

SOUTH AUSTRALIAN TIMBER PROCESSORS ASSOCIATION INC

Ph: 0408 849 751

Email: dtquill2@bigpond.com

Postal Address: PO Box 2726, Mount Gambier 5290



SUBMISSION TO THE SELECT COMMITTEE ON MATTERS RELATING TO THE TIMBER INDUSTRY IN THE LIMESTONE COAST

The South Australian Timber Processors Association (SATPA) was formed in August 2017 to represent the smaller Timber processors in the Limestone Coast Region, principally to address the main issues facing processors being volume of bile would fibre and term of supply agreements as plantation owners.

It is important to understand that this submission is based “*the exporting of wood fibre and other matters*”. In many cases there is a potential for confusion between wood fibre and logs. The members of SATPA process wood fibre both in the form of pulp-logs and sawlogs. The definition of sawlog is attached to this submission (Appendix 1) and a pulp-log is any section of a tree harvested of the plantation that fails to meet the specifications of a sawlog

(a) Whether the exporting of fibre is in compliance with the conditions of sale of the radiata pine forests in the Limestone Coast sold by the previous State Labour Government.

In response to this question it is first necessary to quote the lease agreement that underpins the sale of the state owned assets. In clause 13, entitled sawlog sales, 13.1 states that, “*subject to clauses 13.2 and 13.3 the lessee agrees that it will offer a contract of sawlog in excess of planned viable domestic supply agreements for sale pursuant to a competitive open market tender process that incorporates domestic millers and exporters, conducted on normal arms- length commercial terms which do not disadvantage domestic customers. Invitations to participate in a competitive open market tender process must be communicated at least by direct written notification from the lessee to domestic millers and exporters known to the lessee to use or be seeking the relevant sawlog.*”

The conditions quoted from the plantation lease above reflect an intention to ensure supply to domestic processors and effectively avoid an export only strategy. A major criticism of the lease conditions is the failure to deal with wood fibre that does not meet the specification of a sawlog. Our group believes that the forward sale lease conditions and the implied requirement in relation to domestic supply require:

- supply agreements that plan for domestic supply of logs before export
- that contracted log needed for planned viable domestic supply requirements not be made available via the competitive tender process provided for in clause 13 of the leases
- that participation of exporters in the competitive process must be on normal “arms- length commercial terms,” as provided for in clause 13
- fair and equitable log supply, in turn requiring open and transparent log export volumes and pricing data including logistic costs so the comparison with domestic supply is possible
- detailed reporting evidence of Forest resource planning for domestic log supply reported annually and made available to the industry including details supporting exported circles volumes in that context

Volume offered to domestic processors

The practices adopted by One Forty One Plantations (OFO) in the first instance paid lip service to the conditions above, exemplified by the examples below.

We are in possession of a number of documents released by OFO seeking tenders for the sale of sawlog that are, in reality, logistically impossible for most of the local processors. A specific example is FY17 – 2 (relevant section attached, Appendix 2), dated December 2016, that offered 200,000 cubic metres to the processing industry with a requirement that the total volume needed to be utilised between 1 July 2017 and 31st of December 2017.

RFT 15 – 124 (attached, Appendix 3), issued on 30 March 2015 dictated that tenders close on 24 April and that deliveries would commence on 1 July 2015 for a volume of up to 400,000 m³.

At the time, the lowest volume sawmilling operation in the Green Triangle would have had an annualised input of 20,000 m³ with the largest mill having an annualised volume of 600,000 m³. In all situations, these mills would have had supply agreements in place that would have prevented them, in practical terms to purchase additional volumes such as outlined in the example above.

- Because existing local processors would not have had the ability to comply with the conditions of tender outlined in the examples above, the Forest owner could then go ahead and export the volumes that were offered (under unrealistic terms) to local industry.

In reality, and referring to the table on page 3 below, OFO exported the highest volume of sawlog during the calendar years 2016 and 2017, taking full advantage of the fact that industry was not able to use the log advertised in the examples above.

The extract from the lease agreement, quoted above refers to “*normal arm’s length commercial terms*”.

The purchase of the Jubilee Mill by OFO and the supply of logs by OFO to the Jubilee Mill, in our opinion, cannot be considered as arm's length transactions, by referring to the definition of arm’s-length transaction “*arm's length. adj. the description of an agreement made by two parties freely and independently of each other, and without some special relationship, such as being a relative, having another deal on the side or one party having complete control of the other*”..

