



QUALIFICATION RULES

Qualification Rules for VicForests Auctions

1. INTERPRETATION

In this document, unless a contrary intention is apparent -

“**Applicant**” means a person or organisation that submits a Qualification Application.

“**Auction**” means an auction conducted by VicForests for the sale of timber resources whether conducted online or by way of sealed bid, online, sealed bid non-online.

“**Auction Catalogue**” means VicForests, Auctions for Victorian Native Hardwood Logs, Catalogue published for an Auction.

“**Auction Rules**” means the Auction Rules for an Auction set out on the VicForests website at www.vicforests.com.au.

“**Bidder**” has the meaning set out in the Auction Rules for a particular Auction.

“**Capacity Limit**” has the meaning set out in the Auction Rules for a particular Auction.

“**Closing Time**” means the time and date specified in the Auction Catalogue.

“**CRA**” means an accredited credit reference agency or equivalent an/or trade credit insurer.

“**Deed Poll**” means the VicForests’ document required to be signed by Applicants.

“**Grievance Procedure**” means the grievance procedure applicable to the Auction Qualification Process set out in Attachment 1 of the Qualification Rules.

“**Previously Qualified Bidders**” means a potential bidder at an Auction who has previously qualified for an Auction conducted by VicForests.

“**Project Manager**” means the person designated by VicForests set out in the Qualification Rules to be the point of contact for the Qualification Process.

“**Qualification Application**” means an application submitted in the form specified in these Qualification Rules

“**Qualification Process**” means the qualification process conducted in accordance with these Qualification Rules.

“**Qualification Rules**” means the rules and procedures set out in this document for the qualification by an Applicant for the Auctions.

“**Related Body Corporate**” in relation to an Applicant which is a body corporate means a body corporate that is related to the Applicant by virtue of section 50 of the *Corporations Act 2001* (Cth).

“**Terms and Conditions**” means VicForests’ Terms and Conditions for Timber Sales and Terms and Conditions for Timber Sales – Small Quantities (Specialty Timber and Firewood SBA-8) set out on the VicForests website at www.vicforests.com.au, including all schedules, exhibits and annexures, as amended from time to time.

2. QUALIFICATION PROCESS

Except where VicForests indicates otherwise, prior to participation at an Auction, a

Qualification Application must be submitted by any potential bidder at such Auction.

VicForests reserves the right in its absolute discretion to request any Previously Qualified Bidder to undertake the Qualification Process including, without limitation, where there has been a material change in the business or credit history of that Previously Qualified Bidder.

2.1 Lodgement of Applications

Applications must be lodged by the method specified on the Qualification Application form by the Closing Time. The Closing Time may be extended by VicForests in its absolute discretion.

Applications lodged after the Closing Time or lodged at a location or in a manner that is contrary to that specified in the Qualification Rules may be disqualified from the Application Process and may be ineligible for consideration.

Late Qualification Applications will not be accepted, except where the integrity and competitiveness of the auction process will not be compromised.

Late Qualification Applications are very unlikely to be considered for acceptance if they are:

- hand delivered, including courier deliveries, after the Closing Time;
- received through Australia Post with a postmarked or time stamped with a date or time after the Closing Time.

A determination by VicForests as to the actual time that a Qualification Application is lodged is final.

2.2 Condition of Application

In submitting a Qualification Application, the Applicant is deemed to acknowledge and agree that:

- a) all information contained in the Qualification Application is true and correct;
- b) the Applicant understands and accepts the Qualification Rules;
- c) the Applicant accepts and understands the Grievance Procedure included in Attachment 1.

2.3 Clarification of Application information

Where in the opinion of VicForests, a Qualification Application is unclear, VicForests may seek clarification from the Applicant. Failure of the Applicant to supply clarification to the satisfaction of the VicForests in the timelines specified may render the Applicant liable to disqualification.

VicForests is under no obligation to seek clarification of anything in a Qualification Application and VicForests reserves the right to disregard any clarification that VicForests considers to be unsolicited or otherwise impermissible.

2.4 Improper Assistance

Applicants must not seek or obtain the assistance of employees, agents or contractors of VicForests or the State in the preparation of their Qualification Application. VicForests may, in its absolute discretion, disqualify any Applicant that it believes has sought or obtained such assistance.

