

THIS DEED is made this **24th** day of **March** 2022

BETWEEN **MATHOURA RED GUM SAWMILLS (NSW) PTY LIMITED ACN 149 221 803** ("the Assignor").

AND **ARBUTHNOT SAWMILLS PTY LIMITED ACN 004 118 969** ("the Assignee").

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

WHEREAS

- A. The Assignor and FCNSW are parties to a Wood Supply Agreement (WSA) dated 9 February 2021 providing for an annual supply of timber until 31 December 2025 from the NSW riverina area.
- B. The WSA provides that the Assignor may not, without the prior approval of FCNSW, assign its rights and entitlements under the WSA to any person.
- E. The Assignor and the Assignee have agreed that, subject to FCNSW's approval, the WSA 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").
- F. FCNSW is prepared to approve the assignment of WSA 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 1 July 2022 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 WSA's to the Assignee.
- 4. FCNSW, by execution of this Deed, (but subject to this Deed taking effect), approves the said assignment.
- 5. On and from the date that this Deed takes effect each of FCNSW and the Assignor releases each of the others from all obligations under the WSA's and all actions, claims or proceedings that it may have against any of the others under or in respect of the WSA.
- 6. The Assignee covenants with FCNSW 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 WSA so far as they remain in force and are capable of taking effect, as if the Assignee had originally been a party to each of the WSA's as the Assignor.
- 7. FCNSW 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 WSA so far as they remain in force and are capable of taking effect as if the WSA's had originally been entered into between FCNSW and the Assignee.

EXECUTED AS A DEED:

EXECUTED for and on behalf of)
THE FORESTRY CORPORATION)
OF NEW SOUTH WALES)
by its delegate)
Daniel Tuan - General Manager Hardwood Forests)
.....)
in the presence of:)
Ann Denlow)
.....)
Witness Ann Denlow)

[Signature]
.....
Delegate

EXECUTED by **MATHOURA RED GUM**)
SAWMILLS (NSW) PTY LIMITED)
by [two directors] or [a director and)
its secretary] or [its sole director])
CS Crump)
.....)
Secretary/Director

[Signature]
.....
Director

EXECUTED by **ARBUTHNOT**)
SAWMILLS PTY LTD)
by [two directors] or [a director and)
its secretary] or [its sole director])
Paul Madden)
.....)
Secretary/Director
PAUL MADDEN

[Signature]
.....
Director
JOHN EBERBACH

**WESTERN REGION
RED GUM
WOOD SUPPLY AGREEMENT
Exquota sawlog
State Forests - Residue**

BETWEEN

THE FORESTRY CORPORATION OF NSW

AND

MATHOURA REDGUM SAWMILL PTY LTD

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WESTERN REGION RED GUM WOOD SUPPLY AGREEMENT
(WLL, Koondrook, Perricoota and Campbells Island State Forests – Exquota & KPC residue)

1. DATE OF AND PARTIES TO AGREEMENT

THIS AGREEMENT is made on the date specified in **Schedule 1 Item 1** to this Agreement between **THE FORESTRY CORPORATION OF NEW SOUTH WALES** ("FCNSW"), a statutory State owned corporation constituted under the Forestry Act 2012 (NSW) and the

COMPANY whose details appear in **Item 2 Schedule 1** ("the Company").

2. DEFINITIONS AND INTERPRETATION

2.1 In this Agreement unless a contrary intention appears:

'Act' means the Forestry Act 2012 (NSW) and all regulations made under that Act.

'Administrative Fee' means [REDACTED] per tonne as varied at the same time and in the same proportion as the Stumpage Price varies in accordance with this Agreement.

'Allocation' means Allocation 1 or Allocation 2, as the case may be.

'Allocations' means Allocation 1 and Allocation 2.

'Allocation 1' for a Year means the volume of Ex-quota Timber set out as Allocation 1 in **Item 6 of Schedule 1** for that Year;

'Allocation 2' for a Year means the volume of Residue Timber set out as the Allocation 2 in **Item 6 of Schedule 1** for that Year;

'Area of Supply' means the Crown-timber lands within the area defined as the Riverina Area in the NATIONAL PARK ESTATE (RIVERINA RED GUM RESERVATIONS) ACT 2010;

'Authorised Person' means any person authorised by FCNSW to perform the function which is, in the context, to be performed by an Authorised Person;

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

'Code of Procedure' means the Code of Procedure attached as **Schedule 3** as may be amended from time to time in accordance with this Agreement;

'Commencement Date' means the date specified in **Item 3 of Schedule 1**.

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

'Compartment' means an identified geographic administrative area from which FCNSW may make Timber available to the Company;

'CPI' means:

- a) in relation to Residue Timber, the consumer price index published by the Australian Bureau of Statistics for the Housing Group Index, Sub Group Utilities-Gas and other Household fuels Melbourne;
- b) in relation to Ex-quota Timber, the consumer price index published by the Australian Bureau of Statistics for all groups - Melbourne

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'Delivered Price' means the price payable by the Company for Timber supplied to it as a Delivered Sale being the total of:

- (i) The Stumpage Price;
 - (ii) The Delivery Charge; and
 - (iii) The Administrative Fee;
- applicable at the time of supply

'Delivered Sale' means the method of supply of Timber described in **clause 7.3**

'Delivery Charge' means the actual cost per tonne payable by FCNSW to Integrated Harvesters to conduct the Harvesting Operations which supply Timber to the Company by Delivered Sales.

'Delivery Site' means the Log Landings associated with Harvesting Operations conducted by Integrated Harvesters in the Area of Supply.

'Expiry Date' means the date specified in **Item 4 of Schedule 1**.

'Ex-quota Timber' means Timber complying with the Specifications for Ex-quota Timber.

'Force Majeure' means

- (a) 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 FCNSW) whether or not the basis for the act or omission existed at the date of this Agreement, war, sabotage, riot, civil disobedience, epidemic, disease, fire, explosion, failure of power supply, accident, natural disaster, flooding whether by artificial watering or otherwise, 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; and
- (b) restrictions imposed by FCNSW on the taking of timber in the Area of Supply on the grounds that environmental factors are having an adverse effect on tree health impacting on the long sustainable timber yield capacity of the Area of Supply; and
- (c) actions by third parties, including the State government of NSW that restrict the ability of FCNSW to make areas available to Integrated Harvesters in the Priority Area of Supply;

'Harvesting Operations' means the selection and felling of trees, servicing of trees into log products, extraction of log products to Log Landings, debarking, segregation and stockpiling of log products at the Log Landing, and ancillary works including roading, tracking, Log Landing construction, site rehabilitation and the moving of harvesting equipment between Harvesting Units, the loading of log products onto vehicles at the Log Landing and the haulage of log products from the Area of Supply;

'IFOA' means the integrated forestry operations approval for Riverina Red Gum that commenced 11 January 2011.

'IFOA IR Quantity' means the average annual quantity that may be produced in accordance with the IFOA from Integrated Residue operations under clause 5(3)(b) of the IFOA following the review of that quantity in accordance with clause 26(2)(e) of the IFOA.

'Integrated Harvesters' means a person nominated by FCNSW as the party to conduct the Integrated Harvesting that will result in the production of Timber to be supplied under this Agreement.

"Integrated Harvesting" means a harvesting operation in which two or more types of timber products are harvested and sorted into discrete categories to be supplied to more than one person;

'Integrated Residue' means residue grade Logs from operations that harvest trees primarily for the purpose of producing high quality logs.

'Log Landing' means an area where log products are processed and assembled prior to loading onto a truck.

'Processing' means the turning of logs into other marketable products.

'Priority Area of Supply' means WLL, Koondrook, Perricoota and Campbells Island State forests for exquota logs and Koondrook, Perricoota and Campbells Island State forests for residue logs

'Quarter' means a period of three months commencing 1 January, 1 April, 1 July and 1 October.

'RCAN' means a recipient created Adjustment Note with the same meaning as in Australian Taxation Office ruling GSTR 2000/1 or any rulings that replace it.

'RCTI' means a recipient created tax invoice with the same meaning as in the GST Act.

'Residue Timber' means Timber complying with the Specifications for Residue Timber.

'Specifications' means:

- (a) in relation to Ex-quota Timber the specifications for Ex-quota timber set out in the Redgum Grading Manual May 2004 attached as **Schedule 2**;
- (b) in relation to Residue Timber the specifications for Residue Timber set out in **Schedule 3**.

'Stumpage Price' means the amount per tonne of Timber charged by FCNSW for the Timber;

'Term' means the duration of this Agreement;

'Timber' means the timber detailed in the Specifications;

'Tonnes' means green metric tonnes;

'Year' means a period of twelve months commencing on 1 January 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 anything 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 FCNSW making Timber available is a reference to making Timber available by the methods described in **clause 7**;
- 2.2.15 a reference to the Company taking Timber is a reference to taking Timber made available by either of the methods described by **clause 7**.