ACCC

SAPTA submitted the points below to the ACCC outlining our fears with regard to the potential effects on our businesses due to OFO’s purchase of the Jubilee Mill

SAPTA has 6 members who are all family owned enterprises, they:

- Collectively directly employ some 330 local South Australians in and around Mt Gambier;
- Indirectly employ hundreds of contractors in the transport, engineering, maintenance and consulting sectors in and around Mt Gambier;
- Have an annual payroll exceeding \$24 million per year;
- Pay approximately \$1 million per annum in payroll tax;
- Have made in excess of \$42 million in capital investments over the last 5 years to support local jobs;
- Sell over \$88 million of finished goods into the Australian construction, packaging and vineyard industries; and
- Utilise 617,000 tonnes of locally grown logs per year.

The purchase of the Jubilee Highway sawmill and woodchip export facility by OFO from Carter Holt Harvey will be detrimental to our six small businesses for the following reasons:

- We believe that the Green Triangle in SA, around Mt Gambier, can be seen as a distinct market.
- The Jubilee Highway Sawmill is by far the largest in the region, utilising in excess of the timber used by our six mills combined.
- OFO would have absolute market power in the sawn log market as they will become fully vertically integrated and could add a third shift at the Jubilee Highway mill and utilise all of the logs they currently sell to our six members, leaving our members with little or no timber supply.
- Due to OFOs market power if this sale is approved they could become an effective monopolist in pricing of sawn logs and also have the ability to use monopoly power to supply only inferior logs to outside customers and keep the best timber for their own mill.
- In terms of the chip export facility at Portland, the same can be said as the only other competitor facility is at capacity and any purchase would allow OFO to dictate price and to also service their own requirements before the market. Note that 30% of any sawmills output from the cutting of logs will be in the form of by-product as chip which needs to be exported and this revenue is heavily dependent on the export price and the Australian dollar and can often be the revenue that makes the mill profitable.
- *“The ACCC focussed on whether the increased vertical integration that arises from the proposed acquisition would lead to foreclosure of competitors, and therefore a reduction in competition. However, our review found that OneFortyOne would continue to have incentives to supply sawlogs to other sawmills and to acquire woodchips.”*

(b) The volume of radiata pine log being exported from the Limestone Coast area by growers

The table below has been summarised from information gained from a commercial in confidence source, in the shipping industry and cannot be quoted for any other purposes other than this report. All export log is measured in JAS (Japanese Agricultural Standard) cubic metres, but converted to green metric tonnes.

Note that the table summarises volume exported from the Green Triangle Region as opposed to the Limestone Coast Region and as such includes wood sourced from plantations in Western Victoria. Timberlands and Green Triangle Forest Products have part of their estates Victoria while Hancocks Victorian Plantations Corporation is entirely Victoria.

Exporter	2014	2015	2016	2017	2018	TOTAL JAS	TOTAL GMT
Timberlands	281,819	389,179	464,289	600,178	540,146	2,275,611	2,844,513.8
OneFortyOne	529,574	530,584	737,523	714,568	336,306	2,848,555	3,560,693.8
HVP >FP	163,282	247,310	303,040	358,160	377,119	1,448,911	1,811,138.8
Happy Group	128,273	193,703	26,719	111,271	66,629	526,595	658,243.8
TOTALS	1,102,948	1,360,776	1,531,571	1,784,177	1,320,200	7,099,672	8,874,590.0

The picture below clearly demonstrates the sheer magnitude of the volume of fibre being exported through the port of Portland. It is a picture of the Canal Court storage area where forest produce is unloaded, measured and accumulated prior to be loaded on ships.



Over the five years from 2014 to 2018 inclusive, the total volume exported from the region was 8.87 million tonnes. The true impact of this volume on the Region’s softwood resource can be put into perspective as follows:

Total area of softwood plantations in the Green Triangle Region is, approximately 177,000 ha.

Assume that these forests grow at the rate of 22 tonnes per hectare per year.

The total volume of wood grown in any one year is 3.89 million tonnes

Total volume required by domestic processing **2.77 million tonnes** (See Table, p 9)

The average volume exported in the five years from 2014 to 2018 was **1.77 million tonnes**.

