the Timber had it not been for the Force Majeure.

24.4 A party affected by Force Majeure must give initial notice of the existence or occurrence of the Force Majeure as soon as is practicable to do so and in any case it must provide a more detailed notice within 28 days of the 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.

25. LEGAL RESPONSIBILITY AND LIMITATION OF LIABILITY

25.1 Where the Company is prevented from taking Timber:

25.1.1 by an act or omission of Forests NSW, being a breach of this Agreement, then Forests NSW and not the State of NSW will be the party, if any, responsible to the Company for any loss suffered; or

25.1.2 by an act or omission of the State of NSW, being a breach of this Agreement, the State of NSW and not Forests NSW will be the party, if any, responsible to the Company for any loss suffered; or

25.1.3 by an act or omission or law of the Commonwealth of Australia, then neither Forests NSW nor the State of NSW will be in any way responsible to the Company for any loss suffered.

25.2 Where Forests NSW or the State of NSW is in breach of this Agreement by reason of any failure to make Timber available or to supply or deliver Timber any loss suffered by the Company will be limited to any loss, damage or expense incurred by the Company as a direct result of the failure to make Timber available or to supply or deliver Timber under this Agreement and will not include any loss of profits or consequential loss.

26. ISSUE OF REQUIRED LICENCES

26.1 Subject to **clause 26.4** and compliance by the Company with the requirements under the Act necessary to entitle the Company to the issue of the Required Licences or any of them, Forests NSW must, on application, issue the Required Licences from time to time to the Company throughout the term of this Agreement so that the Required Licences are in force for the term.

26.2 Subject to **clause 26.4** Forests NSW must not impose any conditions on the Company’s application for any of the Required Licences, which are unreasonable or in addition to the conditions commonly imposed on the application for licences of that type or which are inconsistent with the provisions of this Agreement.

- 26.3 Subject to **clause 26.4** Forests NSW must not impose any conditions in any Required Licences which are in addition to the conditions commonly included in licences of that type or which are inconsistent with the provisions of this Agreement.
- 26.4 Nothing in this **clause 26** prevents Forests NSW from refusing to issue licences, or from cancelling licences or imposing conditions in accordance with the proper exercise of its statutory functions, duties, and powers under the Act.

27. DEFAULT OR INSOLVENCY

- 27.1 If the Company or Forests NSW breaches or repudiates this Agreement, nothing in this clause will prejudice the right of either party to recover damages or exercise any other right.
- 27.2 If the Company commits a material breach of this Agreement and Forests NSW considers that damages may not be an adequate remedy, Forests NSW may give the Company a written notice to show cause. Material breaches include without limitation:
- 27.2.1 failing to take the quantities of Timber set out in **clause 7.1**;
 - 27.2.2 failing to accept Timber in breach of **clause 12.1 and 14.1**;
 - 27.2.3 failing to make payments in breach of **clause 19**;
 - 27.2.4 failing to provide security or to adjust or vary the secured amount in breach of **clause 24**;
 - 27.2.5 purporting to assign the whole or any part of this Agreement without the approval of the Minister in breach of **clauses 29 and 30**;
 - 27.2.6 failing to comply with conditions imposed by the Minister pursuant to **clanse 30** of this Agreement; and
 - 27.2.7 failing to meet Value Added Criteria in breach of **clause 31.1**.
- 27.3 A notice under **clause 27.2** must:
- 27.3.1 state that it is a notice under **clause 27.2** of this Agreement;
 - 27.3.2 specify the alleged material breach;
 - 27.3.3 require the Company to show cause in writing why Forests NSW should not exercise its right to terminate under **clause 27.4**;
 - 27.3.4 specify the time and date by which the Company must show cause (which must not be less than 14 days); and
 - 27.3.5 specify the place at which cause must be shown.
- 27.4 If by the time specified in a notice under **clause 27.2** the Company fails to show reasonable cause why Forests NSW should not exercise its right of termination, Forests NSW may by notice in writing to the Company terminate this Agreement.
- 27.5 If:
- 27.5.1 the Company informs Forests NSW in writing or its creditors generally that it is insolvent;
 - 27.5.2 commits an act of bankruptcy;
 - 27.5.3 has a bankruptcy petition presented against it;
 - 27.5.4 is made bankrupt;
 - 27.5.5 the Company enters a scheme of arrangement or composition with creditors;

- 27.5.6 a resolution is passed at a meeting of creditors to place the Company under official management in the form of an administrator or liquidator of the Company;
- 27.5.7 an administrator or liquidator of the Company is appointed;
- 27.5.8 a receiver of the property or part of the property of the Company is appointed;
- 27.5.9 a winding up order is made in respect of the Company; or
- 27.5.10 execution is levied against the Company by creditors, debenture holders or trustees or under a floating charge.

Forests NSW may, without giving a notice to show cause, terminate this Agreement by notice in writing to the Company.

27.6 If Forests NSW commits a material breach of this Agreement and the Company considers that damages may not be an adequate remedy, the Company may give Forests NSW a written notice to show cause. Material breaches include without limitation:

- 27.6.1 failing to make available an Allocation for each Year in breach of **clause 5** as modified by **clause 6**;
- 27.6.2 a breach of **clauses 8, 10.1, and 12.1**; and
- 27.6.3 failing to process any application requesting an assignment of this agreement in breach of **clauses 29 or 30**.

27.7 A notice by the Company under **clause 27.6** must:

- 27.7.1 state that it is a notice under **clause 27.6** of this Agreement;
- 27.7.2 specify the alleged material breach;
- 27.7.3 require Forests NSW to show cause in writing why the Company should not terminate this Agreement;
- 27.7.4 specify the time and date by which Forests NSW must show cause (which must not be less than 14 days); and
- 27.7.5 specify the place at which cause must be shown.

27.8 If by the time specified in a notice under **clause 27.6** Forests NSW fails to show reasonable cause why the Company should not exercise its right of termination, the Company may by notice in writing to Forests NSW terminate this Agreement.

28. RESOLUTION OF DISPUTES - MANDATORY MEDIATION AND ARBITRATION

28.1 If a dispute or difference between the parties arises out of or in connection with this Agreement or concerning the interpretation or operation of any provision of this Agreement which cannot be settled by the parties within twenty eight (28) days, the parties agree that they must endeavour to settle the dispute or difference by mediation before having recourse to arbitration. The mediator must be a person agreed by the parties or failing agreement a party may request the Australian Commercial Disputes Centre (ACDC) to appoint a mediator and the mediator will be so appointed.

The mediator must conduct proceedings under this clause in accordance with the Guidelines for Commercial Mediation of the ACDC. During the course of any mediation each party must be represented by a person having authority to agree to a resolution of the dispute.

28.2 In the event that the dispute has not been settled within twenty eight (28) days or such other period as agreed to in writing between the parties, after the appointment of the mediator, the dispute or difference must be submitted to arbitration.

Any arbitration must be conducted by a person acceptable to the parties but if the parties are unable to agree to the appointment of an acceptable person within fourteen (14) days of one party giving the others a written nomination of a suitable person or persons, then a party may request the President for the time being of the Institute of Arbitrators, Australia, to appoint an arbitrator and the arbitrator will be so appointed. Any arbitration must be undertaken in accordance with, and subject to, The Institute of Arbitrators Australia Rules for the Conduct of Commercial Arbitration.

- 28.3 The Arbitrator or some person appointed on the Arbitrator's behalf may investigate the Company's and Forests NSW' affairs and accounts so far as may be necessary to assist the Arbitrator to determine any matter referred for arbitration. The Company and Forests NSW must give the Arbitrator full access to all accounts and papers necessary for that purpose and must afford the Arbitrator full information and assistance.
- 28.4 Any mediation or arbitration must be held in Sydney, NSW and either party may be represented by a legal practitioner.
- 28.5 In so far as the provisions of this **clause 28** apply to **clauses 17 and 18**, the issue for consideration by any arbitration or litigation is to be limited to whether the Delivered Price or the Delivered Price Review Mechanism (as the case may be) in dispute (the "Disputed Item"), was a reasonable one considering the factors and principles set out in those clauses to be taken into account in determining the Disputed Item and, otherwise met the requirements for the Dispute Item set out in that clause.
- 28.6 If an arbitration or litigation regarding a Disputed Item determines that Forests NSW determination of a Disputed Item was unreasonable or did not comply with the requirements for the Disputed Item set out in those clauses, then Forests NSW must:
 - 28.6.1 promptly re-determine the Disputed Item which will then apply from the first date the Dispute Item was originally intended to apply; and
 - 28.6.2 refund to the Company any over payment made under the Disputed Item with interest calculated pursuant to **clause 34**.
- 28.7 A party shall not be required to accept the appointment of a mediator or arbitrator of a dispute under this **clause 28** if that appointee does not give a confidentiality undertaking (in a form acceptable to the party) in relation to the dispute.

29. ASSIGNMENT

- 29.1 The Company may not without the prior approval of the Minister assign its rights and entitlements under this Agreement in whole or part to any person.
- 29.2 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. For the purpose of this clause 'change in control' means change in control of more than 50% of the shares with the right to vote in general meetings of the corporation.

- 29.3 If the Company wishes to assign the whole or any part of this Agreement it must make a written application to Forests NSW requesting an assignment and must provide all details and information concerning the assignee and the effect of the assignment as may be reasonably required by Forests NSW.
- 29.4 The Company must pay all debts due and payable to Forests NSW under this Agreement before an assignment (in whole or part) of its interest in this Agreement.
- 29.5 Upon receipt of any request for an assignment of the whole or any part of this Agreement, Forests NSW must process the application in accordance with **clause 30** provided the Company has supplied any details and information required by Forests NSW under **clause 29.3**.
- 29.6 The Company must ensure that any assignee executes all agreements and other documents which Forests NSW may reasonably require to record or effect any assignment.