3. SCOPE OF AGREEMENT

- 3.1 The Company carries on the business of Timber processing and sales and requires supplies of Timber to conduct its business.
- 3.2 From the Commencement Date FCNSW will make available supplies of Timber to the Company and the Company must take or accept and pay for the supplies of Timber made available by FCNSW upon the terms and conditions set out in this Agreement.
- 3.3 The Company must pay FCNSW the Stumpage Price or the Delivered Price for Timber depending upon whether the Company reaches agreement with Integrated Harvesters for delivery of the Timber.
- 3.4 Timber is to be delivered at the Delivery Sites either by Integrated Harvesters under agreement with the Company or by Integrated Harvesters acting as FCNSW's contractors.

4. DURATION OF AGREEMENT

- 4.1 The Agreement shall operate from the date of this Agreement until the Expiry Date unless terminated sooner as provided in this Agreement.

5. ALLOCATION

- 5.1 Each Year FCNSW must use reasonable endeavours to make available 100% of each of the Allocations to the Company or such greater or lesser quantity that the Company requests and is entitled to be supplied under this Agreement in accordance with and subject to **clauses 5.2 and 5.3**.
- 5.2 Subject to **clause 5.3** in any one or more Years of the Term the Company may by not less than 3 months written notice prior to the commencement of the relevant Year, require FCNSW make available in the Year a quantity of Residue Timber up to 20% of Allocation 2, in addition to Allocation 2.

- 5.3 Nothing in this Agreement entitles the Company to, or requires FCNSW to make available to the Company, a quantity of Residue Timber over the Term that exceeds 500% of Allocation 2.
- 5.4 FCNSW must use reasonable endeavours to make the Timber available from within the Priority Area of Supply.
- 5.5 Despite any provision of this Agreement FCNSW is not obliged to make the Timber available from outside the Area of Supply.
- 5.6 No claim can be made by the Company against FCNSW respecting the actual quantity made available if FCNSW complied with clause 5.1.

6. SHORTFALL

- 6.1 If for reasons other than Force Majeure, or the default of FCNSW, the Company fails in any Year to take at least 80% of an Allocation the Company must pay FCNSW, within 30 days of FCNSW's written demand, the sum of money equal to the difference between the price that would have been payable had the Company taken 80% of the Allocation and the price paid or payable for the quantity of Timber comprising that Allocation actually taken by the Company in the Year. Any sum payable by the Company under this clause is payable as pre-estimated and liquidated damages and not as a penalty.
- 6.2 If in the Year in which the Company makes a payment under **clause 6.1** the Company takes a quantity of Timber in excess of 80% of the relevant Allocation ("excess Timber"), the amount payable by the Company for the Stumpage Price component for the excess Timber will be reduced by the amount of the Stumpage Price component of any sum paid under **clause 6.1**. The amount of any reduction allowed must not exceed the sum that would have otherwise been payable for the Stumpage Price component of the excess Timber
- 6.3 If for reasons other than Force Majeure or the default of FCNSW the Company:
- 6.3.1 takes less than 80 per cent of an Allocation for two consecutive Years during the Term;
or
- 6.3.2 takes less than 70 per cent of an Allocation in any Year,

FCNSW may terminate this Agreement under the provisions of **clause 27**.

- 6.2 If in a Year for reasons other than Force Majeure or the default of FCNSW, the Company takes less than 80 per cent of an Allocation FCNSW may, after consultation with the Company and by notice in writing to the Company given no later than 3 months after the end of the Year, amend that Allocation by reducing it to a quantity not less than the quantity of the Allocation taken by the Company during the Year.

7. METHOD OF SUPPLY

- 7.1 Subject to **clause 7.3** FCNSW will make Timber available to the Company by issuing licences under the Act enabling the Company to take Timber arising from Integrated Harvesting conducted by Integrated Harvesters.
- 7.2 The Company must use its best endeavours to reach agreement with Integrated Harvesters nominated by FCNSW under which the Integrated Harvesters acts as the Company's contractor in the conduct of the Harvesting Operations necessary for the Company to be supplied the Timber it is entitled to under this Agreement.
- 7.3 If the Company is unable to reach agreement with the Integrated Harvesters FCNSW will make Timber available by engaging the Integrated Harvesters as its contractors in the conduct of the

Harvesting Operations necessary for the Company to be supplied the Timber it is entitled to under this Agreement ("Delivered Sale").

7.4 The Company must as soon as practicable inform FCNSW of its inability to take Timber by reason of it being unable to reach the agreement referred to in **clause 7.2**.

7.5 If Timber is supplied to the Company by Delivered Sale:

7.5.1 FCNSW must use its reasonable endeavours each Year to ensure that the Integrated Harvesters produce the quantity of Timber the Company is entitled to be supplied during Year at an evenly distributed rate throughout the Year or at such other rate as may be agreed between the parties or between the Company and the Integrated Harvesters.

7.5.2 FCNSW must provide the Company with the contact details of the Integrated Harvesters. The Company is responsible for the day to day arrangements with the Integrated Harvesters for the delivery of Timber at the Delivery Sites. The Company must ensure that its haulage vehicles are onsite for delivery of Timber in accordance with those arrangements.

7.5.3 **Schedule 5** applies.

7.6 The Company must ensure that its haulage vehicles loaded with Timber in accordance with this Agreement have Electronic Braking System (EBS), front and rear gates and self tensioning load binders (STLB)fitted within the following schedule;

7.6.1 2x trailers fitted with Front and Rear gates and STLB by 31 March 2021

7.6.2 1x trailer fitted with EBS by 30 June 2021

7.6.3 second trailer fitted with EBS by 30 September 2021

7.6.4 Any additional trailers to be fitted with EBS, front and rear gates and STLB prior to being put into operation.

8. **Not Used**

9. **Not Used**

10. **EXTRACTION, PRODUCT SEGREGATION AND STOCKPILING**

10.1 The Company must use its best endeavours to ensure that Timber is removed from the Harvesting Unit within 7 days of felling.

10.2 The Company must, if requested by FCNSW, participate at the Company's cost in log segregation exercises and audits.

11. **COMPLIANCE**

11.1 The Company must comply with:

11.1.1 The Act and all other statutes and subordinate legislation relevant to its role in the harvesting and haulage of timber.

11.1.2 The requirements of anybody lawfully having authority in relation to the subject matter of this Agreement;

11.1.3 The Code of Procedure;

11.1.4 The conditions attached to any license issued to the Company under the Act or other license or permit issued to the Company by a government authority;

11.1.5 Any lawful direction given to the Company by an Authorised Person.

- 11.2 The Company must ensure that their respective agents, contractors or other persons under their respective control or direction comply with **clause 11.1**.
- 11.3 The Company must provide evidence of compliance with this **clause 11** if requested to do so by FCNSW.

12. TITLE AND RISK

- 12.1 Ownership of the Timber taken by the Company will pass to the Company on payment for the Timber.
- 12.2 The risks of ownership of the Timber will pass to the Company when the Company takes delivery of it.
- 12.3 The Company will be deemed to have taken delivery of Timber when the Timber has been loaded onto a vehicle at the Delivery Site.

13. SPECIFICATIONS

- 13.1 FCNSW must make available and the Company must take any Timber which conforms with the Specifications and is within other requirements of this Agreement.
- 13.2 Timber will be deemed to conform to the Specifications if the Company takes delivery of it.
- 13.3 If quantities of Timber and which the Company is entitled to under this Agreement in the Year, are not available in the Year as a consequence of Force Majeure or in breach of this Agreement:
- 13.3.1 the Company and FCNSW 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. FCNSW 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 FCNSW and provide particulars of:
- (a) the extent and consequences of the shortage;
 - (b) details of other timber which FCNSW can supply by way of replacement timber ("Replacement Timber"); and
 - (c) the terms and conditions (including price) on which FCNSW would supply, or make available such Replacement Timber; and
- 13.3.2 The Company will not be entitled to invoke the provisions of **clause 27.6.1** or to claim any damages for breach against FCNSW unless both parties have in good faith made all reasonable endeavours to meet the Company's needs for Timber from Replacement Timber available from FCNSW but outside the scope of the Specifications.
- 13.4 Replacement Timber supplied to the Company under the provisions of **clause 13.3** will be deemed to be Timber supplied under this Agreement.
- 13.5 At the request of the Company, FCNSW must consult with the Company with respect to the terms and conditions (including price) upon which FCNSW is prepared to supply or make available Replacement Timber.
- 13.6 The Company has no obligation to accept Replacement Timber on the terms proposed or at all.



14. DETERMINATION OF QUANTITY OF TIMBER

- 14.1 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. The Code of Procedure may be amended by FCNSW from time to time as may be considered necessary by FCNSW, acting reasonably. FCNSW will consult with and take into account any comments of the Company before any amendments are effected or implemented.
- 14.2 The Company must ensure appropriate access to a weighbridge or other measuring device approved by FCNSW that will enable the Timber taken by the Company or delivered to the Company to be weighed. The Company must maintain and verify the weighbridge or other device as required by the manufacturer's specifications.
- 14.3 FCNSW 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.
- 14.4 If there is any inconsistency between the Code of Procedure and this Agreement, the provisions of this Agreement shall prevail.
- 14.5 If requested by FCNSW the company must supply and make available at the companies cost, electronic devices capable of running an electronic delivery docket system supplied by FCNSW, minimum requirement is IOS 10 or above for Apple devices.