This represents 46% of the total wood grown in any one year and if export is maintained at that the average level, domestic processing will need to be significantly reduced.

The purchasers of the state owned plantations over the last seven years have significantly reduced the total volume of available wood fibre through export, as outlined in the table above. For commercial in confidence reasons we are unable to quote specific correspondence to specific smaller processors. Written correspondence to a number of these processors advised that the volume of sawlog available to the domestic processing industry will reduce in 2023. This is a direct consequence of the massive volume of wood fibre that has been exported.

(c) The economic benefit and employment opportunities that could be gained through additional wood fibre based industries should the current exported logs be made available for processing South Australia

The South Australian Timber Processors Association is not opposed to exporting fibre from South Australia. Every effort should be made to ensure that logs whether they be sawlogs or pulp logs

grown in the Region should be made available to current or potentially future operations and that only wood fibre surplus to these requirements should be exported.

It also needs to be noted that the attitude to supplying domestic processors as a priority varies between plantation owners and that at least one plantation owner has clearly demonstrated that they are only exporting product not required in the domestic market.

There is a number of existing or potential industries that could utilise fibre currently being exported thus creating economic benefits and employment opportunities.

- Shield Resources: Shield Resources, a large Chinese manufacturing company enquired into the feasibility of building a major sawmilling project at three sites in the Wattle Range District Council . During a trade mission to China, the Mayor of the Council continued negotiations with the company resulting in a Development Application being submitted at considerable expense to Shield.
Their initial proposal was to manufacture plywood veneer using spindle less lathes from small sawlogs. Their backup proposal was to manufacture wood pellets for export. In both cases residues were to be utilised in a biomass power generator to serve other industries and the community of Kalangadoo.
Kalangadoo is a township that relied heavily on the timber industry in the past and both schemes would have assisted in avoiding dependency on social welfare. The project involved the total capital expenditure of \$115 million, utilised 250,000 tonnes of small diameter sawlog and would have provided 75 jobs in the Council area.
As part of their proposal, Shield established a rail facility at Bordertown, but because the manufacturing projects detailed above were unable to proceed due to lack of resource, the rail facility was used to export containerised pulp log by rail to port either through Adelaide or Melbourne, aided by a \$500,000 grant from the current Liberal Government
- Tantanoola Enterprise Park; A local timber processor has acquired part of the Kimberly-Clark tissue facility and work has commenced on the first stage, involving a \$6 million investment. This first stage will commence operations in November this year engaging 10 new employees. The next stages of the project will be relying on availability of 100,000 tonnes of raw material from the forest and will, if successful in gaining the resource, employ an additional 50 personnel.
- Plantation Treated Timbers: This existing industry at Kalangadoo is suffering from an acute shortage of raw material with a current requirement to increase their intake from 20,000 tonnes per annum to 25,000 tonnes, resulting in a need for five new employees. Longer term plans are for a doubling of intake and an additional 15 personnel.
- Borg Industries; The two particleboard plants in Mount Gambier owned by Carter Holt Harvey have been recently acquired by Borg Industries, an eastern states company who are the largest producers of particleboard and medium density fibreboard in Australia. They have purchased additional land and have plans to build a new state-of-the-art particleboard plant in Mount Gambier. They have been enquiring after additional fibre from both plantation owners and sawmill residues to secure long-term availability of additional resource. A barrier to the supply has been the notion of export parity price, specifically dealt with in section (d) below.
- Wood Pellet manufacturing; There are currently three major companies currently seeking resource to establish new wood based industries in this Region. Each of these companies requires approximately 450,000 green metric tonnes per year. The existing sawmills in the Region generate approximately 200,000 tonnes of residues such as sawdust and wood

shavings leaving a requirement of pulpwood of approximately 250,000 tonnes for pellet manufacturing.

- Diesel fuel: The VTT report of 2013 identified the opportunity for a wood-into-diesel plant. There are several of these in Sweden and the suggestion made in the report to have one of these companies build a similar plant in this region. This would have an immediate market in the Road transport industry, on which this Region is heavily dependent, particularly with the upward trend on fuel prices. This type of plant would probably require more than the potentially available fibre being exported.
- Apprenticeships in all trades: If a more realistic approach to domestic processing could be adopted by plantation owners, the opportunities referred to above would result in a significant increase in apprenticeships thus adding to an increase in the skill level of trades in the Limestone Coast Region.
- Estimated economic benefit: It is estimated that each additional 10,000 GMT of softwood processed in the Limestone Coast region would generate around 11 jobs and \$1.9 million in GRP.