30. MINISTER'S APPROVAL FOR ASSIGNMENT

- 30.1 Forests NSW must consider any application made in relation to requesting an assignment of the whole or part of this Agreement and recommend to the Minister the action that the Minister should take on the application. The Minister will have regard to any recommendation of Forests NSW but is not bound by any recommendation. Forests NSW must make any such recommendation within 3 months of receiving the request for assignment unless Forests NSW extends that period by notice in writing to the Company provided that any such notice must state the extended period, give the reasons why the recommendation has not been made to the date of the notice, and the reasons why a further period is required before the recommendation can be made.
- 30.2 The Minister may determine an application requesting an assignment of the whole or part of this Agreement by granting the application (either unconditionally or subject to conditions of the kind set out in **clause 30.3**) or by refusing the application. An application may only be refused on the following grounds:
- 30.2.1 the Company fails to satisfy such Value Added Criteria as have been adopted by the Minister;
- 30.2.2 such grounds as may be prescribed by regulations under the Act;
- 30.2.3 such grounds as the Minister (acting reasonably) considers relevant having regard to;
- (a) the need to promote a competitive timber industry and to prevent misuse of market power; or
 - (b) government policy including the socio-economic impact of the assignment on rural communities; or
 - (c) the impact on Forests NSW capacity to meet its obligations under this Agreement or other written contracts for the harvesting haulage or supply of timber; or
- 30.2.4 at the time the application is made the Company has committed a material breach which has not been remedied or rectified including without limitation any failure to make payment to Forests NSW as required under **clause 19**.
- 30.3 The Minister may impose (without limitation) the following kinds of conditions on an application for requesting an assignment of the whole or part of this Agreement:

- 30.3.1 a condition requiring the Company or any assignee to take action to comply with or satisfy Value Added Criteria as have been adopted by the Minister;
- 30.3.2 a condition requiring the Company or any assignee to prepare, and submit to the Minister, a business plan ('designated business plan') setting out the Company's or any assignee's policies, practices and procedures for the implementation or maintenance of any Value Added Criteria;
- 30.3.3 a condition requiring the Company or any assignee to furnish to the Minister (at the times and for the periods as the Minister may decide) information the Minister may require to enable the Minister to determine whether or not the Company or the assignee has satisfied or is complying with any Value Added Criteria or is conducting its business in accordance with a designated business plan; and
- 30.3.4 in the event the Company has committed a material breach which has not been remedied or rectified including without limitation any failure to make payment to Forests NSW as required under **clause 19**, a condition requiring any assignee to undertake the rectification or remediation of the material breach including the payment in full of any accrued debts due and owing to Forests NSW.

31. ASSESSMENT OF VALUE ADDED PERFORMANCE

- 31.1 The Company must during the term of this Agreement meet the Value Added Criteria for the forestry industry as have been adopted by the Minister from time to time and of which the Company has received reasonable notice in order to meet the Value Added Criteria. For the purpose of this **clause 31** notice of the Value Added Criteria includes notice of any guidelines issued on the Minister's behalf indicative of the type of Value Added Criteria the Minister may adopt.
- 31.2 If requested by Forests NSW at any time during the term of this Agreement, the Company must submit to Forests NSW all records, information and data necessary to enable Forests NSW to assess whether the Company has satisfied the Value Added Criteria as have been adopted by the Minister. The Company must afford Forests NSW all reasonable assistance and must provide all further details as may be reasonably required by Forests NSW to make an assessment under this clause.

32. AMENDMENT OF THE ALLOCATIONS

- 32.1 In this clause
'Implementation Date' for a Review means:
 - (i) 1 July 2014 for a Review conducted in 2012; and
 - (ii) 1 July 2019 for a Review conducted in 2017;

'Review' means a review referred to in **clause 32.2**.

References to an Allocation is a reference to the Allocation as it is at the time of the Review.

- 32.2 In the last 6 months of 2012 and 2017 Forests NSW must conduct a review to assess the timber resource available in the Area of Supply.
- 32.3 In conducting a Review Forests NSW must take into account:

- 32.3.1 its most recent inventory data and timber assessment models and methodology;
 - 32.3.2 the regulatory restrictions relevant to Contract Harvesting in the Area of Supply current at the time of the Review; and
 - 32.3.3 its yield schedules and management strategies which were applicable on 1 July 2004.
- 32.4 Pursuant to each Review Forests NSW must determine the Available HQL Resource and the Available HQS Resource for the period from Implementation Date for the Review until 31 December 2023.
- 32.5 At the conclusion of a Review and no later than 16 months prior to the Implementation Date for the Review Forests NSW must provide the Company with a written statement advising the Available HQL Resource and the Available HQS Resource calculated in the Review. Subject to **clause 32.6** if:
- 32.5.1 the Available HQL Resource for the relevant period is less than the Total Type B Agreement HQL Volume for the same period; or
 - 32.5.2 the Available HQS Resource for the relevant period is less than the Total Type B Agreement HQS Volume for the same period;
- then Forests NSW may also give the Company written notice of an intention to amend the volume of the respective Allocations ('Allocation Amendment Notice') effective from the Implementation Date relevant to the Review until 31 December 2023.
- 32.6 An Allocation Amendment Notice may give notice of an intention to amend the Allocations within the following limits:
- 32.6.1 The total of any intended amendment to Allocation 1 and Allocation 2 may not exceed the volume ('the Deductible Volume') calculated by the following formulas:
 - (a) if **clause 32.5.1** applies but **clause 32.5.2** does not:

$$DV = (1 - AHQLR/TTBAHQLV) \times (A1 + A2)$$
 - (b) if **clause 32.5.2** applies but **clause 32.5.1** does not:

$$DV = (1 - AHQSR/TTBAHQSV) \times (A1 + A2)$$
 - (c) if both **clause 32.5.2** and **clause 32.5.1** apply:

$$DV = (1 - AHQLR/TTBAHQLV) \times (A1 + A2) + (1 - AHQSR/TTBAHQSV) \times (A1 + A2)$$
- Where:
- DV means the Deductible Volume
 - 'AHQLR' means the Available HQL Resource calculated in the Review;
 - 'AHQSR' means the Available HQS Resource calculated in the Review;
 - 'TTBAHQLV' means the Total Type B Agreement HQL Volume calculated for the purpose of the Review;
 - 'TTBAHQSV' means the Total Type B Agreement HQS Volume calculated for the purpose of the Review;
 - 'A1' means the volume of the Allocation 1; and
 - 'A2' means the volume of the Allocation 2.
- 32.6.2 If the Deductible Volume is less than Allocation 2, Forests NSW may give notice of an intention to amend Allocation 2 by reducing it by a volume not exceeding the Deductible Volume. In such a case Forests NSW may not give notice of any intention to amend Allocation 1;

32.6.3 If the Deductible Volume is greater than Allocation 2 Forests NSW may give notice of an intention to amend Allocation 2 by reducing it to nil and to amend Allocation 1 by reducing it by a volume not exceeding the difference between the Deductible Volume and Allocation 2.

32.7 Subject to:

32.7.1 consultation with the Company regarding the proposed amendments;

32.7.2 the approval of the Minister; and

32.7.3 Forests NSW' Allocation Amendment Notice being given not less than 16 months prior to the next Implementation Date;

each of the Allocations shall be amended, effective from the next Implementation Date, to be:

32.7.4 the volume specified in the Allocation Amendment Notice for the Allocation; or

32.7.5 such greater volume as Forests NSW may agree upon in writing to the Company following consultation with it.

32.8 In the course of the consultation referred to in **clause 32.7**:

32.8.1 Forests NSW must (unless directed otherwise by the Minister) offer the Company an amendment to this Agreement providing for Forests NSW to supply and the Company to accept as part (or whole) of an Allocation, timber (which is not then within Specifications) in a quantity equivalent to and instead of, the volume by which the Allocation Amendment Notice proposes to reduce the Allocations; and

32.8.2 Forests NSW and the Company must, if requested by the Company, negotiate in good faith to reach agreement on amendments to this Agreement which would give effect to that offer, instead of the amendments identified in the Allocation Amendment Notice.

32.9 An Allocation Amendment Notice may provide for Allocations of different quantities for different Years.

33. VARIATION

33.1 This Agreement comprises the entire understanding of the parties.

33.2 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.

34. INTEREST

34.1 In the event that the Company fails to pay any money due to Forests NSW 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 for the time being payable under Schedule J of the Supreme Court Rules (NSW).

35. NOTICE

35.1 Any notice required to be served under this Agreement may be served:

- (a) in the case of the Company:
Executive General Manager,

Boral Timber Group
89 St Hilliers Rd, Auburn NSW 2144
PO Box 6026 Silverwater NSW 2128

- (b) in the case of Forests NSW:
Director, Commercial Services
Forests NSW of NSW
121-123 Oratava Avenue, West Pennant Hills 2125
PO Box 100 Beecroft NSW 2119

- 35.2 The parties may change the address for service of notice from time to time by notice in writing to the other party.
- 35.3 A notice under this Agreement must:
- 35.3.1 be in writing and directed to the other party as specified in clause 35.1 or the address last notified by the intended recipient to the sender; and
 - 35.3.2 forwarded to the address, facsimile number or the email address of that party.
- 35.4 A notice under this Agreement will be deemed to be served:
- 35.4.1 in the case of delivery in person – when delivered to the recipient's address for service and a signature received as evidence of delivery;
 - 35.4.2 in the case of delivery by post – within three business days of posting;
 - 35.4.3 in the case of delivery by facsimile- at the time of dispatch if the sender receives a transmission report which confirms that the facsimile was sent in its entirety to the facsimile number of the recipient;
 - 35.4.4 in the case of delivery by email, on receipt of confirmation by the sender that the recipient has received the email.
- 35.5 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.

36. GOVERNING LAW

- 36.1 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.

37. SEVERABILITY

- 37.1 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.

38. GENERAL

- 38.1 A party terminating this Agreement as a result of a failure or default of the other party may only claim damages for any loss resulting from the failure or default if the claim for damages is not excluded under this Agreement.

- 38.2 If a party is at liberty to determine a matter under this Agreement or act unilaterally with respect to some amendment of any procedure (including the Code of Procedure) it must, in doing so, act reasonably and in good faith.