15. PRICE

- 15.1 If the Company takes Timber under an agreement between it and Integrated Harvesters the price payable for the Timber shall be the Stumpage Price for the Timber.
- 15.2 If the Company takes Timber under a Delivered Sale the price payable for the Timber shall be the Delivered Price.

16. STUMPAGE PRICE

- 16.1 The Stumpage Prices payable on the Commencement Date are the prices set out in **Item 5 of Schedule 1**.
- 16.2 Subject to **clause 16.3** the Stumpage Price for each Year thereafter shall be the Stumpage Price for the previous Year varied in the same proportion as the variation if any in the CPI. In calculating the variation the CPI figures used shall be the figures last published prior to commencement of the previous Year and the figures last published before the end of the previous Year.
- 16.3 Any variation to Stumpage Prices for Residue Timber will be limited to plus or minus 5% in any one Year should the variation in the CPI be greater than plus or minus 5%.
- 16.4 Stumpage Price so calculated shall be applied retrospectively to the commencement of the Year. Any money due to a party as a result of the retrospective application of Stumpage Price must be paid within one month of the claim for the adjustment being made.
- 16.5 FCNSW must advise the Company in writing of any variation to Stumpage Price as soon as practicable after the variation is calculated.

17. PAYMENT



- 17.1 FCNSW will issue monthly invoices for Timber taken by the Company during the previous month.
- 17.2 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 on that invoice as a debt due and payable to FCNSW.
- 17.3 If the Company fails to pay an invoice within the time for payment of that invoice:
- 17.3.1 FCNSW 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
- 17.3.2 FCNSW may suspend the Company's right to take Timber under this Agreement if the invoice is not paid within the 7 day period.

18. GOODS AND SERVICES TAX

- 18.1 The Stumpage Prices, 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.
- 18.2 The GST may be imposed on the Stumpage Prices and the Delivered Price.
- 18.3 If GST is or will be imposed on a supply made under this Agreement, the supplier may:
- 18.3.1 increase the consideration otherwise provided for that supply under this Agreement by the amount of that GST; or
- 18.3.2 otherwise recover from the recipient the amount of that GST.
- 18.4 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.
- 18.5 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.
- 18.6 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.
- 18.7 In this clause:
- 18.7.1 **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;
- 18.7.2 **GST** includes any replacement or subsequent similar tax;
- 18.7.3 **GST Act** means A New Tax System (Goods and Services Tax) Act 1999 (Cth);
- 18.7.4 **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



18.7.5 Terms defined in the GST Act have the same meaning in this clause unless provided otherwise.

19. PROVISION OF COMMUNICATION EQUIPMENT

19.1 For the purpose of ensuring adequate communications for the purposes of this Agreement the Company must have:

19.1.1 a Home/Office base telephone and e-mail.

19.1.2 Commercial UHF two-way radio receivers for each vehicle used in the taking of Timber under this Agreement, with such system to be accessible by FCNSW;

19.2 The Company must ensure that the communication items provided by the Company meet such standards and specifications (including frequency in the case of two-way radios) as FCNSW reasonably requires.

19.3 The Company must bear all costs associated with the installation and repair of the Company communication items.

20. NOT USED

21. SALE OF TIMBER TO OTHER PERSONS, FIREWOOD DONATION & SUPPLY OF SAWN TIMBER

21.1 FCNSW reserves the right to:

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

21.1.2 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 21 relieves FCNSW from performing its obligations under this Agreement.

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

21.3 Each Year the Company must donate [REDACTED] of mill ends and chips for community use under joint branding arrangements with FCNSW.

21.4 Each Year the Company must without charge to FCNSW supply [REDACTED] of sawn timber in the dimensions requested by FCNSW, primarily for but not limited to, bridge repairs and sign making.

22. INDEMNITY AND INSURANCE

22.1 The Company must take out and maintain throughout the duration of this Agreement, with a licensed insurance company, insurance of the following kinds:

22.1.1 Worker's compensation insurance to the extent required by the law of the State of New South Wales.

22.1.2 Public liability insurance in such sum as shall be specified by FCNSW (but being a minimum of ten million dollars (\$10,000,000.00) per claim.

22.2 If requested the Company must promptly provide FCNSW with evidence of the currency of insurance required under this **clause 22**.

23. Not Used

24. **SECURITY**

24.1 The Company must provide and maintain security ('security') for the performance of the Company's obligations under this Agreement in a sum determined by FCNSW from time to time. The amount of the security ('secured amount') determined by FCNSW may not exceed the lesser of:

24.1.1 the maximum amount which would be payable by the Company for 30% of the Allocations; or

24.1.2 the amount determined for the Company in accordance with FCNSW's Credit Policy.

24.2 The security must:

24.2.1 be in a form approved by FCNSW; and

24.2.2 be lodged within fourteen (14) days of written request by FCNSW.

24.3 FCNSW may, after advising the Company, draw upon the secured amount to cover any loss or damage caused by the Company's breach of its obligations under this Agreement.

24.4 If FCNSW draws on the secured amount under this Agreement but does not terminate this Agreement as a result of the breach or if FCNSW gives written notice of an increase in the secured amount, then the Company must provide additional security on FCNSW's written request so that the secured amount is maintained at the level determined under **clause 24.1**.

24.5 FCNSW may suspend the Company's rights to take Timber under this Agreement if the Company fails to lodge the security when requested to do so.

24.6 FCNSW must release the security to the Company upon the expiration of 6 months after the date of termination of this Agreement provided FCNSW is satisfied that no money is due or potential for further liability exists to FCNSW.

25. **FORCE MAJEURE**

25.1 If the Company is prevented from taking or accepting Timber by Force Majeure and:

25.1.1 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;

25.1.2 the Company had taken all practicable precautions to prevent the Force Majeure; and

25.1.3 the Company has made all reasonable efforts to contain the effect of the Force Majeure;

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

25.2 Where the Company makes an application under **clause 25.1**, FCNSW will negotiate with the Company in good faith to review the Allocations taking into account the functions and obligations

of FCNSW 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.

- 25.3 If FCNSW is prevented from performing all or any of its obligations under this Agreement by reason of Force Majeure or if the available of Timber in the Area of Supply is reduced by Force Majeure:

25.3.1 the Company will have no claim against FCNSW under this Agreement, to the extent that the non-performance is due to the Force Majeure;

25.3.2 if FCNSW is unable to resume the performance of its obligations within a period of 3 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 4 months from the relevant date and in this regard time will be of the essence; and

25.3.3 FCNSW may allocate any Timber which is available to the Company and other persons in a manner which reflects FCNSW functions and obligations under the Act and accords with any directions of the Minister administering the Act provided that where reasonably practicable and not inconsistent with those functions, obligations or directions FCNSW 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.

- 25.4 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.

26. LIMITATION OF LIABILITY

- 26.1 Where FCNSW 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.

27. DEFAULT OR INSOLVENCY

- 27.1 If the Company or FCNSW 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 FCNSW considers that damages may not be an adequate remedy, FCNSW 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 6.3;

27.2.2 failing to accept Timber in breach of clause 13.1;

27.2.3 failing to make payments in breach of clause 17;

- 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 FCNSW in breach of **clauses 29 or 30**; and
 - 27.2.6 failing to comply with conditions imposed by FCNSW pursuant to **clause 30** of this Agreement.
- 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 FCNSW 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 FCNSW should not exercise its right of termination, FCNSW may by notice in writing to the Company terminate this Agreement.
- 27.5 If:
- 27.5.1 the Company informs FCNSW 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.
- FCNSW may, without giving a notice to show cause, terminate this Agreement by notice in writing to the Company.
- 27.6 If FCNSW commits a material breach of this Agreement and the Company considers that damages may not be an adequate remedy, the Company may give FCNSW a written notice to show cause. Material breaches include without limitation:
- 27.6.1 failing to comply with **clause 5**;



27.6.2 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 FCNSW to show cause in writing why the Company should not terminate this Agreement;

27.7.4 specify the time and date by which FCNSW 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 FCNSW fails to show reasonable cause why the Company should not exercise its right of termination, the Company may by notice in writing to FCNSW 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 Disputes Centre (ADC) 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 ADC. 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 ADC, to appoint an arbitrator and the arbitrator will be so appointed. Any arbitration must be undertaken in accordance with, and subject to, the ADC Rules for Domestic Arbitration.

28.3 The Arbitrator or some person appointed on the Arbitrator's behalf may investigate the Company's and FCNSW's affairs and accounts so far as may be necessary to assist the Arbitrator to determine any matter referred for arbitration. The Company and FCNSW must give the Arbitrator full access to all accounts and papers necessary for that purpose and must afford the Arbitrator full information and assistance.

28.4 Any mediation or arbitration must be held in Sydney, NSW and either party may be represented by a legal practitioner.

29. ASSIGNMENT

- 29.1 The Company may not without the prior approval of FCNSW 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.
- 29.3 If the Company wishes to assign the whole or any part of this Agreement it must make a written application to FCNSW 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 FCNSW.
- 29.4 The Company must pay all debts due and payable to FCNSW 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, FCNSW must process the application in accordance with **clause 30** provided the Company has supplied any details and information required by FCNSW under **clause 29.3**.
- 29.6 The Company must ensure that any assignee executes all agreements and other documents which FCNSW may reasonably require to record or effect any assignment.