(d) Options for increasing the availability of logs to South Australian processors

- Specification: A critical point in addressing this issue is the definition of a log. This submission often refers to fibre but there needs to be a clear delineation between what is a log, or a sawlog, as opposed to pulpwood, or pulp-log, which for the purposes of this exercise should be considered any fibre that fails to meet the specification of a sawlog.

Sawlogs, or logs are products of the forest which are suitable for putting through a sawmill and producing sawn product. In simple terms, they need to be straight and meet certain length and diameter specifications.

The Lease Agreement definition states that, "*Sawlog means logs greater than 20 cm diameter and exceeding the minimum sawlog specifications typically used in domestic log sale contracts for the plantation.*"

Traditionally throughout the softwood industry in Australia the minimum small end diameter of a sawlog is 15 cm. If required documents to support this including documents currently used by OneFortyOne plantations can be supplied.

Note that the definition in the lease agreement is not specific to the small end diameter of the log but does refer to specifications typically used in domestic log sale contracts.

If the 15-20 cm small end diameter sawlog was not exported as pulpwood, there is the potential for additional log to be available to domestic processors, from OFO alone, of an estimated 100,000 tonnes per year.

The definition of sawlog in the Lease Agreement is erroneous and our Association recommends that the Select Committee addresses this key issue.

SATPA recommends that the appropriate authority amends the Agreement to better reflect the practices typically used in the domestic sawmilling industry.

- Export parity: From the time that the increased volume of export occurred, the term 'export parity' emerged in discussions between plantation owners and processors. Our Association believes that the Forest growers are targeting an export parity price approach to domestic

log supply. In the case of OFO this is inconsistent in regard to the lease provisions in relation to limiting export of log in excess of uncontracted plan vital domestic requirements. We believe that transparency is required on export prices and the associated logistical costs along with arm's-length export terms so that a fair market exists.

The delivered wood costs to the wharf gate will always be higher than the delivered wood costs to the domestic processing. The higher cost is a consequence of land being leased or purchased at Portland, fumigation, marshalling, stevedoring, port charges and agent fees as well as the freight differential between Portland and the domestic facility due to the increased distance.

The export price of Forest products has shown significant fluctuations over the last five years, for example sawlog in June 2014 had a wharf gate value of \$54. By April 2019 the price increased to \$114 but has since dropped to \$77. Pulp-log over the same period went from \$34 to \$94 and is currently \$55.

To put the price changes into perspective take the example of pulp-log which has a domestic value of \$45 per GMT delivered to the mill. The current wharf gate price for pulp-log is, as stated above, the \$55 which, when adjusted for the transport differential is marginally less than the domestic price.

Taking the above factors into consideration the current export price for most forest produce is lower than the appropriate domestic price.

When the export value was higher than the domestic value, every Forest grower without exception was seeking export parity but now that the export price has dropped to its current level the Forest growers are reluctant to adjust mill door costs from current levels to reflect export parity.

The export market for sawlog is consolidated in the hands of a few countries with surplus sawlog. Australia and New Zealand, with their free trade approach, are the only significant log export countries with a true free trade approach. Other countries have a range of regulations and or market barriers to be considered. For example, Canada, exporting into the USA, has a range of controls. Since the Russian government imposed a 25% export tax on softwood log in 2008, Russian log exports have decreased dramatically and there have been a number of mills constructed on the Russian/ Chinese border as the tax is not applicable to sawn timber.

Does Government, either State or Federal have the power to legislate price controls to protect domestic industry against the inappropriate use of export parity pricing to determine domestic prices?

- Transport tax: Given the fact that over 8 million tonnes of softwood timber products have been hauled into the Port of Portland, in excess of domestic processing, consideration could be given by both the South Australian and Victorian governments to applying a transport tax on products going to export as a disincentive to Forest growers.
- Water licences: the plantation forest industry requires three key factors to expand, these being funding, water licences and land. Any government assistance in either or all of those three should be depended on the Forest grower undertaking to give preference to supplying the domestic processing industry.