2.5 Anti-competitive conduct

Applicants and their respective officers, employees, agents and advisers must not engage in any collusion, anti-competitive conduct or any other similar conduct with any other Applicant or any other person in relation to the preparation, content or lodgement of their Qualification Application.

2.6 Conflict of Interest

Applicants are required to declare all potential and actual conflicts of interest associated with their applications. All conflicts should be declared in the Qualification Application.

A conflict of interest is defined as a situation where an individual, through their particular associations or circumstances, is influenced to obtain an unjust advantage for them or another party. This unjust advantage may or may not be for financial gain. A perceived conflict of interest arises where an individual might be considered to be gaining or obtaining an unfair advantage based on their relationship with another party.

2.7 No Contract or Undertaking

Nothing in a Qualification Application will be construed to create any binding contract (express or implied) between VicForests and an Applicant. In particular, any acceptance by VicForests of a Qualification Application is not and is not deemed to be:

- (a) an offer to contract by VicForests; or
- (b) a binding undertaking of any kind by VicForests (including, without limitation, quasi-contractual rights, promissory estoppel, or rights with a similar legal basis).

VicForests may in its absolute discretion and at any time:

- (a) revoke qualification of an Applicant;
- (b) change the Qualification Rules;
- (c) change the timing of any step in the Qualification Process; and
- (d) terminate or suspend the Qualification Process.

3. ASSESSMENT

Information that is submitted via the Qualification Application will be assessed for satisfactory compliance to the Qualification Evaluation criteria.

3.1 Business and Financial Risk Assessment

VicForests reserves the right to perform such security, probity and/or financial checks and procedures as VicForests, in its absolute discretion, may determine are necessary in relation to the Applicant, its officers, partners, associates or related bodies corporate, subcontractors and their officers or employees.

The Applicant must provide, at its cost, all reasonable assistance to VicForests in this regard including, without limitation, any consents required by VicForests for the purposes of undertaking such checks.

In submitting their Qualification Application, Applicants acknowledge that:

- (a) VicForests may provide the Qualification Application to an accredited CRA and that the CRA will seek additional information from the Applicant;
- (b) VicForests may provide the CRA with the Applicant's trading history including, without limitation, defaults on contract payments and on lodgement of Auction securities;
- (c) without limiting the generality of section 4, at any time after the Closing Time and prior to an Auction, VicForests may request the Applicant to provide additional financial or other information and such additional information (after assessment by VicForests and/or the CRA) may result in a change to the Applicant's credit rating and range that has been notified to the Applicant pursuant to section 4.1; and
- (d) VicForests may permit an entity that has not previously submitted a Qualification Application to do so, provided it complies with all of the requirements prescribed in the Auction Catalogue for an Auction Event.

Based on the information provided to it by VicForests and the Applicant, the Credit Reference Agency shall recommend a credit rating and range for that Applicant.

VicForests reserves the right to reject an application from:

- (a) an entity which has a history, or an entity which has a Director who has a history, of contract defaults (Defaulting Entity) with VicForests;
- (b) an entity whose office holders and/or shareholders are associated or have been previously associated with any Defaulting Entities; or
- (c) an entity that has or has had a business association with a Defaulting Entity.

Without limiting the generality of section 4, VicForests reserves the right to consider any additional financial or other information that an Applicant may choose to provide to it after VicForests notifies the Applicant of its credit rating and range pursuant to section 4.1. If VicForests (and/or the CRA) assesses such information,

following such assessment, VicForests shall notify the Applicant whether or not the Applicant's credit rating and range has changed.

VicForests shall in its sole discretion, determine the credit rating and range for each Applicant, and shall notify the Applicant of such determination.

The credit rating determined through the current qualification process may be valid for future auctions that VicForests may conduct. It is at VicForests discretion to request that an Applicant participate in any subsequent qualification process if it is deemed that their credit rating is no longer applicable.

3.2 Delivery and Unloading Facilities

Unless stated otherwise, VicForests undertakes to deliver logs to successful bidders' delivery sites. Successful bidders are required to provide unloading facilities which must meet VicForests' minimum requirements for the delivery site and unloading facilities.