39. CONFIDENTIALITY

- 39.1 No party will disclose the contents or terms of this Agreement or any information or documents received by it in connection with the negotiation of this Agreement or pursuant to the provisions of this Agreement without the prior written consent of the other parties, except to the extent that:
- 39.1.1 the information is available to the public generally;
 - 39.1.2 that party is required to make the disclosure by law or to make any filing, recording or registration required by law;
 - 39.1.3 the disclosure is necessary or advisable for the purpose of obtaining any consent, authorization, approval or licence from any public body or authority;
 - 39.1.4 it is necessary or expedient that the disclosure be made to any taxation or fiscal authority;
 - 39.1.5 the disclosure is made on a confidential basis to the professional advisers of that party (including any industry association) 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;
 - 39.1.6 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;
 - 39.1.7 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.

40. OBLIGATION TO CONSULT

- 40.1 Where in this Agreement there is an obligation to meet to review, confer, negotiate or consult the obligation of each party is to do so in good faith and have reasonable regard to matters put by the other in respect of the relevant subject matter.
- 40.2 Where in this Agreement a party is entitled to determine a matter following a review, conference, negotiation or consultation with the other, in determining the matter the party determining the matter must act reasonably and in good faith and have reasonable regard to matters put by the other in respect of the relevant subject matter.

IN WITNESS whereof the parties hereto have executed this Agreement as a deed the day and year first hereinbefore written.

I N.T.V. Roberts

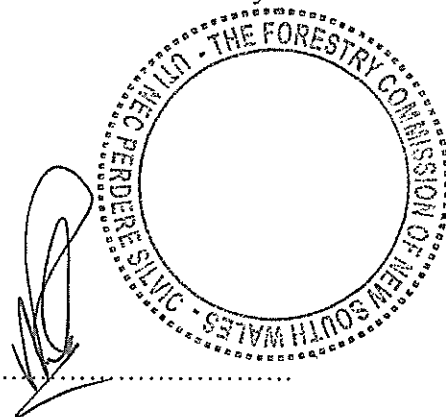
(name)

C.O.

(position)

have hereunto affixed the
Seal of the **FORESTRY COMMISSION**
OF NEW SOUTH WALES
in the presence of:

[Signature]



EXECUTED BY ALLEN TAYLOR COMPANY LTD

(ACN 000 003 056)

BY [two of its directors]

Or [a director and secretary] or [its sole director]

[Signature]

Director

[Signature]

Secretary/Director

SIGNED SEALED AND DELIVERED

by **THE HONOURABLE**

IAN MACDONALD Minister for

Primary Industries

in and for the State of New South Wales

for and on behalf of the Crown (but not

so as to incur any personal liability) in the

presence of:

[Signature]

Witness

[Signature]

Minister for Primary Industries

SCHEDULE 1

SPECIFICATIONS

DOMESTIC POLES DURABILITY CLASS ONE AND TWO

Product	Poles (Domestic - Durability Class One and Two)
Species	<p>Durability Class 1: Grey Box (<i>E. moluccana</i>), Grey Gum (<i>E. punctata</i>, <i>E. propinqua</i>), Ironbark (<i>E. crebra</i>, <i>E. paniculata</i>, <i>E. fibrosa</i>, <i>E. siderophloia</i>), Steel Box (<i>E. rummeryi</i>), Tallowwood (<i>E. microcorys</i>), White Mahogany (<i>E. acmenioides</i>), Red Bloodwood (<i>E. gummifera</i>, <i>E. intermedia</i>) and Turpentine (<i>S. glomulifera</i>);</p> <p>Durability Class 2: Blackbutt (<i>E. pilularis</i>, <i>E. pyrocarpa</i>), Spotted Gum (<i>C. maculata</i>, <i>C. variegata</i>).</p>
Length and Groundline Diameter	See Table One Below
Length Tolerance	+3dm
Internal Defect	<p>Within the Critical Zone</p> <ul style="list-style-type: none"> No pipe; and No grub holes with a diameter greater than 12mm. <p>Elsewhere</p> <ul style="list-style-type: none"> No insect holes that may impact on strength or integrity of sapwood; No individual grub holes with a diameter greater than 30mm; No more than 5 grub holes between 12mm and 30mm and spaced closer than 10dm; Pipe in LED less than 100mm or no greater than 20% diameter of heartwood. No pipe in SED Loose gum veins visible on the ends of the pole within 25 mm of the surface of the pole not to exceed 2 in number and individually not exceeding 10% of the circumference of the pole. Elsewhere unlimited.
External Defect	<p>Critical Zone</p> <ul style="list-style-type: none"> No dry side; and No knots either sound or unsound. <p>Elsewhere</p> <ul style="list-style-type: none"> No gum pockets individually exceeding 20 mm depth; No barrel checks greater than 3mm in width; No punk holes, sapwood lift, sprung limbs, butt or head splits; No dry side exceeding 20% of circumference; Sound knots' aggregate diameter in any 6dm length shall not exceed 20% of the circumference of the pole at that point; Individual unsound knots, if cleared for drainage, shall not exceed 5 % of the circumference of the pole at that point.
Sweep	<p>Single Sweep - Equal to or less than 7mm per 10dm of pole length;</p> <p>Multiple Sweep – Equal to or less than 5mm per 10dm of pole length;</p> <p>Butt sweep – Equal to or less than 1.5 times the LED, if pole is less than 400mm LED; or equal to or less than 1.25 times the LED, if pole is greater than 400mm LED.</p>
Kinks and Crooks	Less than 3mm per 10dm of log length
Spiral Grain	Less than 10% (1 in 10) over any 10dm log length
Ovality	The shortest diameter must not be less than 80% of the longest diameter for over 80% of the log length.
Servicing	<p>Poles must meet Australian Standard (AS 2209 – 1994) <i>Timber Poles for Overhead Lines</i>.</p> <ul style="list-style-type: none"> Limbs must be trimmed flush. Log ends must be cut square with no slovens,

Table One: Groundline Diameter in mm at 20dm from Log Large End

Length	Kilo-newton	Minimum Groundline Diameter	Maximum Groundline Diameter
8.0	2	181	224
	4	225	254
	6	255	279
	8	280	319
	12	320	362
	18	363	408
	18+	409	
9.5	2	197	241
	4	242	274
	6	275	300
	8	301	342
	12	343	386
	18	387	434
	18+	435	
11.0	2	211	258
	4	259	292
	6	293	320
	8	321	363
	12	364	404
	18	409	458
	18+	459	
12.5	2	227	275
	4	276	310
	6	311	339
	8	340	384
	12	385	425
	18	431	482
	18+	483	
14.0	2	240	290
	4	291	327
	6	328	356
	8	357	403
	12	404	424
	18	451	504
	18+	505	
15.5	2	255	306
	4	307	343
	6	344	373
	8	374	422
	12	423	469
	18	470	526
	18+	527	

Length	Kilo-newton	Minimum Groundline Diameter	Maximum Groundline Diameter
17.0	2	270	322
	4	323	360
	6	361	392
	8	393	441
	12	442	490
	18	491	548
	18+	549	
18.5	2	283	336
	4	337	375
	6	376	407
	8	408	458
	12	459	508
	18	509	568
	18+	569	
20.0	2	298	353
	4	354	391
	6	393	425
	8	426	477
	12	478	528
	18	529	590
	18+	591	
21.5	2	315	370
	4	371	410
	6	411	443
	8	444	496
	12	497	548
	18	549	612
	18+	613	
23.0	2	330	386
	4	387	427
	6	428	460
	8	461	514
	12	515	567
	18	568	633
	18+	634	

SCHEDULE 2

The Allocations

Part I

Allocation 1

For the Year commencing 1 July 2007 and each Year thereafter until 30 June 2023: 1,493m3

For the Year commencing 1 July 2023: 746.5m3 (half of Allocation 1 for the previous Years)

Allocation 2

For the Year commencing 1 July 2007 and each Year thereafter until 30 June 2023: 497 m3

For the Year commencing 1 July 2023:- 248.5m3 (half of Allocation 2 for the previous Years)

Part II

Indicative Quantities of Timber

Region	Indicative Proportion (%)
North East	45%
Mid North Coast	50%
Hunter	5%

Part III

Company's HQL Percentage Share: 3.7%

Company's HQS Percentage Share: 3.9%

Part IV

Allocation Distribution Table

Length	Class Kn	Relative Proportion (%)
8	2	0.21%
	4	0.16%
	6	0.08%
	8	0.27%
	12	0.06%
	18	0.01%
	18+	0.00%
9.5	2	0.05%
	4	1.39%
	6	1.09%
	8	0.95%
	12	0.20%
	18	0.01%
	18+	0.00%
11	2	0.15%
	4	3.28%
	6	3.05%
	8	2.17%
	12	1.35%
	18	0.29%
	18+	0.00%
12.5	2	0.69%
	4	8.07%
	6	8.37%
	8	8.98%
	12	3.49%
	18	0.44%
	18+	0.00%
14	2	0.43%
	4	2.60%
	6	6.54%
	8	6.48%
	12	2.59%
	18	0.38%
	18+	0.00%

Length	Class Kn	Relative Proportion (%)
15.5	2	0.01%
	4	0.32%
	6	2.24%
	8	5.72%
	12	3.69%
	18	0.43%
	18+	0.00%
17	2	0.01%
	4	0.10%
	6	1.78%
	8	3.04%
	12	1.90%
	18	0.35%
	18+	0.00%
18.5	2	0.00%
	4	0.06%
	6	0.91%
	8	2.96%
	12	2.61%
	18	0.60%
	18+	0.00%
20	2	0.05%
	4	0.07%
	6	0.68%
	8	1.81%
	12	1.48%
	18	0.48%
	18+	0.00%
21.5	2	0.00%
	4	0.04%
	6	0.39%
	8	0.79%
	12	0.88%
	18	0.10%
	18+	0.00%
23	2	0.00%
	4	0.02%
	6	0.23%
	8	1.27%
	12	0.90%
	18	0.22%
	18+	0.00%