(e) A review of water licensing laws applying to Forest Estates

The water licensing issue is one which needs to be resolved between the appropriate Government authority and the plantation owners. Any change to the water licensing that results in the potential to increase the area of plantations will only benefit domestic processors at least 10 years into the future. On the other hand if a review of water licensing laws resulted in decreased plantation area then there would obviously be a negative effect on domestic processing.

(f) Opportunities to strengthen the Forest and Timber products industries in the Limestone Coast of South Australia, and in particular:

- **barriers to investment in timber resource and processing capacity**
- **opportunities to expand the plantation estate, including greater utilisation of farm forestry**
- **strategies available to Timber processing businesses to secure long-term timber supply**
- **strategies to grow domestic manufacturing**
- **opportunities to maximise returns for timber processors from forest and timber residues**

There is absolutely no doubt in our opinion that the greatest single barrier to strengthening the Forest and Timber products industries is the issue of water. Until such time as the water licensing and allocation issues are resolved in such a way that plantation forestry is not handicapped, expansion is severely handicapped. The risk and uncertainty associated with water allocation can only be seen as a deterrent to any party wishing to establish plantation forests in the Limestone Coast.

The cost of land and the internal rate of return of investment in forestry places expansion of the forest estate at a disadvantage. A potential means of limiting this disadvantage is through a joint venture approach between farming and forestry. If this were to occur any such ventures would need to be of sufficient scale to overcome harvesting logistical issues.

Another potential means of expanding the forestry estate is the use of managed investment schemes. The Bluegum plantations in the Limestone Coast were established essentially between 1989 and 2008, at which time the schemes collapsed through poor management of the financial product. Notwithstanding this, some 180,000 ha were established over 19 years as opposed to over 100 years taken to establish the softwood plantations.

Timber processing businesses cannot secure long-term supply while the plantation owners maintain their present attitude towards export. The attitude of growers needs to be one of only exporting material that is not required for the present and planned use by domestic processors. The processors, in response to this proposed policy need to commit to longer term Supply Agreements with minimum levels of volume intake.

Supply Agreements between forest growers and processors need to have sufficient term to underpin bank loans and other financial commitments.

State and Federal Governments have the ability to ensure that all the above occurs through the introduction of a code of practice developed between the processing industry and the plantation owners along the lines of the words used by Tony Pasin MP, "AUSSIE LOGS FOR AUSSIE JOBS"

(g) Policies in other states to constrain resource for specific markets

None of the States or Territories in Australia have policies that constrain forest resources to specific markets

(h) The promotion of the economic contribution of the Forest and Timber products industry to the South Australian community

There are a number of national timber industry bodies who have the networks in place to promote all aspects of the forest industry.

The best example would be the Australian Forest Products Association (AFPA), which is the peak national industry body representing the resources, processing, pulp and paper and bio product industries covering the forest products value chain. AFPA represents all elements of the value chain from the harvesting of sustainable plantations and multiple use natural forests and includes forest establishment and management, harvesting and haulage, processing timber resources and manufacture of pulp, paper and by-products.

There is also a role for State Government to play in promoting the industry, particularly through the school system where students can gain an understanding of the renewable nature of timber and the diverse range of products generated by the plantation timber industry. The main reason for suggesting this is that experience from interface with schools over many years suggests that there is confusion between the conservation issues surrounding native forests and the sustainable nature of plantation forestry.

(i) Any other related matters

- The lease agreement that underpins the sale agreement refers to a minimum area weighted average clearfell age between 32 and 35 years for the first rotation period. Although an audit is currently being conducted by the Minister for Primary Industries and Regional Development, this audit is only covering the calendar year ending December 2018. An audit of OFO needs to be conducted over the entire period from when they first assumed management of plantations in August 2012. This audit needs to ensure that all the conditions of the sale agreement have been met over that period. In addition all parties affected by the actions of OFO need to be consulted in the scoping of such an enquiry.
- The timber industry in the Limestone Coast includes resource grown in Victoria by Hancock Victorian Plantations Corporation (HVP) and some private growers. The processing industries in the Limestone Coast as well as the export market through Portland are the key markets for wood fibre grown by HVP. The South Australian Timber Processors Association urges the results and intent of this enquiry to be shared with the appropriate Ministry in the Victorian Government.