Minimum requirements regarding delivery sites and un-loading facilities are outlined in the Code of Procedure for Firewood Buyers, in the Terms and Conditions for Timber Sales and in the Terms and Conditions for Timber Sales – Small Quantities (Specialty Timber and Firewood – SBA8(Nov)).

Where VicForests undertakes to deliver logs to the delivery site, VicForests may undertake site inspections of proposed delivery sites and unloading facilities for the purpose of determining compliance to occupational health and safety requirements.

3.3 Location and type of Timber Processing

The location and type of timber processing must conform to the requirements specified in the Terms and Conditions for Timber Sales and in the Terms and Conditions for Timber Sales – Small Quantities (Specialty Timber and Firewood – SBA8(Nov)).

Unless indicated otherwise in the Auction Catalogue, export of unprocessed logs is not permitted.

In circumstances where export of logs is permitted and the Applicant seeks to purchase logs for export, the Applicant must declare its intentions on its Qualification Application form.

4. APPLICATION OF CREDIT RATINGS AND AUCTION SECURITIES

Applicants must meet VicForests' auction security requirements.

The credit rating and range for each Applicant will be used by VicForests to:

- a) specify the required financial Auction Security for that Applicant as set out in Table 1; and
- b) set the Capacity Limit for the Auction for that Applicant as explained in the paragraphs below. The Capacity Limit may act as a constraint on bidding activity or Lot Award quantity in an auction event in accordance with the Auction Rules.

4.1 Credit Rating

Where applicable, VicForests will advise the Applicant of their minimum and maximum value for each of three Credit Rating Levels, as set out below:

Credit Rating Level	\$ Value
Credit Rating 1 (CR1)	\$0 – upper limit CR1
Credit Rating 2 (CR2)	upper limit CR1 – upper limit CR2
Credit Rating 3 (CR3)	> upper limit CR2

4.2 Capacity Limits

Each Applicant's Capacity Limit will be set at either the upper value of the Credit Rating 2 limit or on the basis of the value of pre-approved auction security.

The Capacity Limit is the upper limit of the aggregate annual value of Lots that a Bidder may purchase at an Auction.

4.3 Auction Securities

Where a Bidder in an Auction is a Winning Bidder, VicForests **may** require the Winning Bidder to lodge security ("the Auction Security") with VicForests in accordance with VicForests' requirements set out in Table 1 below or as otherwise directed by VicForests to the Winning Bidder.

Table 1: VicForests' Auction Security requirements

Winning Bidders' Auction Lots	Auction Security Amount	Security Type
Multi-year Lots which in aggregate exceed 500 m ³ per annum	2% of aggregate Auction Lot value for Lots won at Auction in excess of the upper limit of the Credit Rating 1 Range	Bank guarantee
Lots with tenure up to and including 1 year which in aggregate exceed 500 m ³ per annum	20% of the aggregate Auction Lot value for Lots won at Auction in excess of the upper value of Credit Rating 1	Bank guarantee or security deposit lodged with VicForests
Lots which in aggregate exceed 200 but are less than 500 m ³ per annum	\$5000	Security deposit lodged with VicForests
Lots which in aggregate are less than 200 m ³ per annum	\$2000 (not applicable if VicForests' Terms and Conditions for Timber Sales – Small Quantities (Specialty Timber and Firewood SBA8(Nov) applies)	Security deposit lodged with VicForests

4.4 Additional Security Requirements

In addition, VicForests may require an Applicant to provide any or all of the following at the time an Applicant lodges a Deed Poll:

(a) **Pre-approval of Auction Security**

If requested by VicForests the Applicant will be required to provide satisfactory evidence of its ability to obtain from an acceptable financial institution, the required auction security. Evidence of satisfactory security pre-approval for an Applicant must be provided at the time of lodgement of the Deed Poll for an Auction.

(b) **Director's Guarantee**

If the Applicant is a company registered under the Corporations Act 2001 (Cth), the Directors of the Applicant may be required to provide a guarantee that in the event of the Applicant's breach of the Contract, the Guarantor will perform all of the Applicant's obligations under the Contract.