30. FCNSW'S APPROVAL FOR ASSIGNMENT

- 30.1 FCNSW must determine any request for an assignment of the whole or part of this Agreement within 1 month of receiving the request for assignment unless FCNSW 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 FCNSW 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 such grounds as may be prescribed by regulations under the Act;
- 30.2.1 such grounds as FCNSW (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 FCNSW's capacity to meet its obligations under this Agreement or other written contracts for the harvesting, haulage or supply of timber; or
- 30.2.2 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 FCNSW as required under **clause 17**.
- 30.3 If the Company has committed a material breach which has not been remedied or rectified including without limitation any failure to make payment to FCNSW as required under **clause 17**, FCNSW may impose (without limitation) a condition on an application for requesting an assignment of the whole or part of this Agreement, 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 FCNSW.

31. VARIATION

- 31.1 This Agreement comprises the entire understanding of the parties.
- 31.2 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.

32. INTEREST

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

33. NOTICE

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

34. GOVERNING LAW

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

35. SEVERABILITY

A handwritten signature in black ink, consisting of stylized cursive letters, located in the bottom right corner of the page.

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

36. GENERAL

- 36.1 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.
- 36.2 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.
- 36.3 If a party is obliged to consult with another party the parties must consult with each other in good faith and have reasonable regard to what is put by the other party.

37. CONFIDENTIALITY

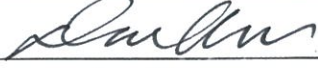
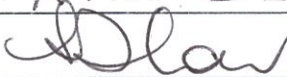
- 37.1 No party will disclose the contents or terms of this Agreement or any information or documents received by it in connection with the negotiation of this Agreement or pursuant to the provisions of this Agreement without the prior written consent of the other parties, except to the extent that:
- 37.1.1 the information is available to the public generally;
 - 37.1.2 that party is required to make the disclosure by law or to make any filing, recording or registration required by law;
 - 37.1.3 the disclosure is necessary or advisable for the purpose of obtaining any consent, authorization, approval or licence from any public body or authority;
 - 37.1.4 it is necessary or expedient that the disclosure be made to any taxation or fiscal authority;
 - 37.1.5 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;
 - 37.1.6 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;
 - 37.1.7 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.

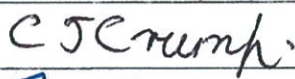
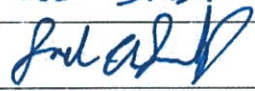


38. OBLIGATION TO CONSULT

- 38.1 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.
- 38.2 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.



EXECUTED as an Agreement

Executed for and on behalf of FCNSW	
Delegate Name	Daniel Tuan GM Hardwood Forests
Delegate Signature	
Witness Name	ANN DENLOW
Witness Signature	

Executed for and on behalf of the Company	
Director's Name	CHRIS CRUMP
Director's Signature	
Witness Name	JOEL SMITH
Witness Signature	
Director/Secretary Name	Dawn Crump
Director/Secretary Signature	
Witness Name	JOEL SMITH
Witness Signature	

Note: To be signed by one Director if there is only one Director of the Company. To be signed by two Director(s) or one Director and the Company Secretary if there are more than one Director of the Company.



SCHEDULE 1

ITEM 1

Date of Agreement:	9/2/2021
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ITEM 2 – CONTACT DETAILS OF THE PARTIES

(a) Company

Company Name:	Mathoura Red Gum Sawmills Pty Ltd
Name(s) of Principal(s):	Chris Crump
Australian Company Number:	
Australian Business Number:	50 149 221 803
Business Address:	CONARGO STREET, MATHOURA, NSW, 2710
Telephone Number(s):	03 5884 3383
E-mail	mrgsl@bigpond.com

(b) FCNSW

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

ITEM 3

Commencement Date	1 January 2021
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ITEM 4

Expiry Date	31 December 2025
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ITEM 5

Stumpage Price	Exquota State Forest Areas [REDACTED] gmt (ex GST) Exquota Western Lands Lease Areas [REDACTED] gmt (ex GST) Residue [REDACTED] gmt (ex GST)
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ITEM 6

Allocation	Allocation 1 for a Year is the greater of: (a) 5,530 tonnes of Ex-quota Timber; and (b) The total quantity of Ex-quota Timber harvested in Integrated Harvesting Operations in the Area of Supply during the Year Allocation 2 for a Year means 30% of any part of the IFOA IR Quantity that exceeds 17,533 tonnes in that Year;
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Handwritten signature/initials

**– Condensed Version –
Red Gum Grading Manual
(01 May 2004)**

This condensed version of the Red Gum Grading Manual, May 2004 provides information on the assessment and segregation of three grades of Red Gum log:

- High Quality Log Class 1 (HQ1);
- High Quality Log Class 2 (HQ2); and
- Ex-quota (HLM2).

This condensed version does not replace the Red Gum Grading Manual, May 2004. The Red Gum Grading Manual, May 2004 contains greater detail and instruction on all aspects of measuring and grading a Red Gum log, and should be referred to as necessary.

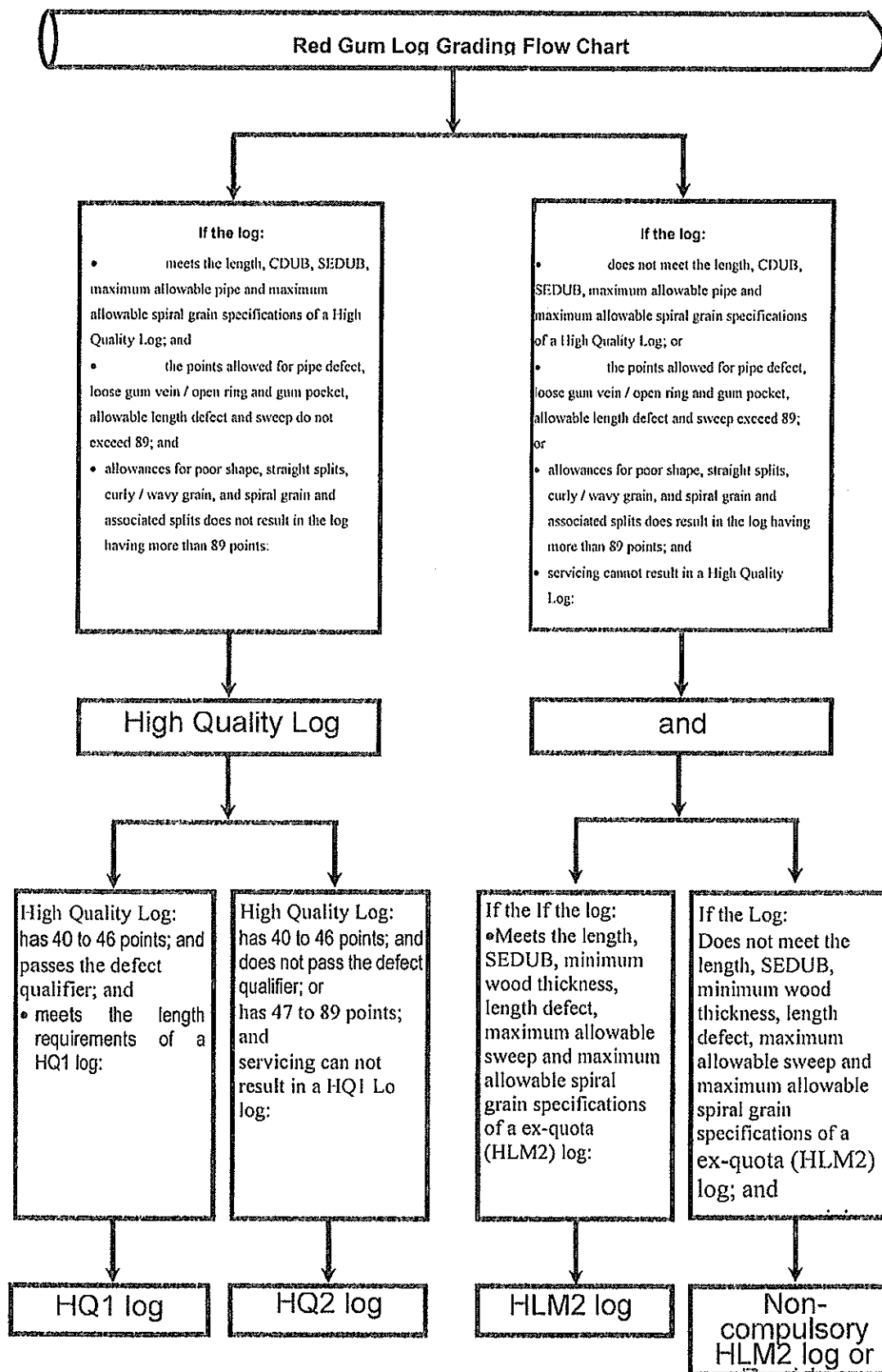
The log grading process

1. Measure the log length, CDUB and SEDUB
2. Measure the pipe at each end of the log and compare to the maximum allowable pipe
3. Measure the sweep and compare to the maximum allowable sweep
4. Measure the spiral grain and compare to the maximum allowable spiral grain
5. Assess the pipe defect
6. Assess the loose gum vein / open ring and gum pocket
7. Assess the allowable length defects
8. Assess the sweep
9. Make necessary allowances for poor shape, straight splits, curly / wavy grain, and spiral grain and associated splits.
10. Sum the points given as allowances
11. Determine if the log is a High Quality Log (HQ1 or HQ2) by comparing the log to the specifications of a High Quality log, and the number of points given as allowances to the maximum allowable points (can servicing result in a High Quality Log?)
12. Apply the defect qualifier if applicable (can servicing result in a HQ1 log?).
13. If the log is not a High Quality log, determine if the log is a ex-quota (HLM2) log by comparing the log to the specifications of an ex-quota log (can servicing result in a HLM2 log?)