Part V

HQL/Timber Conversion Factor: 7.14

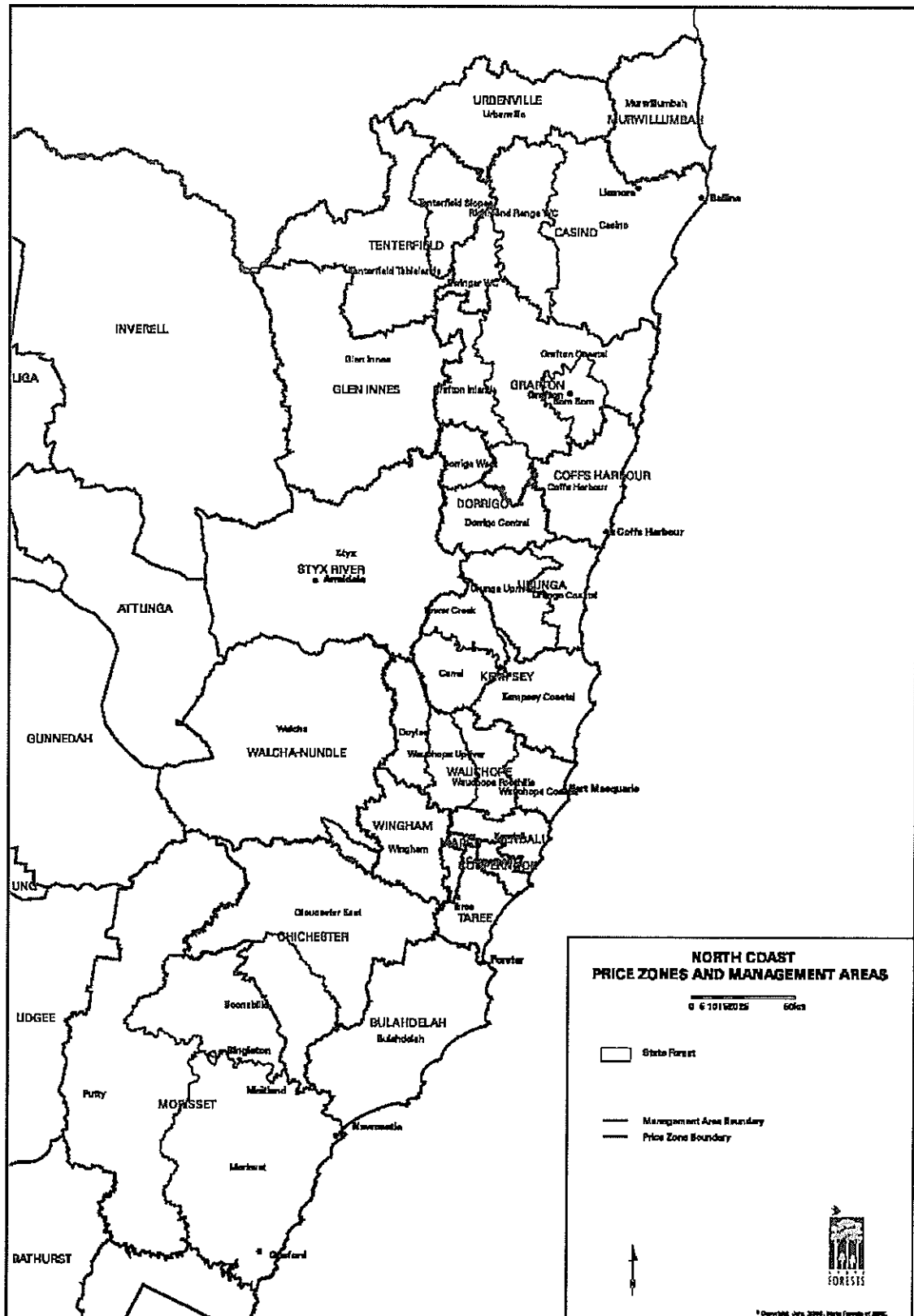
HQS/Timber Conversion Factor: 1.54

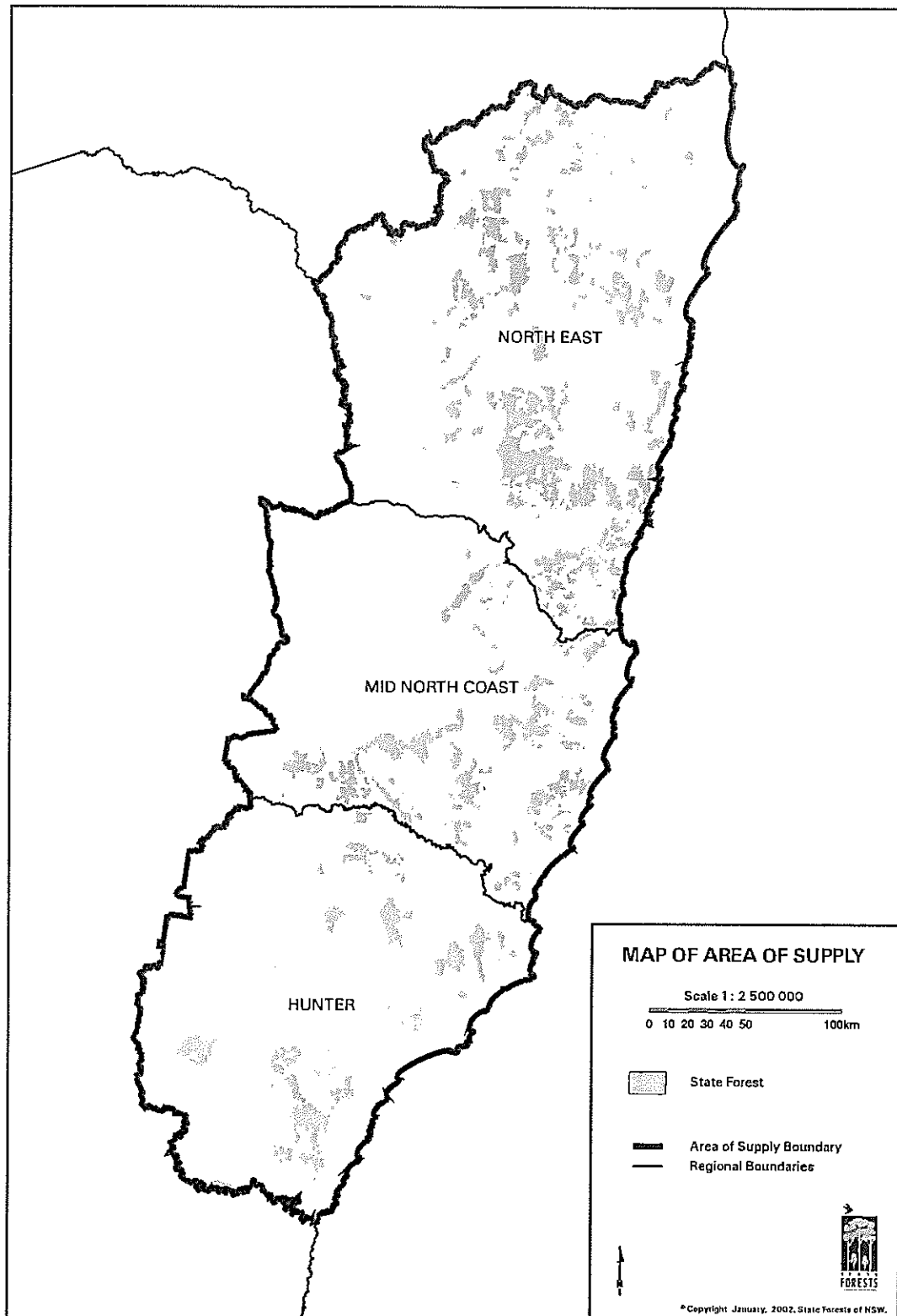
Part VI

Relative Proportion of Species

Species Group	Relative Proportion (%)
Durability Class 1	20%
Durability Class 2 (Spotted Gum)	10%
Durability Class 2 (Blackbutt)	70%

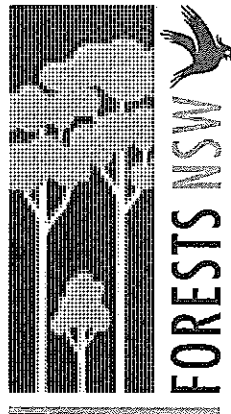
SCHEDULE 3
Plan of Area of Supply
Regions
And
Price Zones





SCHEDULE 4

Forests NSW' Code of Procedure



**CUSTOMER
CODE OF PROCEDURE
FOR
HARDWOOD MILL DOOR
SALES
NORTH COAST**

NOVEMBER 2005

TABLE OF CONTENTS

SECTION 1: MEASURING AND MARKING OF LOG PRODUCTS.....	1
1.1 MEASURING OF LOG PRODUCTS	1
1.1.1 SALE BY VOLUME	1
1.1.2 SALE BY WEIGHT	1
1.2 MARKING OF LOG PRODUCTS.....	1
1.2.1 LOG PRODUCT CODE.....	1
1.2.2 SPECIES CODE	1
1.2.3 LOG TAGGING	3
1.2.4 HAMMER BRANDING OF GRADER ID	3
1.2.5 LOG MARKING FORMAT	3
SECTION 2: DELIVERY DOCKETS.....	5
COMPLETION OF DELIVERY DOCKETS.....	5
2.1 E-DOCKETS.....	5
2.2 WHEN MANUAL DOCKETS ARE REQUIRED.....	5
2.3 MANUAL DELIVERY DOCKETS.....	6
2.4 RECEIPT OF DELIVERY	7
2.5 DOCKET ERRORS	7
2.6 DELIVERY OUTSIDE OF NORMAL DELIVERY HOURS.....	7
2.7 SUBMISSION OF DOCKETS	8
2.8 BASIS OF ACCOUNTS.....	8
2.9 CALCULATION OF VOLUME.....	9
2.9.1 SAWLOGS AND VENEER LOGS	9
2.9.2 POLES.....	9
2.9.3 PILES AND GIRDERS.....	9
SECTION 3: SALE BY WEIGHT	10
3.1 SALE BY WEIGHT USING TRUCK SCALES	10
3.1.1 TARE WEIGHT	10
3.1.2 ROUTINE WEIGHING	10
3.1.3 VERIFICATION OF TRUCK SCALES AND AUDIT PROCEDURES	11
3.1.4 INOPERABLE TRUCK SCALES.....	11
3.2 SALE BY WEIGHT USING WEIGHBRIDGES.....	11
3.2.1 USE OF WEIGHBRIDGES EN ROUTE TO A DELIVERY SITE.....	11
3.2.2 WEIGHBRIDGES AT THE DELIVERY SITE	11
SECTION 4: DISPUTED LOGS.....	13
4.1 DISPUTED LOGS	13
SECTION 5: E-DOCKET FIELD EQUIPMENT AND SOFTWARE	15
5.1 RESPONSIBILITIES FOR FIELD EQUIPMENT AND SOFTWARE.....	15
5.2 RESOLUTION OF PROBLEMS WITH FIELD EQUIPMENT OR SOFTWARE.....	15
5.3 PROCESS FOR DELIVERIES IN EVENT OF FIELD EQUIPMENT BREAKDOWN/LOSS	15
5.4 PROVISION OF SPARE FIELD EQUIPMENT.....	16
SECTION 6: REVIEW AND AMENDMENT OF THIS CODE OF PROCEDURE	17
SECTION 7: DEFINITION OF TERMS	19

Section 1: Measuring and Marking Of Log Products

Measuring Of Log Products

1.1.1 Sale by Volume

Forests NSW 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 underbark in centimetres rounded down to the next whole centimetre
Standard poles	Nominal length in decimetres rounded down to multiple of 15 decimetres	Groundline diameter underbark at 20dms, in millimetres
Piles and girders	Actual length in decimetres rounded down to the next whole decimetre	Toe diameter underbark in millimetres
Non-standard poles	Nominal length in decimetres	Groundline diameter underbark at 20dms, in millimetres

1.1.2 Sale by Weight

Plantation Grade 3 veneer logs, salvage logs 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.