(c) **Company Guarantee**

If the Applicant is a subsidiary or Related Body Corporate of the parent company ("Parent Company") then the Parent Company may be required to enter into a Company Guarantee with VicForests.

4.5 Lodgement of Auction Documents

Lodgement of satisfactory evidence of the Applicant's ability to provide the applicable auction security must be in the form prescribed by VicForests and submitted by the time specified in the Auction Catalogue.

Applicants are required to submit a signed Deed Poll prior to participating in an auction.

Separate Auction Securities and Deed Poll (collectively "the Auction Documents") must be provided to VicForests for each auction event that the Applicant is participating in.

5. COMMUNICATION DURING THE QUALIFICATION PROCESS

5.1 Project Manager

All communications relating to the Qualification Process must be directed to the Project Manager via email: vfs.auctions@vicforests.com.au

5.2 Requests for Clarification or Further Information

Any questions or requests for further information or clarification of the Qualification Process (or any other document issued in connection with the process) must be submitted to the Project Manager, in writing, by email to (vfs.auctions@vicforests.com.au).

Any communication by an Applicant to VicForests will be effective upon receipt by the Project Manager email inbox at vfs.auctions@vicforests.com.au.

VicForests reserves the right not to respond to any question or request, irrespective of when such question or request is received.

Except where VicForests is of the opinion that issues raised apply only to an individual Applicant, questions submitted and answers provided will be made available to all Applicants via an email response from the Project Manager (vfs.auctions@vicforests.com.au) and by posting it on VicForests' website at www.vicforests.com.au. VicForests will not identify the source of the question submitted.

In all other cases, VicForests will deliver any written notification or response to the individual Applicant by delivering it to the email address of the Applicant(as notified to the Project Manager).

Applicants may only rely on responses provided from the Project Manager by email and those posted on VicForests' website at www.vicforests.com.au

All other forms of communication are not to be relied on for the Qualification Process.

5.3 Unauthorised Communications

Communications relating to the Qualification Process with VicForests staff or consultants are not permitted except with the prior written consent of the Project Manager.

Nothing in this section is intended to prevent communications with staff of, or external consultants to, VicForests to the extent that such communications do not relate to this Qualification Process.

Applicants must not otherwise engage in any activities that may be perceived as, or that may have the effect of, influencing the outcomes of the Qualification Process in any way.

VicForests may, in its sole and absolute discretion, disqualify an Applicant for unauthorised communications.



QUALIFICATION APPLICATION

REFERENCE:

AUCTION QUALIFICATION

Lodgement Method

1.	Email to be received by the Closing Time to: vfs.auctions@vicforests.com.au Email title to specify Auction name and Applicant's name
2.	By Fax to be received by the Closing Time to: (03) 9608 9588, to be accompanied by email notification of FAX to: vfs.auctions@vicforests.com.au,
3.	By Registered Mail to be received by the Closing Time to: Auction Qualification Application VicForests' Tender Box GPO Box 191 Melbourne, 3001
4.	Delivered by the Closing Time to: Auction Qualification Application VicForests' Tender Box, Level 7, 473 Bourke St, Melbourne.

CLOSING TIME FOR LODGEMENT:

As specified in the Auction Catalogue

Qualification Application Form

Tick the Box/es for the Products/markets you intend to bid for:

The information will be used to determine the Reserve Prices that you receive and how your bid is evaluated – refer to Auction Rules.

Product Category	Domestic Processing	Export of Surplus “Unprocessed” Logs
Sawlogs		
Pulplogs		
Poles		Not applicable
Specialty Timber		Not applicable

Applicants must provide the following information:

Item 1. Business Details				
Business Name				
ABN		ACN		
Parent Company (if applicable)				
Registered Address				
City		State		Postcode
Full names and addresses of Directors				
Director				
Address				
Director				
Address				

Item 2. Contact Details				
APPLICANT'S CONTACT PERSON				
Email address				
Postal Address				
Telephone No.	Office:		Mobile:	
Fascimile No.				
Name of Accounts Payable contact				
Telephone No.				