Refer to the Red Gum Log Grading Flow Chart (page 2) for the progression of steps in grading a Red Gum log.

Summary of Red Gum log specifications

Specification	HQ1	HQ2	Ex-quota (HLM2)
Minimum CDUB (cm)	50	40	Not applicable
Minimum SEDUB (cm)	38	38	25
Minimum log length (dm.)	21	21	24
Maximum log length (dm.)	48	Not applicable	Not applicable
Maximum pipe	Refer to Table 1	Refer to Table 1	Not applicable
Minimum wood thickness	Not applicable	Not applicable	Refer to page 14
Maximum sweep	1/5	1/5	1/5
Maximum spiral grain	1:10	1:10	1:10
Maximum length defect	Not applicable	Not applicable	Refer to page 14
Allowable points	40-46	40-89	90+
Passes defect qualifier	Yes	No	Not applicable



High Quality Logs Class 1 and 2 (HQ1 and HQ2)

Log specifications:

Minimum CDUB (HQ1 logs only):	50cm.												
Minimum CDUB (HQ2 logs only):	40cm.												
Minimum SEDUB:	38cm.												
Minimum log length:	21dm (random lengths).												
Maximum log length (HQ1 logs only):	48dm. Any HQ1 log length greater than 42dm. long that has evidence of gum in either the head or butt end face must be serviced into two lengths (of at least minimum log length) and reassessed to ensure each log length meets HQ1 specification (unless varied by license or agreement).												
Maximum pipe	The pipe at each end of the log must not exceed the maximum allowable pipe. See Table 1												
Maximum sweep:	1/5, measured over a minimum 21dm. log length.												
Maximum spiral grain	1:10, measured over a minimum 21dm. log length.												
Allowable points:	40-46 points for HQ1 (and passes the defect qualifier). 40-89 points for HQ2 The points for a log is determined by summing the points allocated for: <table border="0" style="margin-left: 40px;"> <tr> <td>Pipe defect</td><td>Table 2</td></tr> <tr> <td>Sound length defect</td><td>Table 3</td></tr> <tr> <td>Unsound length defect</td><td>Table 4</td></tr> <tr> <td>Loose gum vein / open ring (head and butt)</td><td>Table 5</td></tr> <tr> <td>Loose gum vein / open ring (butt only)</td><td>Table 6</td></tr> <tr> <td>Sweep</td><td>Table 7</td></tr> </table>	Pipe defect	Table 2	Sound length defect	Table 3	Unsound length defect	Table 4	Loose gum vein / open ring (head and butt)	Table 5	Loose gum vein / open ring (butt only)	Table 6	Sweep	Table 7
Pipe defect	Table 2												
Sound length defect	Table 3												
Unsound length defect	Table 4												
Loose gum vein / open ring (head and butt)	Table 5												
Loose gum vein / open ring (butt only)	Table 6												
Sweep	Table 7												
The defect qualifier	A HQ1 log must pass the defect qualifier												

The defect qualifier:

The defect qualifier defines the allowable amount and location of visible defect in a HQ1 log. The visible defect is assessed both at the head and butt end face of the log.

- For High Quality Logs greater than 42dm. long, the location of the defect does not have to be the same at each end face (for example it does not have to be in the same 1/4 of the log at each end face)
- For High Quality Logs less than or equal to 42dm. long, the location of the defect must be the same at each end face (for example, it must be in the same 1/4 of the log at each end face).

If one end face does not pass the defect qualifier, the log does not pass the defect qualifier:

- For logs 50cm. – 55cm. CDUB, visible defect must be confined to 1/4 of each end face of the log.
- For logs 56cm. – 70cm. CDUB, visible defect must be confined to 1/3 of each end face of the log.
- For logs greater than 70cm. CDUB, visible defect must be confined to 1/2 of each end face of the log

Table 1: Maximum allowable pipe

EDUB (cm.)	Max. pipe (cm.)	EDUB (cm.)	Max. pipe (cm.)	EDUB (cm.)	Max. pipe (cm.)	EDUB (cm.)	Max. pipe (cm.)
38	18	74	46	110	72	146	98
39	19	75	47	111	73	147	99
40	20	76	48	112	74	148	100
41	21	77	48	113	74	149	101
42	22	78	48	114	74	150	102
43	23	79	49	115	75	151	103
44	24	80	50	116	76	152	104
45	25	81	51	117	77	153	104
46	26	82	52	118	78	154	104
47	26	83	53	119	79	155	105
48	27	84	54	120	80	156	106
49	28	85	54	121	81	157	107
50	29	86	54	122	82	158	108
51	29	87	55	123	83	159	108
52	30	88	56	124	84	160	108
53	31	89	57	125	84	161	109
54	32	90	58	126	84	162	110
55	32	91	58	127	85	163	111
56	33	92	58	128	86	164	112
57	33	93	59	129	87	165	113
58	34	94	60	130	88	166	114
59	35	95	61	131	88	167	114
60	36	96	62	132	88	168	114
61	37	97	63	133	89	169	115
62	38	98	64	134	90	170	116
63	38	99	64	135	91	171	117
64	38	100	64	136	92	172	118
65	39	101	65	137	93	173	118
66	40	102	66	138	94	174	118
67	41	103	67	139	94	175	119
68	42	104	68	140	94	176	120
69	42	105	68	141	95	177	121
70	42	106	68	142	96	178	122
71	43	107	69	143	97	179	123
72	44	108	70	144	98	180	124
73	45	109	71	145	98	181	124

EDUB = End Diameter UnderBark

Table 2: Pipe defect allowance points table (continued next page)

Pipe allowance (cm.)	Log CDUB (cm.)														170.0 II
	40.0 II	50.0 II	60.0 II	70.0 II	80.0 II	90.0 II	100.0 II	110.0 II	120.0 II	130.0 II	140.0 II	150.0 II	160.0 II	170.0 II	
16.0 17.9	49.9	59.9	69.9	79.9	89.9	99.9	109.9	119.9	129.9	139.9	149.9	159.9	169.9	180.0	34
18.0 19.9	46	40	40	40	40	40	40	40	40	40	40	40	39	34	34
20.0 21.9	58	40	40	40	40	40	40	40	40	40	40	40	39	34	34
22.0 23.9	71	47	40	40	40	40	40	40	40	40	40	40	39	34	34
24.0 25.9	85	57	41	40	40	40	40	40	40	40	40	40	39	34	34
26.0 27.9		67	48	40	40	40	40	40	40	40	40	40	39	34	34
28.0 29.9		78	56	42	40	40	40	40	40	40	40	40	39	34	34
30.0 31.9			65	48	40	40	40	40	40	40	40	40	39	34	34
32.0 33.9			74	55	43	40	40	40	40	40	40	40	39	34	34
34.0 35.9			84	63	49	40	40	40	40	40	40	40	39	34	34
36.0 37.9				71	55	44	40	40	40	40	40	40	39	34	34
38.0 39.9				79	61	49	40	40	40	40	40	40	39	34	34
40.0 41.9				88	68	55	45	40	40	40	40	40	39	34	34
42.0 43.9					75	60	49	41	40	40	40	40	39	34	34
44.0 45.9					83	66	54	45	40	40	40	40	39	34	34
46.0 47.9						73	60	50	42	40	40	40	39	34	34
48.0 49.9						79	65	54	46	40	40	40	39	34	34
50.0 51.9						86	74	59	50	43	40	40	39	34	34
52.0 53.9							76	64	54	46	40	40	39	34	34
54.0 55.9							83	69	58	50	45	40	39	34	34
56.0 57.9							89	74	63	54	47	41	39	34	34
58.0 59.9								80	67	58	50	42	39	34	34
60.0 61.9								85	72	62	54	44	41	37	37
62.0 63.9									77	66	57	50	44	39	39
64.0 65.9									82	71	61	54	47	42	42
66.0 67.9									88	75	65	57	50	45	45
										80	69	61	53	48	48

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Table 2: Pipe defect allowance points table – continued