Marking Of Log Products

1.2.1 Log Product Code

Forests NSW must ensure log products sold by weight are clearly marked using paint or crayon (where applicable) in accordance with Table 2. For products sold by volume, the product is recorded against the log tag, validated in the hand held and printed on the docket.

Table 2 - Log Product Code

PRODUCT	CODE
Veneer (by wgt)	Ø
Salvage	Z
Pulpwood	DOT IF >25CMS BUTT DIAM

1.2.2 Species Code

Forests NSW must ensure the species code is clearly marked on salvage log products using paint or crayon (where applicable) in accordance with Table 3 below (except where otherwise agreed with customers). 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
2	TWD	Tallowwood
3	GBX	Grey Box
4	BG	Blue Gum
5	STS	Silvertop Stringybark
6	SG	Spotted Gum
7	NEB	New England Blackbutt
8	BBT	Blackbutt
9	RM	Red Mahogany
10	MM	Messmate
11	FAS	Fastigata
12	VIM	Viminalis
13	DHS	Diehard Stringybark
14	BBX	Brushbox
15	TRP	Turpentine
16	GG	Grey Gum
17	WM	White Mahogany
18	WS	White Stringybark
19	FG	Flooded Gum
20	RG	Forest Red Gum
21	RLG	Round Leaf Gum (<i>Euc. deanei</i>)
23	BLW	Bloodwood
24	BLS	Blue Leaf Stringybark
25	PEP	Peppermint
26	QBX	Whitetopped box
27	RUM	Steel Box
28	SBA	Smoothbark Apple
29	SCG	Scribbly Gum
30	WG	White Gum (<i>Euc. Dunnii</i>)
31	YBX	Yellow Box
32	GMM	Gympie Messmate
33	SM	Swamp Mahogany

1.2.3 Log Tagging

Forests NSW 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

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 id will be hammer branded on logs sold by weight, except salvage and pulpwood/firewood logs with a butt diameter of less than 25cms. Log grader id will be the only information marked on these log products by hammer branding.

For products sold by volume, log grader is recorded against the log tag and the name of the log grader printed on the docket.

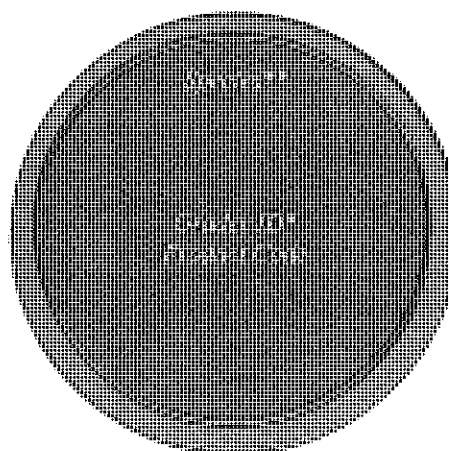
1.2.5 Log Marking Format

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. Log products sold by weight do not have a Barcode tag.

Figure 1 - Log Marking Format



Sale by volume



Sale by weight

For Products sold by weight:

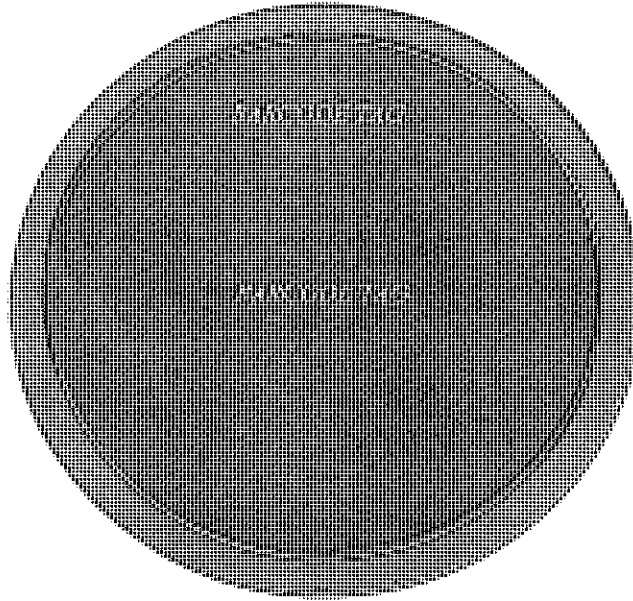
* The log graders ID will not be included for logs with a butt diameter of <25cms underbark.

** Species code will only be included on salvage logs. However species code will not be included for salvage logs:

- with a butt diameter of <25cms underbark
- of Blackbutt species in the MNC; and
- of plantation species, where the species for all logs is the same as that shown on the docket.

Where a log is multi-graded, ie 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



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

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

- i) Manual Docket number (only where the E-Docket relates to a manual docket)
- i) Customer/Destination
- ii) Fleet No (Haulage Contractor, Truck and Trailer Registration, Tare and number of axles)
- iii) Species
- iv) Product
- v) Length (where relevant)
- vi) Sub Location (log dump/stack number)
- vii) Log Count (where relevant)
- viii) 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.

Forests NSW 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.

The Harvest contractor is to ensure that printer ribbons are changed with each new printer paper roll and that printed E-dockets are clearly legible and complete at all times.

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:

1. Where a Harvesting Contractors HH is not available / operable at the time of loading;
2. Where a proposed load cannot be entered successfully on a Harvesting Contractor's HH
3. 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", ie 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.

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 Forests NSW.

2.3 Manual Delivery Dockets

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

- ix) Customer/Location
- x) Date
- xi) Time
- xii) Region
- xiii) State forest
- xiv) Harvesting Plan No
- xv) Age Class (where relevant)
- xvi) Compartment
- xvii) Operation Type (Where relevant)
- xviii) Product (Where relevant)
- xix) Grade (Where relevant)
- xx) Species (Where relevant)
- xxi) Count (Where relevant)
- xxii) Harvest , Load and Haulage Contractor
- xxiii) Truck & Trailer Registration Number
- xxiv) Truck Type
- xxv) Name of Truck Driver and Log Grader,
- xxvi) 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 Forests NSW 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 (eg 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.

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 Forests NSW. Verification of receipt is achieved through the process outlined in Section 2.8.

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

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 initialled by the Customer's representative and the truck driver. The Haulage Contractor will then submit the duplicate copy of the docket to Forests NSW. 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 Forests NSW 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.

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 Forests NSW.

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 Forests NSW.
- Electronic copies of E-Dockets (eg 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 Forests NSW communications server.
- A freecall 1800 number is provided by Forests NSW 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 Forests NSW.

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

2.9.2 Poles

The volume of a pole is calculated using the formula below

$$V = ((L-2) \times \Pi \times ((D - (L-2) / 2 \times (0.0072 + (0.11 \times (L-8) / 1000))) / 2)^2) + (2 \times \Pi \times ((D + (0.02 + (0.6 \times (L-8) / 1000))) / 2)^2)$$

Where

V is volume in cubic metres

L is pole length in metres

D is the groundline at 20dms from the large end diameter in metres

2.9.3 Piles and Girders

The volume of a pile and girder is calculated using the formula below

$$V = (((0.004167 \times L) + D) \times 0.5)^2 \times \Pi \times L$$

Where

V is volume in cubic metres

L is length in metres

D is small end 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 Forests NSW from tare weight certificates provided by the Haulage Contractor. The tare weight certificates must be obtained from a weighbridge, which has current certification by the NSW Department of Fair Trading in the presence of a Forests NSW Officer

Haulage Contractors will be required to submit tare weight certificates to Forests NSW 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 (ie 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 Forests NSW 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 has 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

Forests NSW 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 Forests NSW. 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 (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.

Forests NSW 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 Forests NSW; or
- weighbridge docket attached to the original copy of the Manual Delivery Docket for forwarding to Forests NSW 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 Forests NSW 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 Forests NSW 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 an 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.

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 Forests NSW 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 Modem Cradle to Forests NSW 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" (ie 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 Customers HH.
- Loads received on a Customers 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 Customers 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 Forests NSW.

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. Eg Ambrosia.
Gum Vein (GV)	Query grade due to gum related defect (other than Centre defect). Eg 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 Forests NSW Officer will inspect the log within five working days of being notified wherever practical.

Where the Forests NSW 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 Forests NSW Officer determines that the disputed timber fails to meet the Specifications and the customer refuses to accept the log, Forests NSW 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, Forests NSW 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.

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

Table 6 - 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 Field Equipment and Software

Forests NSW 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 are 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 Forests NSW 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/repaired 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.

5.3 Process for Deliveries in 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:

- (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 Forests NSW.
- (b) 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 (ie faded), printer ribbons must be changed and the docket re-printed to provide a legible original to the customer.
- (c) HH (Harvesting Contractor) – deliveries will continue using manual paper dockets.
- (d) HH (Customer) - deliveries will continue with Printed E-Dockets.