Estimated annual intake of local processors

Processor	Estimated annual intake (m ³)
Jubilee Mill	750,000
Timberlink	580,000
McDonnell	360,000
Roundwood solutions	120,000
Plantation treated Timbers	20,000
AKD Colac	400,000
Finwood milling	20,000
South East Pine Sales	80,000
Whiteheads Timber sales	127,000
Scheidl	50,000
A2C	25,000
Allied	5,000
AKD Treatment	40,000
Total	2,737,000

APPENDIX 1



LOG STANDARD SPECIFICATION - DOMESTIC

SAWLOG

1. Source	Logs shall be cut from green standing <i>Pinus radiata</i> .
2. Diameter	Small End Diameter will be $\geq 150\text{mm}$.
3. Log Lengths	Log length will be ≥ 3.65 meters and up to 6.05 metres; other lengths by negotiation.
4. Length Tolerance	The length of a log shall be at least the length designated measured at the shortest point, but as a result of harvesting practices may exceed that length by up to 100mm as a standard length.
5. Length Docking	Logs shall be cleanly docked to within 5 degrees of square to the longitudinal axis of the log.
6. Trimming	To be presented flush trimmed. Occasional branch stubs to 25mm in length are permitted.
7. Knot Size	<i>SED 150mm to 300mm</i> - Individual knots $\leq 40\text{mm}$ diameter measured across the longer axis of the knot are acceptable, with one knot up to 60mm permitted. <i>SED $\geq 300\text{mm}$</i> will tolerate individual knots $\leq 50\text{mm}$ measured across the longer axis of the knot with one knot up to 70mm permitted.
8. Spike Knots	Occasional spike knots $\leq 50\text{mm}$ per length are permitted.
9. Shape	Abrupt changes in diameter are not permitted. This is where the diameter changes by more than 40% anywhere along the length of the log.
10. Sweep	Logs that are not straight shall only be accepted if the sweep is a uniform bow in one direction. Sweep shall be measured as millimetres of deflection from a straight edge placed along the side of the log. Maximum sweep for all lengths shall not exceed $\text{SED}/4$.
11. End Splits	Aim for none, but occasional end splits are acceptable provided they do not exceed 150mm in length into the log (either end).
12. Butt Tear	Aim for none, but occasional instances of minor butt tear or 'pulled wood' is acceptable.
13. Butt Flair	Aim for none, but occasional instances will be permitted to a maximum of 100mm measured as millimetres of deflection from a straight edge placed on the higher side of the butt to the straight of the log.
14. Sloven Ends	Aim for none, but occasional and small sloven ends will be accepted.
15. Cleanliness	Logs must not contain charcoal, stones, loose sand, wire or metal.
16. Dryside	Is unacceptable.
17. Decay	Is unacceptable.
18. Blue Stain	Will only be accepted with prior approval of the Purchaser.
19. Delivery	Within 10 business days of felling.
20. Butt/Top Marking	100% required at either end to identify Harvesting Contractor.



Request for Tender FY17 - 2

OneFortyOne Plantations Pty Ltd

Part A – RFT Overview

1 Introduction

- (a) OneFortyOne Plantations Pty Ltd (OFO) invites tenders for the purchase of log as detailed in this Request for Tender (RFT). Logs will be supplied from green standing *Pinus Radiata* from the OFO Estate in the Green Triangle Region.
- (b) This RFT is comprised of the following documents:
- (i) this Part A (which sets out the tender opportunity and the way tenders are to be submitted);
 - (ii) Part B (which sets out the conditions of the RFT);
 - (iii) Part C (which is a summary of OFO's preferred terms as a basis for Contract);
 - (iv) Part D (which is the form in which Proponents must submit their Tenders); and
 - (v) Part E (which is the form of Proponent Deed that Proponents must complete, execute and submit at the same time as their Tender) (Proponent Deed).
- (c) All correspondence regarding this RFT will be with OFO and all negotiations concerning any proposed Contract will be with and managed by OFO. If any Contract is to be entered into with any respondent to this RFT (Proponent), that Contract will be between OFO and the Proponent (Contract).