Pipe allowance (cm.)	Log CDUB (cm.)													
	40.0 II	50.0 II	60.0 II	70.0 II	80.0 II	90.0 II	100.0 II	110.0 II	120.0 II	130.0 II	140.0 II	150.0 II	160.0 II	170.0 II
63.0 69.9	49.9	59.9	69.9	79.9	89.9	99.9	109.9	119.9	129.9	139.9	149.9	159.9	169.9	180.0
70.0 71.9										85	73	64	57	50
72.0 73.9											78	68	60	53
74.0 75.9											80	69	61	54
76.0 77.9											81	70	62	55
78.0 79.9											82	72	64	57
80.0 81.9											84	73	65	58
82.0 83.9											85	75	67	60
84.0 85.9											86	76	68	61
86.0 87.9											88	77	69	62
88.0 89.9											89	79	71	64
90.0 91.9												80	72	65
92.0 93.9												83	75	68
94.0 95.9												84	76	69
96.0 97.9												85	77	70
98.0 99.9												87	79	72
100.0 101.9												88	80	73
102.0 103.9													82	75
104.0 105.9													83	76
106.0 107.9													84	77
108.0 109.9													86	79
110.0 111.9													87	80
112.0 113.9														83
114.0 115.9														84
116.0 117.9														85
118.0 120.0														87
														88

Table 3: Sound defect length allowance points table

Log length (dm.)	Sound defect length allowance (dm.)														
	1.0 II 3.9	4.0 II 5.9	6.0 II 7.9	8.0 II 9.9	10.0 II 11.9	12.0 II 13.9	14.0 II 15.9	16.0 II 17.9	18.0 II 19.9	20.0 II 21.9	22.0 II 23.9	24.0 II 25.9	26.0 II 27.9	28.0 II 29.9	30.0 II 31.9
21.0 29.9	3	5	7	9	11	13	15	17	19	21	23	25	27	29	31
30.0 39.9	2	4	5	6	8	9	11	12	14	15	16	18	19	21	22
40.0 49.9	2	3	4	5	6	7	8	9	11	12	13	14	15	16	17
50.0 59.9	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
60.0 69.9	1	2	3	3	4	5	6	7	7	8	9	10	10	11	12
70.0 79.9	1	2	2	3	4	4	5	6	6	7	8	8	9	10	11
80.0 89.9	1	1	2	3	3	4	4	5	6	6	7	7	8	9	10
90.0 99.9	1	1	2	2	3	3	4	4	5	6	6	7	7	8	9
100.0 109.9	1	1	2	2	3	3	4	4	5	5	6	6	7	7	8
110.0 119.9	1	1	2	2	2	3	3	4	4	5	5	5	6	6	7
120.0 129.9	1	1	1	2	2	3	3	3	4	4	5	5	5	6	6
130.0 139.9	1	1	1	2	2	2	3	3	3	4	4	5	5	5	6
140.0 149.9	1	1	1	2	2	2	3	3	3	4	4	4	5	5	5
150.0 159.9	1	1	1	1	2	2	2	3	3	3	4	4	4	5	5
160.0 169.9	1	1	1	1	2	2	2	3	3	3	3	4	4	4	4
170.0 179.9	1	1	1	1	2	2	2	2	3	3	3	4	4	4	4
180.0 189.9	1	1	1	1	1	2	2	2	3	3	3	3	4	4	4
190.0 200.0	1	1	1	1	1	2	2	2	2	3	3	3	3	4	4

If sound defect length allowance exceeds 30dm., add points allocated for sound defect length allowance in excess of 30dm., to points allocated to 30dm. sound defect length allowance.

Table 4: Unsound defect length allowance points table

Log length (dm.)	Unsound defect length allowance (dm.)													
	1.0 II	4.0 II	6.0 II	8.0 II	10.0 II	12.0 II	14.0 II	16.0 II	18.0 II	20.0 II	22.0 II	24.0 II	26.0 II	28.0 II
21.0 29.9	6	10	14	18	22	26	30	34	38	42	46	50	54	58
30.0 39.9	4	7	10	13	16	19	21	24	27	30	33	36	39	41
40.0 49.9	3	6	8	10	12	14	17	19	21	23	26	28	30	32
50.0 59.9	3	5	6	8	10	12	14	15	17	19	21	23	25	26
60.0 69.9	2	4	5	7	8	10	12	13	15	16	18	19	21	22
70.0 79.9	2	3	5	6	7	9	10	11	13	14	15	17	18	19
80.0 89.9	2	3	4	5	6	8	9	10	11	12	14	15	16	17
90.0 99.9	2	3	4	5	6	7	8	9	10	11	12	13	14	15
100.0 109.9	1	2	3	4	5	6	7	8	9	10	11	12	13	14
110.0 119.9	1	2	3	4	5	6	7	7	8	9	10	11	12	13
120.0 129.9	1	2	3	4	4	5	6	7	8	8	9	10	11	12
130.0 139.9	1	2	3	3	4	5	6	6	7	8	9	9	10	11
140.0 149.9	1	2	2	3	4	4	5	6	7	7	8	9	9	10
150.0 159.9	1	2	2	3	4	4	5	5	6	7	7	8	9	9
160.0 169.9	1	2	2	3	3	4	5	5	6	6	7	8	8	9
170.0 179.9	1	1	2	3	3	4	4	5	5	6	7	7	8	8
180.0 189.9	1	1	2	2	3	4	4	5	5	6	6	7	7	8
190.0 200.0	1	1	2	2	3	3	4	4	5	5	6	6	7	7

If unsound defect length allowance exceeds 30dm., add points allocated for unsound defect length allowance in excess of 30dm., to points allocated to 30dm. unsound defect length allowance.

Table 5: Loose gum vein / open ring length allowance (head & butt) points table

Log CDUB (cm.)	Loose gum vein / open ring length allowance (head and butt) (cm.)													
	1.0 II 49.9	50.0 II 99.9	100.0 II 149.9	150.0 II 199.9	200.0 II 249.9	250.0 II 299.9	300.0 II 349.9	350.0 II 399.9	400.0 II 449.9	450.0 II 499.9	500.0 II 549.9	550.0 II 599.9	600.0 II 649.9	650.0 II 700.0
40.0 II 149.9	3	14	24	34	44									
50.0 II 159.9	2	9	15	22	29	35	42	49						
60.0 II 169.9	1	6	10	15	20	24	29	34	39	43	48			
70.0 II 179.9	1	4	7	11	14	18	21	25	28	32	35	38	42	45
80.0 II 189.9	1	3	6	8	11	13	16	19	21	24	26	29	32	34
90.0 II 199.9	1	2	4	6	8	10	12	14	16	18	20	22	24	26
100.0 II 109.9	1	2	3	5	7	8	10	11	13	15	16	18	19	21
110.0 II 119.9	1	2	3	4	5	7	8	9	10	12	13	14	16	17
120.0 II 129.9	1	1	2	3	4	6	7	8	9	10	11	12	13	14
130.0 II 139.9	1	1	2	3	4	5	5	6	7	8	9	10	10	11
140.0 II 149.9	1	1	2	3	3	4	5	5	6	7	7	8	9	9
150.0 II 159.9	1	1	2	2	3	4	4	5	5	6	6	7	7	8
160.0 II 169.9	1	1	2	2	3	3	4	4	4	5	5	6	6	7
170.0 II 180.0	1	1	2	2	3	3	3	4	4	4	5	5	5	6

Table 6: Loose gum vein / open ring length allowance (butt only) points table

Log CDUB (cm.)	Loose gum vein / open ring length allowance (butt only) (cm.)															
	1.0 II 49.9	50.0 II 99.9	100.0 II 149.9	150.0 II 199.9	200.0 II 249.9	250.0 II 299.9	300.0 II 349.9	350.0 II 399.9	400.0 II 449.9	450.0 II 499.9	500.0 II 549.9	550.0 II 599.9	600.0 II 649.9	650.0 II 700.0		
40.0 49.9	5	21	37													
50.0 59.9	3	13	24	34	45											
60.0 69.9	2	9	16	24	31	38	46									
70.0 79.9	1	6	12	17	23	28	33	39	44							
80.0 89.9	1	5	9	13	17	21	25	29	33	37	41	46				
90.0 99.9	1	4	7	10	13	16	19	23	26	29	32	35	38	42		
100.0 109.9	1	3	5	8	10	13	15	18	20	23	25	28	30	33		
110.0 119.9	1	3	5	6	8	10	12	14	16	18	20	22	24	26		
120.0 129.9	1	2	4	5	7	9	10	12	13	15	17	18	20	21		
130.0 139.9	1	2	3	5	6	7	9	10	11	12	14	15	16	18		
140.0 149.9	1	2	3	4	5	6	7	8	9	10	12	13	14	15		
150.0 159.9	1	2	3	4	5	6	6	7	8	9	10	11	11	12		
160.0 169.9	1	2	3	4	4	5	6	6	7	8	8	9	10	10		
170.0 180.0	1	2	3	3	4	4	5	6	6	7	7	8	8	9		

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Table 7: Sweep allowance points table

Log CDUE (cm.)	Sweep deflection (cm.)													
	2.0 II 3.9	4.0 II 5.9	6.0 II 9.9	10.0 II 13.9	14.0 II 19.9	20.0 II 25.9	26.0 II 33.9	34.0 II 41.9	42.0 II 49.9	50.0 II 59.9	60.0 II 69.9	70.0 II 79.9	80.0 II 89.9	90.0 II 100.0
40.0II49.9	4	7	11	16	22	30	40	50	61	73	86			
50.0II59.9	3	5	9	13	18	25	32	41	50	59	70	81		
60.0II69.9	3	5	7	11	16	21	27	35	42	50	59	69	78	87
70.0II79.9	2	4	6	10	13	18	24	30	36	44	51	59	67	75
80.0II89.9	2	3	6	8	12	16	21	27	32	38	45	52	59	66
90.0II99.9	2	3	5	8	11	14	19	24	29	34	41	47	53	59
100.0II109.9	2	3	5	7	10	13	17	21	26	31	37	42	48	54
110.0II119.9	2	3	4	6	9	12	15	20	24	28	34	39	44	49
120.0II129.9	1	2	4	6	8	11	14	18	22	26	31	36	40	45
130.0II139.9	1	2	4	5	7	10	13	17	20	24	29	33	37	42
140.0II149.9	1	2	3	5	7	9	12	16	19	23	27	31	35	39
150.0II159.9	1	2	3	5	7	9	11	15	18	21	25	29	33	36
160.0II169.9	1	2	3	4	6	8	11	14	17	20	23	27	31	34
170.0II180.0	1	2	3	4	6	8	10	13	16	19	22	25	29	32

De.