- (e) Modem Cradle – deliveries will continue as normal, data can be downloaded using any other modem cradle available (Contractor, Customer or Forests NSW).
- (f) 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 Forests NSW.
- (g) Scanner – deliveries will continue as normal with barcode numbers manually entered in HHs.
- (h) 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 Forests NSW will carry a limited number of spare Field Equipment. Forests NSW will make this spare Field Equipment available, at Forests NSW discretion and in accordance with the following priorities:

1. Forests NSW
2. Contractors
3. Companies.

Should a Forests NSW spare be issued, it may at Forests NSW 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 Forests NSW are to be returned to Forests NSW 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 Forests NSW 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

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


Schedule of Amendments [Copies Attached]

[illegible]

6. Acknowledgment of Agreement

The Forestry Commission of New South Wales Trading as Forests NSW and

.....
Hereby agree to this Code of Procedure.



For and on behalf of

Forestry Commission of NSW
Trading as Forests NSW

Date: 2/10/2008

For and on behalf of

.....

Date: _____

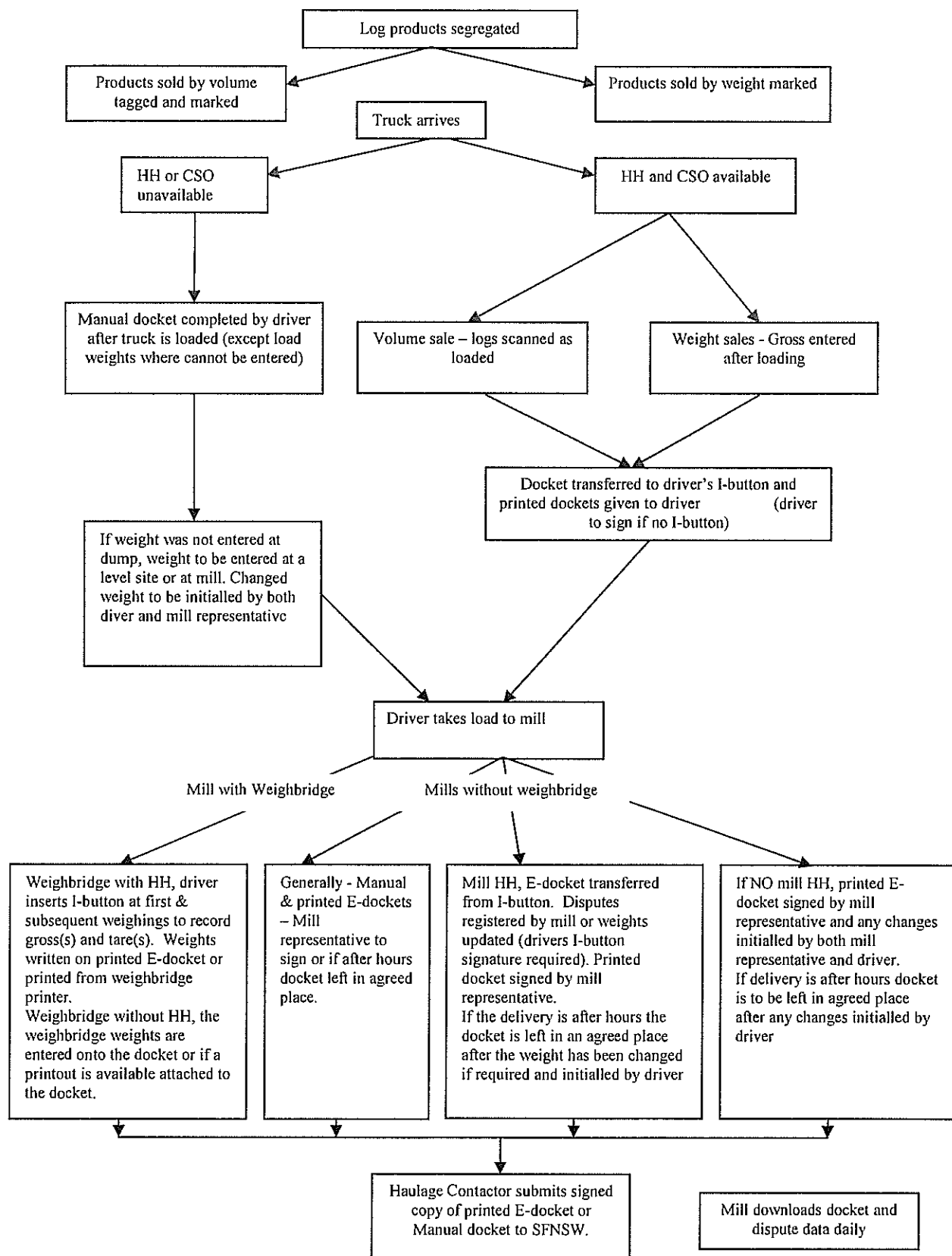
Section 7: Definition Of Terms

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 Forests NSW employee with responsibility for managing delivered log sales to Customers in each region.
Regional Office	Means Forests NSW ##### Region Regional Office located at #####.
Regional Trainer	Means Forests NSW Regional Trainer, ##### 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.
Forests NSW	Means the Forests NSW Regional Office of the Region from which the load was obtained, or other office agreed with Forests NSW.
Forests NSW Officer	Means an employee of Forests NSW.
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 underbark 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.

FLOW DIAGRAM FOR E-DOCKETING

Location and Log Grader
Settings on HH checked

Harvesting Contactor downloads
production and stock data daily



SCHEDULE 5

DELIVERED PRICE SCHEDULES

1 OCTOBER 2007 TO 30 SEPTEMBER 2008

Delivered Price (\$/m³) for Blackbutt Domestic Poles – North East Region (Casino Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Spotted Gum Domestic Poles – North East Region (Casino Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Durability Class 1 Domestic Poles – North East Region (Casino Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Blackbutt Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Spotted Gum Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Durability Class 1 Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Blackbutt Domestic Poles – Mid North Coast Region to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Spotted Gum Domestic Poles – Mid North Coast Region to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Durability Class 1 Domestic Poles – Mid North Coast Region to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Blackbutt Domestic Poles – Hunter Region to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Spotted Gum Domestic Poles – Hunter Region to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Durability Class 1 Domestic Poles – Hunter Region to Boral Namoonna

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Blackbutt Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Koolkhan

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Spotted Gum Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Koolkhan

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Durability Class 1 Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Koolkhan

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Blackbutt Domestic Poles – Mid North Coast Region to Boral Koolkhan

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Spotted Gum Domestic Poles – Mid North Coast Region to Boral Koolkhan

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (\$/m³) for Durability Class 1 Domestic Poles – Mid North Coast Region to Boral Koolkan

Length (dm)	Strength Class (kN)			
	<4	4	6 to 8	>8
<110				
110				
125 & 140				
155 & 185				
>185				

Delivered Price (per piece) for Blackbutt Domestic Poles – North East Region (Casino Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Spotted Gum Domestic Poles – North East Region (Casino Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Durability Class 1 Domestic Poles – North East Region (Casino Price Zones) to Boral Namoonna

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

**Delivered Price (per piece) for Blackbutt Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral
Namoona**

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

**Delivered Price (per piece) for Spotted Gum Domestic Poles – North East Region (Coffs Harbour Price Zones) to
Boral Namoona**

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

**Delivered Price (per piece) for Durability Class 1 Domestic Poles – North East Region (Coffs Harbour Price Zones)
to Boral Namoona**

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Blackbutt Domestic Poles – Mid North Coast Region to Boral Namoon

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Spotted Gum Domestic Poles – Mid North Coast Region to Boral Namoon

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Durability Class 1 Domestic Poles – Mid North Coast Region to Boral Namoon

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Blackbutt Domestic Poles – Hunter Region to Boral Namoon

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Spotted Gum Domestic Poles – Hunter Region to Boral Namoon

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Durability Class 1 Domestic Poles – Hunter Region to Boral Namoon

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Blackbutt Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Koolkhan

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Spotted Gum Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Koolkhan

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Durability Class 1 Domestic Poles – North East Region (Coffs Harbour Price Zones) to Boral Koolkhan

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Blackbutt Domestic Poles – Mid North Coast Region to Boral Koolkhan

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Spotted Gum Domestic Poles – Mid North Coast Region to Boral Koolkhan

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

Delivered Price (per piece) for Durability Class 1 Domestic Poles – Mid North Coast Region to Boral Koolkhan

Length (dm)	Strength Class (kN)						
	2	4	6	8	12	18	18+
8							
9.5							
11							
12.5							
14							
15.5							
17							
18.5							
20							
21.5							
23							

SCHEDULE 6

DELIVERED PRICE REVIEW MECHANISM

PART 1: DEFINITIONS AND INTERPRETATION

In this Schedule unless the context indicates to the contrary:

Base Indicator Rate for a review means the Indicator Rate, which was the Current Indicator Rate for the previous review;

CPI means the Consumer Price Index, All Groups, ABS Cat No 6401;

Cost Item means a factor relevant to the market value of Timber delivered at the Delivery Site more particularly being any item set out in column 1 of Part 3;

Current Indicator Rate means the indicator rate at the time a review of the Delivered Price is being conducted;

Forecast Weighted Average Harvesting Difficulty Class for a Year for a Region means Forests NSW calculation (based on its expectations of the Harvesting Difficulty Classes for the areas and the expected yields from the areas it plans to harvest in the Region during the Year) of the weighted average Harvesting Difficulty Class for each cubic metre of timber harvested by Forests NSW in the Region during the Year. The Forecast Weighted Average Harvesting Difficulty Classes for the Year commencing 1 July 2007 for each Region are:

- (i) Central Region (South) 2.48;
- (ii) Central Region (North) 1.6; and
- (iii) North East Region to Namoonna 3.27, to Koolkhan 3.20.

Forecast Weighted Average Haulage Distance for a Year in a Region means Forests NSW calculation (based on its expectations of the yields from the areas it plans to harvest in the Region during the Year and the haulage distances it expects the timber harvested to be hauled from those areas to the timber's destinations) of the weighted average distance each cubic metre of timber harvested by Forests NSW in the Region during the Year will be hauled to meet Forests NSW contractual obligations to supply persons from the Area of Supply. The Forecast Weighted Average Haulage Distances for the Year commencing 1 July 2007 for each Region are:

- (i) Central Region(South) 621 km;
- (ii) Central Region (North) to Namoonna 375km, to Koolkhan 288km; and
- (iii) North East Region Casino PZs to Namoonna 92km, Coffs Harbour PZs to Namoonna 174, Coffs Harbour PZs to Koolkhan 158kms.