IF YOU ARE INTENDING TO BID FOR SPECIALTY LOGS AND / OR POLES ONLY GO TO ITEM 5:

Item 3. Delivery Site Address(es)	
Site 1: FOR DOMESTIC PROCESSING DELIVERIES ONLY	
Site Name	
Street Number/RMB	
Street/Road Name	
Township	
Postcode	
Site 2: FOR DOMESTIC PROCESSING DELIVERIES ONLY	
Site Name	
Street Number/RMB	
Street/Road Name	
Township	
Postcode	
Site 3: FOR DELIVERY OF LOGS FOR EXPORT ONLY	
Site Name	
Street Number/RMB	
Street/Road Name	
Township	
Postcode	
Site 4: FOR DELIVERY OF LOGS FOR EXPORT ONLY	
Site Name	
Street Number/RMB	
Street/Road Name	
Township	
Postcode	

IF YOU ARE INTENDING TO BID FOR SPECIALTY LOGS AND / OR POLES ONLY GO TO ITEM 5:

Item 4. Delivery Site and Unloading Facilities	
Provide details of facilities and unloading equipment, and safety management systems.	Site 1: FOR DOMESTIC PROCESSING DELIVERIES ONLY
	Site 2: FOR DOMESTIC PROCESSING DELIVERIES ONLY
	Site 3: FOR DELIVERY OF LOGS FOR EXPORT ONLY
	Site 4: FOR DELIVERY OF LOGS FOR EXPORT ONLY

Item 5. Location of Timber Processing	
Provide details of the planned location of Timber Processing	Site 1: FOR DOMESTIC PROCESSING DELIVERIES ONLY
	Site 2: FOR DOMESTIC PROCESSING DELIVERIES ONLY
Provide details of the type of actual or proposed Timber Processing eg sawing, peeling, slicing, splitting, chipping, grinding or chemical pressure treatment	Site 1: FOR DOMESTIC PROCESSING DELIVERIES ONLY
	Site 2: FOR DOMESTIC PROCESSING DELIVERIES ONLY

Item 6. Conflict of Interest	
Is there a potential or actual conflict of interest associated with this application?	YES / NO If Yes, attach details

Note: If there is insufficient space on the form to include all relevant details, please include as attachments.

Application Declaration

In submitting this Qualification Application, the Applicant confirms that:

- a) all information contained herein is true and correct; and
- b) it understands and accepts the Qualification Rules.

.....

Signed by the duly authorised officer of the Applicant

.....

Name (print)

.....

Title (print)

.....

Date

ATTACHMENT 1

GRIEVANCE PROCEDURE
APPLICABLE TO
THE AUCTION QUALIFICATION PROCESS

1 Objectives

- 1.1 VicForests aims to provide a framework for raising and dealing with Grievances which may arise from a Qualification Process.
- 1.2 The broad objectives of the Grievance Procedure for all stakeholders are to:
- (a) provide an efficient, clear, fair and accessible mechanism for dealing with issues which may arise from a Qualification Process ; and
 - (b) ensure that the determination of any Grievances, and the Qualification Process itself, has been conducted properly.
- 1.3 VicForests will engage an appropriately qualified person as the Probity Adviser to oversee this Grievance Procedure.

2 Interpretation**2.1 Definitions**

In this document unless the context otherwise requires:

Aggrieved Applicant means an applicant that has submitted a qualification application in accordance with the Qualification Rules.

Auction means an auction conducted by VicForests for the sale of timber whether conducted online or by way of sealed bid, online, sealed bid non-online.

Auction Catalogue means the catalogue for an Auction set out on VicForests website at www.vicforests.com.au.

Business Day means a day which is not a Saturday, Sunday or bank or public holiday in Melbourne.

Grievance means a complaint by an Aggrieved Applicant.

Grievance Panel means the panel established by VicForests set out in **paragraph 4**.

Grievance Procedure means the procedure set out in **paragraph 5**.

Probity Adviser means the person or organisation engaged by VicForests

pursuant to **paragraph 1.3**

Project Manager means the person designated by VicForests set out in the Qualification Rules to be the point of contact for the Auction.

Qualification Process means the process outlined in the Qualification Rules for an Auction.