Log Segregation:

High Quality Log Class 1 (HQ1)

HQ1 logs must not be multi-graded (unless varied by license or agreement).

Full length logs meeting specification

If the full log length meets the specifications of a HQ1 log no servicing is required.

If the full log length is of HQ1 quality, but exceeds 48dm. in length the log should be serviced to produce multiple HQ1 logs of at least minimum length (unless varied by license or agreement).

If the (long) length of a log of HQ1 quality results in a CDUB of less than 50cm., determine the length (from the butt of the log) at which diameter underbark is equal to 50cm. Double this length and service the log at that point (ensuring SEDUB is a minimum 38cm.) to produce a HQ1 log that meets specification:

- Where the head (that has been serviced off) is 21dm. long or longer, and meets the minimum CDUB (40cm.) and SEDUB (38cm.) specifications of a HQ2 log, produce a HQ2 log of minimum length, reducing the HQ1 log length if necessary.
- Where the head (that has been serviced off) is 24dm. long or longer, and does not meet the minimum HQ2 specifications but does meet the minimum SEDUB specifications of a HLM2 log (25cm.), produce a HLM2 log of minimum length, reducing the HQ1 log length if necessary.
- Where the head (that has been serviced off) does not meet the HQ2 or HLM2 specifications, service the head to waste.

Head or butt servicing required

If the head or butt of a log does not meet the specifications of a HQ1 log, but at least a minimum log length at the mid-section of the log does:

- Any head or butt servicing requirement less than 6dm. may be cut to waste to obtain a HQ1 log in preference to a HQ2 log.
- Any head or butt servicing requirement less than 24dm. may be cut to waste to obtain a HQ1 log in preference to an HLM2 log.
- Any head or butt servicing requirement 6dm. or longer that may produce HQ2 log should be cut to 21dm. (of HQ2 log) or longer, provided a HQ1 of minimum length can still be obtained. If the resultant HQ2 log is not saleable, or if at least a minimum length of HQ1 log cannot be obtained, the HQ2 log must be serviced to waste, maximizing the length of HQ1 log.

Mid length servicing required

Where a mid-section of the log does not meet the specifications of a HQ1 log, but at least a minimum log length at the head and butt of the log does:

- Any un-saleable serviceable section in the centre of the log must be serviced to waste (unless varied by license or agreement), maximising the length of the remaining HQ1 logs in accord with the general servicing rule.
- Any saleable serviceable section in the centre of a log 21dm. or longer than meets the specifications of an HQ2 log, may be removed as an HQ2 log.

- Any saleable serviceable section in the centre of a log 24dm. or longer that meets the specifications of an HLM2 log, may be removed as an HLM2 log.

High quality logs class 2 (HQ2)

High quality logs class 2 can be multigraded.

Full length logs meeting specification

If the full log length meets the specifications of an HQ2 log no servicing is required (although the log may be cut for safe loading and haulage).

If the (long) length of a log of HQ2 quality results in a CDUB of less than 40cm., determine the length (from the butt of the log) at which diameter underbark is equal to 40cm. Double this length and multigrade or service the log at that point (ensuring SEDUB is a minimum 38cm.) to produce a HQ2 log that meets specification:

- Where the head of the log (that has been serviced off) is less than 16dm. long, service the head to waste.
- Where the residual head is longer than 16dm. long, produce a HLM2 log of minimum length, reducing the HQ2 log length if necessary.

Head or butt servicing required

If the head or butt of a log does not meet the specifications of a HQ2 log, but at least a minimum log length at the mid-section of the log does:

- Any head or butt servicing requirement less than 16dm. may be serviced to waste to obtain a HQ2 log in preference to a HLM 2 log.
- Any head or butt servicing requirement 16dm. or longer that may produce a HLM2 log should be cut to 24dm. (of HLM2 log) or longer, provided a HQ2 log of minimum length can still be obtained. If the resultant HLM2 log is not saleable, or if at least a minimum length of HQ2 log cannot be obtained, the HLM2 log must be serviced to waste, maximizing the length of HQ2 log.

Mid length servicing required

Where a mid-section of the log does not meet the specifications of a HQ2 log, but at least a minimum log length at the head and butt of the log does:

- Any un-saleable serviceable section in the centre of the log may be treated as a non-allowable length deduction, or serviced to waste, maximising the length of the remaining HQ2 logs in accord with the general servicing rule.
- Any saleable serviceable section in the centre of a log 24dm. or longer that meets the specifications of a HLM2 log, may be removed as a HLM2 log, or multigraded as one HLM2 log and two HQ2 logs.

General servicing rule

If a minimum log length in the mid-section, head or butt of a log exceeds the maximum allowable points for a High Quality Log, and if the net utilisable wood is less than 50% in that length, then the defect within the length must be serviced to waste:

- The length allowance used in determining if a minimum log length in the mid section of a log exceeds the maximum allowable points for a High Quality Log is that that would be given if the defect was considered as part of the whole log as presented
- When servicing to waste, the section affected by the length defect only is to be serviced, not the minimum log length.

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Ex-quota logs (HLM2)

Log specifications:

Minimum SEDUB:	25cm.
Minimum log length:	24dm. (random lengths - except Murray Management Area). In the Murray Management Area, HLM2 logs are sold in lengths of 24dm., 26dm. and 28dm. However, a customer can choose to purchase HLM2 logs in random lengths with a minimum length of 24dm.
Minimum wood thickness	The minimum wood thickness is 10cm. of utilisable wood outside of the defective heart, for a minimum of 50% of the circumference of the log. The wood making up the utilisable wood can contain features such as: <ul style="list-style-type: none">• Tight gum veins and gum pockets - unlimited• Loose gum veins and open rings - maximum of one less than 2mm. wide, affecting no more than half of the wood thickness.• Scattered ant, insect holes and rot pockets - unlimited• Discoloured wood where it does not affect wood structure - unlimited.
Length defect	Length defects that are not associated with decayed wood must be ignored. Length defects associated with decay occurring in sections of the log that the wood thickness that is not within specification must be ignored. Length defects associated with decayed wood should not affect anymore than 25% of the wood thickness that is within specification.
Maximum sweep:	$\frac{1}{5}$, measured over a minimum 24dm. log length. A log that has the minimum wood thickness cannot carry the maximum sweep at least the volume of wood equivalent to the minimum wood thickness must be utilisable.
Maximum spiral grain	1:10, measured over a minimum 24dm. log length
Allowable points:	90 points and above.

Log Segregation:

HLM2 logs can be multigraded (if applicable)

Full length logs meeting specification

If the full log length is a HLM2 log, trim to maximise the volume (in compliance with length specifications).

Servicing requirements

If the head and butt are saleable, service so that it maximises the volume of HLM2 log, while minimising the volume of saleable HLM2 log that is serviced to waste.

If the log required mid-length servicing, service so that the volume of HLM2 log is maximised while minimising the volume of saleable HLM2 log serviced to waste.

SCHEDULE 3 - RESIDUE SPECIFICATION

SPECIFICATIONS

WESTERN REGION – RESIDUE SPECIFICATION

Residue Specifications

Length	Random length with minimum of 2.1m
Species	Red Gum
Size	<ul style="list-style-type: none">• Minimum toe diameter of 10cm under bark• Maximum diameter is unlimited
Defect	<ul style="list-style-type: none">• Greater than 10cm of utilizable wood around at least 50% of the circumference.• Spiral grain is unlimited.• Sweep is not to exceed 100% of the centre diameter over a 2.1m length.• Branch stubs are not to exceed 20cm from the log.• All other defect is unlimited
Moisture Content	<ul style="list-style-type: none">• Unlimited
Presentation	<ul style="list-style-type: none">• A reasonable attempt is to be made to remove bark.• All logs are to be free from loose material that may fall off during transit.• All logs are to be flushed trimmed head and butt as close to 90° to the log as possible

Servicing

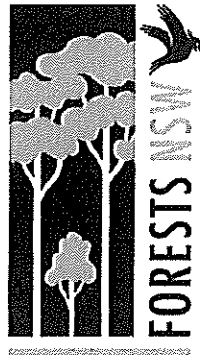
Unless acceptable to the licensee, the contractor shall remove any defective sections by servicing, to the extent necessary to produce a log which conforms to these minimum specifications.