Harvesting Adjustment Factor for a review for a Region means the product of the Harvesting Adjustment Rate applicable at the time of the review and the movement from the Forecast Weighted Average Harvesting Difficulty Class for the Region for the Year before the Year in which the review is being conducted and the Forecast Average Harvesting Difficulty Class for the Region for the Year in which the review is being conducted;

Harvesting Adjustment Rate means:

- (i) For the Year commencing 1 July 2007:- \$2.72/m³; and
- (ii) For each Year thereafter:- the Harvesting Adjustment Rate for the previous Year varied in the same proportion the CPI varied over the previous Year. The relevant figures for determining the variation in the CPI over the previous Year are the figures last published before the commencement of the previous Year and the figures last published before the end of the previous Year;

Harvesting Difficulty Classes means a number of different classes specified in Forests NSW' agreements with its Contractors, categorising differences in the complexity and difficulty of harvesting timber in Compartments, which provides a basis for different rates of remuneration for Contractors. There are four classes of Harvesting Difficulty Class identified by numbers 1, 2, 3, and 4 in ascending order of difficulty, as set out below;

Harvesting Difficulty Classes - Native Forests

Class	Description
1	The yield (m^3/ha) of all products including pulpwood is greater than forty cubic metres per hectare ($40\text{m}^3/\text{ha}$) and the slope of at least 50 percent of the actual net harvested area is less than twenty degrees (20°).
2	The yield (m^3/ha) of all products including pulpwood is greater than forty cubic metres per hectare ($40\text{m}^3/\text{ha}$) and the slope of 50 percent or more of the actual net harvested area is more than twenty degrees (20°), <i>Or</i> The yield (m^3/ha) of all products including pulpwood is between forty cubic metres per hectare ($40\text{m}^3/\text{ha}$) and twenty cubic metres per hectare ($20\text{m}^3/\text{ha}$) and the slope of at least 50 percent of the actual net harvested area is less than twenty degrees (20°).
3	The yield (m^3/ha) of all products including pulpwood is between forty cubic metres per hectare ($40\text{m}^3/\text{ha}$) and twenty cubic metres per hectare ($20\text{m}^3/\text{ha}$) and the slope of 50 percent or more of the actual net harvested area is greater than twenty degrees (20°). <i>Or</i> The yield (m^3/ha) of all products including pulpwood is between twenty cubic metres per hectare ($20\text{m}^3/\text{ha}$) and ten cubic metres per hectare ($10\text{m}^3/\text{ha}$) and the slope of at least 50 percent of the actual net harvested area is less than twenty degrees (20°).
4	The yield (m^3/ha) of all products including pulpwood is between twenty cubic metres per hectare ($20\text{m}^3/\text{ha}$) and ten cubic metres per hectare ($10\text{m}^3/\text{ha}$) and the slope of 50 percent or more of the actual net harvested area is greater than twenty degrees (20°). <i>Or</i> The yield (m^3/ha) of all products including pulpwood is between ten cubic metres per hectare ($10\text{m}^3/\text{ha}$) and seven cubic metres per hectare ($7\text{m}^3/\text{ha}$) and the slope of at least 50 percent of the actual net harvested area is less than twenty degrees (20°).

Harvesting Difficulty Classes - Plantations

Parameter	(1) Clearfall	(2) Second and Later Thinning	(3) First Thinning	(4) Young Regrowth Thinning
Minimum Yield Per Hectare (GMT/ha)	120 (max 250)	50	50	40
Minimum Average Removed Tree Size (m^3)	0.30 (max 0.80)	0.25	0.15	0.15

Haulage Adjustment Factor for a review for a Region means the product of the Haulage Adjustment Rate applicable at the time of the review and the movement from the Forecast Weighted Average Haulage Distance for the Region for the Year before the Year in which the review is being conducted and the Forecast Average Haulage Distance for the Region for the Year in which the review is being conducted;

Haulage Adjustment Rate means:

- For the Year commencing 1 July 2007:- $\$0.15\text{m}^3\text{km}$; and
- For each Year thereafter:- the Haulage Adjustment Rate for the previous Year varied in the same proportion the CPI varied over the previous Year. The relevant figures for determining the variation in the CPI over the previous Year are the figures last published before the commencement of the previous Year and the figures last published before the end of the previous Year;

Indicator means an indicator of a Cost Item more particularly being any indicator set out in column 2 of Part 3.

Indicator Rate means the value or status of an indicator at a point in time;

Indicator Weighting means the weighting given to a indicator for the purpose of calculating the weighted movement across all indicators during a review more particularly being the weighting set out in column 4 of Part 3.

Product Price Movement for a Year means the aggregate of the Species Weighted Price Movements for all of the species of Timber supplied under this Agreement in the Year.

Species Percentage for a Year for a species means the percentage of the total volume of Timber supplied under this Agreement in the Year that was comprised by the species;

Species Price Movement for a Year for a species means the movement (expressed as a percentage) in the weighted average prices established by the Timber Market Survey for sawn timber products manufactured from high quality logs of that species during that Year using the figures established by the Timber Market Survey which last occurred before the end of the Year compared to the figures established by the Timber Market Survey which last occurred before the commencement of the Year.

The relative weighting's for each sawn timber product used to calculate the Species Price Movement for the year 1 July 2005 are set out below. Following consultation with the Company, each Year prior to Delivered Price Review Forests NSW will vary these weighting's to reflect movements in processing productivity and market trends.

Species Groups	Sawn Timber Products									Total
	Paling	Pallet	Cross Arms	F14	F17	F27	Flooring Low Feature	Flooring Medium Feature	Flooring High Feature	
Durability Class 1	5	5	20			10	30	20	10	100
Durability Class 2 (Spotted Gum)	4	4				20	40	25	7	100
Durability Class 2 (Blackbutt)	4	4		3	7	45	13	19	5	100
Other Species	5	5		3	7	30	30	15	5	100

Species Weighted Price Movement for a Year for a species means the Species Price Movement for the Year for the species multiplied by the Species Percentage for the Year for that species and expressed as a percentage;

Timber Market Survey means a survey of market prices for timber products conducted by Forests NSW from time to time.

Year means a twelve-month period from July to June.

A reference to Part 3 means a reference to Part 3 of this Schedule as amended from time to time in accordance with this Agreement.

PART 2 : METHODOLOGY

The following describes the method of varying the Delivered Prices using the tables set out in Part 3 of this Schedule.

1. Ascertain the level of each indicator in column 2 of Part 3, expressed in dollars and cents, percentage or as an index (as the case may be) current at the time of the review (the Current Indicator Rate). The Current Indicator Rate will be the Base Indicator Rate for the next review.
2. Ascertain the movement in each Indicator during the relevant review period by establishing percentage increase (or decrease) in the Indicator Rate (by comparing the Current Indicator Rate (see clause 1) to the Base Indicator Rate) and applying any weighting specified in column 2 to that percentage change. An example of the methodology is shown in the example below for Cost Item 1:
 - (a) Calculate the Product Price Movement as follows:
Assume the Company received Timber in 3 species groups during the relevant Year namely Durability Class 1, Durability Class 2 (Spotted Gum) and Durability Class 2 (Blackbutt) having Species

Percentages of 33.3%, 53.3% and 13.3% respectively and the Species Price Movements for those species were +10%, -5% and +2% respectively.

- (i) calculate the Species Weighted Price Movement for each of the species ie
Durability Class 1:- $0.333 \times +0.10 = +0.0333$ ie +3.33%
Durability Class 2 (Spotted Gum):- $0.533 \times -0.05 = -0.02667$ ie -2.67%
Durability Class 2 (Blackbutt):- $0.133 \times +0.02 = +0.002667$ ie +0.2%
- (ii) Aggregate the total of the Species Weighted Price Movements ie 0.86%
Therefore the Product Price Movement is +0.9%.

- (b) Compare the Indicator movement of Item 1 CPI to the Product Price Movement. The greater of those two Indicators movements shall be the relevant Indicator for Cost Item 1 for the purposes of the review. Assume CPI is 4% and the Product Price Movement is 0.9% and therefore CPI is the relevant Indicator.

For the 1 October 2004 review Cost Item One (Timber Products) ;

- **Will not be varied for Domestic Durability Class 1 / 2 Poles and Standard Piles due to a 10% increase resulting in price restructure. The stumpage component of the delivered prices is shown in Schedule 5 Part 2**

3. Calculate the weighted movement across all Indicators by applying the methodology below:
 - (a) multiply the movement in each Indicator (see clause 2) by the Indicator Weighting in column 4 of Part 3 (eg the + 4.0% for CPI from clause 2 above is multiplied by the relevant weighting, ie 70% for North East, with the product being 2.8%);
 - (b) the sum of the products of each calculation referred to in clause 3(a) is the weighted movement across all Indicators.
4. Calculate the Harvesting Adjustment Factor for the review for each Region. An example of the methodology is shown in the example below:
 - (a) assume the movement in Forecast Weighted Average Harvesting Difficulty Class for a Region is from 2.1 (for the previous Year) to 2.2 (for the Year in which the review is being conducted);
 - (b) the change is therefore 0.1;
 - (c) the Harvesting Adjustment Rate for the Year of the review is \$2.50 per Harvesting Difficulty Class;
 - (d) 0.1 multiplied by \$2.50;
Therefore the Harvesting Adjustment Factor for the Region is +\$0.25.
5. Calculate the Haulage Adjustment Factor for the review for each Region. An example of the methodology is shown in the example below:
 - (a) assume the movement in Forecast Weighted Average Haulage Distance for a Region is from 210 to 215 kilometres;
 - (b) the change is therefore 5 kilometres;
 - (c) the Haulage Adjustment Rate is \$0.13/m³km per Haulage Distance;
 - (d) 0.13 multiplied by 5;
Therefore Haulage Adjustment Factor for the Region is +\$0.65.
6. The new Delivered Prices for a Region determined under this review mechanism are then calculated by applying the weighted movement across all Indicators (from clause 3 above) for the Region to the current Delivered Prices and adding the Harvesting Adjustment Factor for the Region (from clause 4 above) and Haulage Adjustment Factor for the Region (from clause 5 above), as per the methodology in the example below:
 - (a) assume the weighted movement across all Indicators is +2.5%, the Harvesting Adjustment Factor is \$0.30 and the Haulage Adjustment Factor is \$0.65. and the existing Delivered Price is \$100.00
 - (b) the new Delivered Price for the Region is $(\$100.00 \times 1.025) + \$0.3 + \$0.65$ which equals \$103.45.
7. For the purposes of the next Delivered Price review ascertain new column 4 Part 3 Weightings for each Indicator by multiplying the then current column 4 Part 3 Weighting for each indicator by the period movement in the relevant Indicator (see clause 2 above) and then dividing the result by the weighted

movement across all Indicators (see clause 3 above). This will produce a new table of Indicator Weightings which sum to 100 percent. For example:

- (a) assume Cost Item 1 movement (see clause 2 above) is +4.0%, the weighted movement across all Indicators is +2%, and the weighting for Cost Item 1 (from column 4 of Part 3) is 70%;
- (b) then the new Indicator Weighting for Cost Item 1 is calculated by the formula;
- (c) $70\% \times 1.04 / 1.02$ which equals 71.3%.