2 Tender opportunity

Proponents are invited to submit tenders in respect of the following:

Sawlog Volume (m3)

Period of Supply	Volume (m3)
1 July 2017 to 31 December 2017	200,000 m3

Estimated Sawlog Diameter Distribution by Volume:

Diameter (SED mm)	150-200	200-250	250-300	300-350	350-400	400-450
% of Volume	0%	0%	45% - 50%	30 - 35%	20 - 25%	0%

Proponents may submit tenders for all or part of a tender parcel.

Requests to deliver to multiple destinations will be considered as conforming.

3 Key milestones and tender closing time

Below are indicative dates applicable to the RFT process and commencement of deliveries under any Contract(s) that may be awarded:

- | | | |
|-----|-----------------------------|---|
| (a) | RFT release date: | 7 December 2016 |
| (b) | Tender Closing Date: | 22 December 2016 |
| (c) | Tender Closing Time: | 17:00 (5pm) Melbourne time 22 December 2016 |
| (d) | Tender Negotiation: | 9 January 2017 to 13 January 2017 |
| (e) | Tender Award Date: | 31 January 2017 |
| (f) | Log Contract Signing: | 9 February 2017 |
| (g) | Commencement of deliveries: | 1 July 2017 |

OFO may change these dates, in which case an Addendum will be issued to each Proponent.

4 Submission of Tender

- (a) Proponents that want to submit a Tender in response to this RFT must provide to OFO by the Closing Time on the Closing Date:
 - (i) a Tender in the form of Part D and which addresses all of the matters required under this RFT; and
 - (ii) a completed and properly executed Proponent Deed in the form in Part E.
- (b) All Tenders must be properly signed by the Proponent, scanned and submitted by e-mail to the following e-mail address: csanderson@onefortyone.com

5 Evaluation Criteria

- (a) Tenders will be evaluated on the basis of evaluation criteria and other factors OFO may consider relevant, including:
 - (i) the best overall nett log revenue impacts while considering the risk profile of the Tender to maximize returns for OFO;
 - (ii) a Proponent's past performance, including track record in current and past arrangements of a similar nature;
 - (iii) the level of compliance with the requirements set out in this RFT and the proposed Contract; and
 - (iv) a risk and compliance assessment of the tender.
- (b) The evaluation criteria are not listed in any special order of priority and may not be given equal weight. Further, in the evaluation of Tenders, OFO may take into account information, opinions and advice about a Proponent that it receives from any source.

6 Confirmation of specific matters

- (a) Proponents must confirm that:

Request for Tender 15/124

OneFortyOne Plantations Pty Ltd

Part A – RFT Overview

1 Introduction

- (a) ForestrySA (**FSA**) as agent for OneFortyOne Plantations Pty Ltd (**OFO**) invites tenders for the purchase of log as detailed in this Request for Tender (**RFT**). Logs will be supplied from green standing *Pinus Radiata* from the OFO Estate in the Green Triangle Region.
- (b) This RFT is comprised of the following documents:
- (i) this Part A (which sets out the tender opportunity and the way tenders are to be submitted);
 - (ii) Part B (which sets out the conditions of the RFT);
 - (iii) Part C (which is a summary of OFO's preferred terms as a basis for Contract);
 - (iv) Part D (which is the form in which Proponents must submit their Tenders); and
 - (v) Part E (which is the form of Proponent Deed that Proponents must complete, execute and submit at the same time as their Tender) (**Proponent Deed**).
- (c) All correspondence regarding this RFT will be with FSA and all negotiations concerning any proposed Contract will be with and managed by FSA. If any Contract is to be entered into with any respondent to this RFT (**Proponent**), that Contract will be between OFO and the Proponent (**Contract**).

2 Tender opportunity

Proponents are invited to submit tenders in respect of the following:

Tender Issue Date	Tender Closing Date	Tender Negotiation	Tender Award Date	Contract Signing	Commencement of Deliveries
30/3/2015	24/4/2015	22/5/2015	29/5/2015	12/6/2015	1/7/2015

Volume (m3)

Period of Supply	Volume (m3)
1 July 2015 to 30 June 2016	Up to 400,000 m3

Estimated Diameter Distribution by Volume:

Diameter (SED mm)	150-200	200-250	250-300	300-350	350-400	400-450	450+
% of Volume	2%	15%	25%	31%	17%	7%	3%

Proponents may submit tenders for all or part of a tender parcel.

Requests to deliver to multiple destinations will be considered as conforming.