The licensee may accept a log that does not comply with the minimum specifications outlined. Once accepted, such logs will be counted as part of ("debited against") the annual allocation.

WDE

SCHEDULE 4 – CODE OF PROCEDURE FOR REDGUM TIMBER SALES

CODE OF PROCEDURE



CODE OF PROCEDURE
FOR
RED GUM TIMBER SALES
WESTERN

FEBRUARY 2014

MDL

Section 1: Measuring and Marking of Log Products

1.1 Measuring of Log Products

1.1.1 Sale by volume

The Harvesting Contractor 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	Actual length in decimetres rounded down to the next whole decimetre	Actual centre diameter underbark in centimetres rounded down to the next whole centimetre

1.1.2 Sale by weight

Ex Quota and Residue logs are to be sold by weight. A certified weighbridge will be used to determine the weight of each load.

1.2 Marking of Log Products

1.2.1 Log Product Code

The Harvesting Contractor must ensure that log products (including residue) are clearly marked at the large end using paint or crayon (where applicable) in accordance with Table 2.

Table 2 : Log Product Code

PRODUCT	CODE
Quota	O
Exquota	Z
Residue/Thinnings	DOT IF >25CMS BUTT DIAM

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 a paper Delivery Docket from a Delivery Docket Book or electronically through the EDX system.

FCNSW will issue Delivery Docket books to the Company at cost price.

Handwritten signature/initials

Completion of Delivery Dockets

2.1 Delivery dockets

The Harvesting Contractor must ensure that, prior to departure from the Loading Site, the following details are completed on the Delivery Docket:

- i) Customer/Location
- ii) Date
- iii) Time
- iv) Region
- v) State forest or lease name
- vi) Compartment no# or lease no#
- vii) Product (Where relevant)
- viii) Grade (Where relevant)
- ix) Harvest, Load and Haulage Contractor
- x) Truck Driver Name
- xi) Gross, Tare and Net Weight

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)
- Product Code (refer to Table 2)

2.2 Receipt of Delivery

Where paper Delivery Dockets are used, dockets must be signed by the Customer and will be distributed in the following manner:

ORIGINAL -- Forest Corporation Copy. This must be signed by the Customer and then returned to FCNSW. Verification of receipt is achieved through the process outlined in Section 2.4.

DUPLICATE -- Customer copy. Signed copy to be retained by the Customer.

2.3 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 must be made on the Delivery Docket where paper dockets are used and such changes initialled by the Customer's representative and the truck driver. The customer will then submit the original docket to FCNSW. The duplicate copy of the docket must be retained by the Customer for 60 days from the date of the docket. Where the error is made on the electronic docket, the customer must send an email to Tereene.hill@fcnsw.com.au with docket number and nature of error.

Errors relating to log grade are to be treated separately as a disputed log as these changes can only be made by a FCNSW Officer (refer section 4).

A handwritten signature in black ink, appearing to be 'D. O. L.', is located in the bottom right corner of the page.

2.4 Submission of Dockets

The original paper Delivery Docket and duplicate copies of the Delivery Docket must be signed with the original sent to FCNSW by the customer.

The original of any paper Delivery Dockets utilised during the month must be lodged with the Western Region, Dubbo Forestry Office on a weekly basis and **no later than the first calendar day of the following month after the monthly accounting period**, or such other times as the District Manager may direct. Paper Dockets may be faxed with originals posted as soon as possible.

This process will provide the means of verification of delivery and acceptance or otherwise of loads delivered.

Duplicate copies of paper Delivery Dockets must be retained by the Customer for a minimum of 60 days from the date of the docket, unless otherwise requested by FCNSW.

2.5 Basis of Accounts

Delivery Dockets (paper and electronic) will form the primary basis of accounts.

The outcome of docket errors and disputed logs / loads may be used to vary the information initially submitted on a Delivery Docket. In those cases the 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.

2.6. Calculation of volume

2.6.1. Quota

The volume of a Quota sawlog is calculated using the formula below

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

Where

V is volume in cubic metres

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

D is log diameter in metres

SECTION 3: SALE BY WEIGHT

3.1 Sale by Weight Using Weighbridges

3.1.1 Use of Weighbridges en route to a Delivery Site

Where loads to a customer are weighed on a weighbridge en route to the Customer 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

- the gross weight is to be recorded on the Delivery Docket and weight receipt attached to the Docket. Originals will be submitted to FCNSW by customer

3.1.2 Weighbridges at the Delivery Site

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. Where electronic dockets are used, all weighbridge dockets are to be sent to Western Region, Dubbo Forestry Office on a weekly basis and **no later than the first calendar day of the following month after the monthly accounting period**, or such other times as the District Manager may direct.

Section 4: Disputed Logs

4.1. Disputed Logs

Section 4 only applies in cases where FCNSW makes Timber available by conducting Delivered Sales. Where the Customer is, or engages, the Harvest Contractor directly to produce Timber under their supply agreements with FCNSW the customer will be deemed to have accepted the Timber when they load it onto trucks at the Loading Site.

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

The Customer, if disagreeing with log details or grade, must notify FCNSW of the disputed log within three business days of the delivery of the log.

A FCNSW Officer will inspect any disputed logs within five working days of being notified wherever practical.

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

Any dispute over a decision made by a FCNSW Officer regarding disputed logs should be referred to the District 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
Docket	Log measurement information incorrect		Yes		
	Load weight information incorrect		Yes		
	Logs incorrectly tallied		Yes		
Log Marking	Incorrect Marking	Yes	Yes		
Regrading	Change grade or reject	Yes	Yes		
	Re-servicing	Yes	Yes		
Redirection	Redirected following regrading	Yes	Yes	Yes	Yes
	Rejects loaded and delivered by haulier		Yes	Yes	Yes

Section 5: Review and Amendment of this Code of Procedure

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

Schedule of Amendments [Copies Attached]

Amendment No:	Date	Clauses Amended

SECTION 6: ACKNOWLEDGMENT OF AGREEMENT

The FCNSW of New South Wales and

MATHOURA RED Gum Sawmill
 Hereby agree to this Code of Procedure.

For and on behalf of

The FCNSW of NSW

Date: 19/1/20

For and on behalf of

MATHOURA RED Gum Sawmill

Date: 19-1-2021

Section 7: Definition of Terms

Handwritten signature/initials

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 or otherwise made available to.
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.
Gross Weight	Weight of the truck in tonnes, trailer and driver with a load of Logs.
Harvesting Contractor	Means the entity who conducts or is responsible for Harvesting Operations.
Harvesting Operations	Means the selection and felling of trees, servicing of trees into Log Products, extraction of Log Products to Log Landing, debarking, segregation and stockpiling of Log Products at the Log Landing, and ancillary works including roading, tracking, Log Landing construction, site rehabilitation and the moving of harvesting equipment between Harvesting Units and the loading of Log Products on to vehicles at the Log Landing
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.
Net Weight	Difference between gross weight and tare weight in tonnes.
Signature	Means a handwritten signature on a paper or printed Delivery Docket. Signed/Sign has a corresponding meaning.
FCNSW	: Means the FCNSW Regional Office of the Region from which the load was obtained, or other office agreed with FCNSW.
FCNSW Officer	: Means an employee of FCNSW.
Tare Weight	Weight of the unloaded truck in tonnes with the trailer on the ground, driver, and fuel tanks half full.
Volume	True underbark volume of Logs in cubic metres.

SCHEDULE 5 - DELIVERED SALE CONDITIONS

1. Definitions

- 1.1 In this **Schedule 4** unless a contrary intention appears:
‘**Delivery Hours**’ means:
- (i) 7:00am to 4:30pm Mondays to Fridays inclusive except on public holidays;
 - (ii) Such hours (if any) as may be agreed between the parties for public holidays and Saturdays and Sundays;

2. Delivery

- 2.1 FCNSW will effect delivery of Timber by delivering it:
- 2.1.1 to the Delivery Site; and
 - 2.1.2 during the Delivery Hours.
- 2.2 The Company may not refuse Timber delivered at the Delivery Site in accordance with **clause 2.1 of Schedule 4**;
- 2.3 FCNSW’s contractors are to load the Timber onto the Company’s vehicles at the Delivery Site. FCNSW must ensure that its contractors:
- 2.3.1 promptly load Timber for delivery in accordance with this Agreement; and
 - 2.3.2 ensure that all loading 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.
- 2.5 If the Company disputes timber is within Specification it must request the Integrate Harvester set the timber aside for inspection. FCNSW must arrange for the inspection of the timber by a suitably qualified FCNSW 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 FCNSW officer must provide a written determination in respect of the adjudication of the disputed timber.
- 2.7 A decision of a suitably qualified FCNSW 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.
- 2.8 If the suitably qualified FCNSW 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, FCNSW must within 7 days remove that timber from the Delivery Site at its own cost.