8. For the purposes of calculating the movement in the CPI over the previous Year the relevant figures are the figures last published before the commencement of the previous Year and the figures last published before the end of the previous Year;
9. For the purposes of calculating the movement in the Product Price Movement for a review the relevant Species Price Movements, Species Percentages, and Species Weighted Price Movements, will be those for the Year immediately before the Year which the review is being conducted.
10. In the first Delivered Price review in October 2004, the Base Indicator Rate for each of the indicators (other than those for Cost Item 1) will be the relevant rate which was applicable on the 1st July 2003.

PART 3: INDICATORS AND WEIGHTING'S FOR DURABILITY CLASS ONE AND TWO POLES

Cost Item	Indicator	Indicator Rate at 1 July 2006	Indicator Rate at 1 July 2007	% Change	Weighting at 1 July 2007 Hunter	Weighting at 1 July 2007 MNC to Koolkhan	Weighting at 1 July 2007 NER S to Koolkhan	Weighting at 1 July 2007 NER S to Namoonna	Weighting at 1 July 2007 NER N to Namoonna
Item 1: Timber Products	The greater of 100% of CPI or the Product Price Movement.	154.3	157.5	2.1%	46.0%	53.0%	50.0%	63.0%	63.0%
Item 2: Wages	Haulage Wages: 100% of the movement in Transport Industry (State) Award (Award Code 677) Transport Worker Grade 7	655.5	\$682.86	4.2%	17.0%	10.7%	12.5%	5.4%	5.4%
	Harvesting Wages: 100% Of The Movement In Timber And Allied Industries (Federal) Award (1999) Level 5 Operator	578.2	\$605.72	4.8%	12.2%	13.9%	13.9%	13.1%	13.9%
Item 3: Diesel 100% of the movement in the Shell Terminal Gate Price for Diesel L15 At Sydney (adjusted).	Base Price (excluding GST)	0.7519	\$0.7539						
	Plus Federal Excise	0.4014	\$0.4014						
	Less 50% of the Off-road Energy Grant	0.1907	\$0.1907						
	Less 50% of the On-road Energy Grant	0.0926	\$0.0926						
	Net Price	0.87	\$0.8720	0.2%	24.8%	22.4%	23.6%	17.7%	17.7%
Total					100%	100%	100%	100%	100%

SCHEDULE 7

DELIVERY SITE AND DELIVERY HOURS

Boral Pole Plant Namoonna via Casino

Monday to Friday (except Public Holidays)

7.00am to 4.00pm

Boral Mill Koolkhan via Grafton

Monday to Thursday (except Public Holidays)

6.30am to 3.30pm

Friday (except Public Holidays)

6.30am to 1.00pm

All other deliveries outside of the above hours and arrangements will be by prior agreement with the Company.

SCHEDULE 8
HQL SAWLOGS AND HQS SAWLOGS

Specifications for
Hardwood Timber Between 1 July 2004 to 30 June 2005

Product	Sawlog Grade 1 (High Quality Large Sawlogs, HQL)
Species	All species of the Genera Eucalyptus, Corymbia, Lophostemon and Syncarpia.
Length	Minimum of 24dm and then random
Centre Diameter Under Bark	Minimum of 40cms
Internal Defect	Maximum pipe as set out below.
External Defect	Maximum total defect as set out below
Sweep	<20% of log diameter over any 24dm log length
Kinks	At least the minimum log length both sides of the kink
Spiral Grain	<12.5% slope (1 in 8)

In Price Zones - Urbenville, Murwillumbah, Casino, Richmond Range, Ewingar, Tenterfield Tablelands and Lower Slopes, Glen Innes, Grafton Coastal and Inland, Bom Bom, Dorrig Central and West, Coffs Harbour, Styx River, Walcha/Nundle the defect allowance table below will apply.

Log or End Diameter	Maximum Pipe Allowance	Maximum Total Defect Allowance	Log or End Diameter	Maximum Pipe Allowance	Maximum Total Defect Allowance
24cms	0	30	74cms	46	62
26cms	2	30	76cms	48	62
28cms	4	30	78cms	48	62
30cms	6	30	80cms	50	62
32cms	8	34	82cms	52	63
34cms	12	39	84cms	54	63
36cms	16	44	86cms	54	63
38cms	18	46	88cms	56	64
40cms	20	49	90cms	58	64
42cms	22	51	92cms	58	64
44cms	24	52	94cms	60	64
46cms	26	53	96cms	62	65
48cms	26	54	98cms	64	65
50cms	28	55	100cms	64	65
52cms	30	56	102cms	66	65
54cms	32	57	104cms	68	65
56cms	32	57	106cms	68	65
58cms	34	58	108cms	70	65
60cms	36	58	110cms	72	66
62cms	38	60	112cms	74	66
64cms	38	60	114cms	74	66
66cms	40	60	116cms	76	66
68cms	42	60	118cms	78	67
70cms	42	60	120cms	80	67
72cms	44	61			

In Price Zones - Urunga Coastal and Upriver, Kempsey, Wauchope Coastal, Wauchope Foothills and Wauchope Upriver, Wingham, Kendall, Coopernook, Taree, Bulahdelah, Gloucester East and West, Chichester, Morisset and Putty the defect allowance table below will apply.

Log or End Diameter	Maximum Pipe Allowance	Maximum Total Defect Allowance	Log or End Diameter	Maximum Pipe Allowance	Maximum Total Defect Allowance
24cms	Solid	25	74cms	46	62
26cms	2	25	76cms	48	62
28cms	4	27	78cms	48	62
30cms	6	29	80cms	50	62
32cms	8	31	82cms	52	63
34cms	10	33	84cms	54	63
36cms	12	36	86cms	54	63
38cms	14	38	88cms	56	64
40cms	16	40	90cms	58	64
42cms	18	43	92cms	58	64
44cms	20	45	94cms	60	64
46cms	22	47	96cms	62	65
48cms	24	49	98cms	64	65
50cms	26	51	100cms	64	65
52cms	28	53	102cms	66	65
54cms	30	54	104cms	68	65
56cms	32	56	106cms	68	65
58cms	34	58	108cms	70	65
60cms	36	59	110cms	72	66
62cms	38	60	112cms	74	66
64cms	38	60	114cms	74	66
66cms	40	60	116cms	76	66
68cms	42	60	118cms	78	67
70cms	42	60	120cms	80	67
72cms	44	61			

Product Sawlog Grade 2 (High Quality Small Sawlogs, HQS)	
Species	All species of the Genera Eucalyptus, Corymbia, Lophostemon and Syncarpia.
Length	Minimum of 30dm and then random in all price zones except Bulahdelah where the minimum length is 36dm and then random.
Centre Diameter Under Bark	Minimum of 30cms CDUB in all price zones except Bulahdelah where the minimum small end diameter is 30cms.
Internal Defect	Maximum pipe as set out below.
External Defect	Maximum total defect as set out below
Sweep	<20% of log diameter over any 30dm log length
Kinks	At least the minimum log length both sides of the kink
Spiral Grain	<12.5% slope (1 in 8)

Log or End Diameter	Maximum Pipe Allowance	Maximum Total Defect Allowance
24cms	Solid	25
26cms	Solid	25
28cms	2	26
30cms	6	29
32cms	8	31
34cms	12	35
36cms	14	39
38cms	16	42
40cms	18	44
42cms	20	47
44cms	22	49
46cms	24	51
48cms	26	51
50cms	26	52

**THE SPECIFICATIONS FOR HQL SAWLOGS AND HQS SAWLOGS FROM 1 JULY 2005 WILL BE
DETERMINED BY THE FOLLOWING PROCESS**

1. By 1 October 2004 Forests NSW must convene a working group of Forests NSW, Type A WSA customers (or their representatives) and other parties (or their representatives) receiving HQL sawlogs and HQS sawlogs under written agreement from Forests NSW, for the purpose of developing revised Specifications for that timber ("the Working Group").
2. Any revised Specifications must:
 - Standardise specifications for HQL and HQS sawlogs for all Forests NSW north coast customers.
 - In aggregate not vary the total volume of timber currently defined as HQL and HQS sawlogs.
 - Define minimum diameter only in terms of small end diameter underbark.
 - Ensure that safety and operational efficiency of harvesting, haulage and timber processing operations are maximised.

SCHEDULE 9

CLAUSE 6.2 EXAMPLE OF CALCULATIONS

If the Available HQL Production for the Year (AHQLP) equals 15,000 m³;
the Company's HQL Percentage Share (CoHQL %) equals 1.2%;
the HQL/Timber Conversion Factor (HQL/TC) equals 7.14;
the calculated volume is 1286 m³

and

If the Available HQS Production for the Year (AHQSP) equals 7000 m³;
the Company's HQS Percentage Share (CoHQS%) equals 16.4%; and
the HQS/Timber Conversion Factor (HQS/TC) equals 1.54;
the calculated volume is 1766 m³

then

Forests NSW obligation to Allocation 2 for the Year is 1286 m³