Qualification Rules means the Qualification Rules for an Auction set out on the VicForests website at www.vicforests.com.au

2.2 Interpretation

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) a gender includes the other gender;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) “includes” means “includes without limitation”;
- (e) a reference to a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority and includes the person’s legal personal representatives, successors, assigns and persons substituted by novation; and
- (f) if the date on or by which any act must be done is not a Business Day, the act must be done on or by the next Business Day.

2.3 Headings

Headings do not affect the interpretation of this document.

3 Submission of Grievance

3.1 Grievances must be submitted to the Project Manager in writing, by email to the address specified in the Qualification Rules.

3.2 The Grievance must be received by the Project Manager:

- 3.2.1 immediately upon the cause of the Grievance arising or becoming known to the Aggrieved Applicant; or
- 3.2.2 by 5.00pm on the date for submission of an executed deed poll specified in the Auction Catalogue.

whichever occurs first.

3.3 VicForests will have no obligation to consider any purported grievance received after 5.00 pm on the next Business Day following the Release Date specified in the Auction Catalogue of the notification by VicForests of an Applicant’s qualification status.

3.4 The Grievance must set out:

- (a) the basis for the Grievance (specifying the issues involved);
- (b) how the subject of the Grievance (and the specific issues) affects the Aggrieved Applicant;
- (c) any relevant background information; and
- (d) the outcome desired by the Aggrieved Applicant.

3.5 All Grievances will be acknowledged by the Project Manager via return email.

4 **Grievance Panel**

4.1 Grievances will be determined by a Grievance Panel that consists of the following:

- (a) the Chief Executive Officer of VicForests
- (b) Director- Sales and Planning of VicForests; and
- (c) a suitably qualified independent person nominated by VicForests.

4.2 Grievances will be determined by the Grievance Panel in accordance with the Grievance Procedure in **paragraph 5**.

4.3 By participating in the Grievance Procedure, each Aggrieved Applicant acknowledges that the Grievance Panel is empowered and authorised to determine Grievances and that the rules of natural justice need not apply to the proceedings of the Grievance Panel.

5 **Grievance Procedure**

5.1 Upon submission of the Grievance by the Aggrieved Applicant, the Project Manager will contact the Aggrieved Applicant to arrange for a time convenient to the Aggrieved Applicant to make an oral submission to the Grievance Panel.

5.2 The Grievance shall be determined having regard to the following factors only:

- (a) the operation and content of the Qualification Rules;
- (b) any legally binding documents (such as, a deed poll) executed by the Aggrieved Applicant relevant to the Qualification Process ;
- (c) the Aggrieved Applicant's participation in the Qualification Process;
- (d) any information provided by external consultants engaged by VicForests to provide assistance and advice to VicForests on the operation of the Qualification Process or any part thereof); and
- (e) any recommendations made by the Probity Adviser.

5.3 The Grievance Panel will hear oral submissions

- (a) at the office of VicForests on the date(s) notified to Aggrieved Applicants;
- (b) by the Aggrieved Applicant in person or a representative of the Aggrieved Applicant in person or by telephone if the Aggrieved Applicant is unable to attend in person; and

(c) that are to be no longer than 45 minutes in duration.

- 5.4 The Probity Adviser shall be entitled to be present when oral submissions are made by an Aggrieved Applicant to the Grievance Panel and may only participate to the extent permitted by the Grievance Panel.
- 5.5 VicForests shall be entitled to record the hearing of Grievances by the Grievance Panel by such means as it sees fit.

6 **Determinations are final, binding and conclusive**

Determination of a Grievance by the Grievance Panel shall be final, binding and conclusive on the Aggrieved Applicant upon notice to the Aggrieved Applicant.

7 **Confidentiality**

- 7.1 Each Aggrieved Applicant authorises and consents to the use of any personal information provided in connection with the rules of the Auction Process for the purposes set out herein, subject only to the *Privacy Act 1988* (Cth) and any other applicable legislation. Without limiting the forgoing, such information may be used by the Grievance Panel as reasonably necessary to determine any Grievance.
- 7.2 The Grievance Panel and each Aggrieved Applicant shall maintain as confidential the Grievance, application of the Grievance Procedure and the determination of the Grievance.