



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 or secondary auction.

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

“**Auction Host**” means Tradeslot Pty Ltd.

“**Auction Rules**” means the Auction Rules for an Auction set out on the VicForests website at www.vicforests.com.au. Auction Rules means the Auction Rules whether for a sealed bid, on-line primary or on-line secondary auction.

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

“**Bidder Agreement**” means the Tradeslot Registered Bidder Agreement as that term is defined in the Auction Rules.

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

“**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 and/or trade credit insurer.

“**Credit Limit**” means the applicable credit limit for an Applicant as determined by VicForests.

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

“**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 set out on the VicForests website at www.vicforests.com.au, including all schedules, exhibits and annexures, as amended from time to time.

“Timber Processing Compliance Certificate” has the meaning given to that term in the Terms and Conditions.

“Winning Bidder” has the meaning given to that term in the Auction Rules for a particular Auction.

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 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; or
- received through Australia Post 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; and
- b) the Applicant understands and accepts the Qualification Rules; and
- 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 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, actual and perceived 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/or
- (d) terminate or suspend the Qualification Process.

2.8 Applications may be viewed prior to the Closing Time

VicForests may view any Qualification Application before the Closing Time. Without limitation, VicForests may request clarification of the details in a Qualification Application and forward an Applicant's details to a CRA prior to the Closing Time.

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 may determine are necessary in relation to the Applicant, its officers, partners, associates or related bodies corporate, subcontractors and their respective 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 may 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 of these Qualification Rules, at any time after the Closing Time and prior to an Auction, VicForests may request the Applicant 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 Limit and Capacity Limit that has been notified to the Applicant pursuant to section 4 of these Qualification Rules; 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.

Based on the information provided to it by VicForests and the Applicant, the CRA shall evaluate the creditworthiness of the Applicant.

VicForests reserves the right to reject a Qualification Application from:

- (a) an entity (or from a Related Body Corporate of an entity) which is in default under any contract with VicForests;
- (b) an entity (or from a Related Body Corporate of an entity) which has a history of one or more contract defaults, or an entity which has a Director who has a history of one or more contract defaults with VicForests, that either are in the process of being remedied (pursuant to a payment plan or otherwise) or that were remedied to VicForests' satisfaction;
- (c) an entity whose office holders and/or shareholders are associated or have been previously associated with any entity referred to in sub-paragraphs (a) and (b); or
- (d) an entity that has or has had a business association with any entity referred to in sub-paragraphs (a) and (b).

Without limiting the generality of section 4 of these Qualification Rules, VicForests

reserves the right to consider any additional financial or other information that an Applicant may choose to provide to it or any information obtained from other sources after VicForests notifies the Applicant of its Credit Limit pursuant to section 4.1 of these Qualification Rules. If VicForests (and/or the CRA) assesses such information, following such assessment, VicForests shall notify the Applicant whether or not the Applicant's Credit Limit and / or Capacity Limit has changed.

VicForests may determine that an Applicant's Credit Limit and / or Capacity Limit applicable at an Auction may be valid for future auctions that VicForests may conduct. VicForests may also request that an Applicant participate in any subsequent qualification process, including if VicForests believes that an Applicant's Credit Limit and / or Capacity Limit requires reassessment for any reason whatsoever or for any other reason.

3.2 Delivery and Unloading Facilities

Unless stated otherwise, VicForests undertakes to deliver the timber won by a Winning Bidder to the Winning Bidders' delivery site(s). Winning 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 Terms and Conditions.

Where VicForests undertakes to deliver timber to a Winning Bidder's delivery site(s), VicForests may undertake site inspections of proposed delivery site(s) and unloading facilities for the purpose of determining compliance to occupational health and safety requirements. Winning Bidders must allow VicForests to access all applicable delivery site(s) and unloading facilities and must cooperate fully with VicForests and provide all assistance reasonably required by VicForests to facilitate these site inspections.

3.3 Location and type of Timber Processing

The location and type of all timber processing must conform to the requirements specified in the Terms and Conditions.

The Timber Processing requirements are such that the timber must be processed in Australia. The definition of Timber Processing is contained in the Terms and Conditions.

4. CREDIT LIMITS AND CAPACITY LIMITS FOR ACCEPTED APPLICANTS

4.1 Credit Limits

Unless otherwise stated in these Qualification Rules, an Applicant whose Qualification Application is accepted by VicForests must have a Credit Limit determined by VicForests.

VicForests shall determine the Credit Limit for such Applicant, and shall notify the Applicant of such determination.

Determination by VicForests of the applicable Credit Limit for each Applicant will be based on a range of information, including information gained from financial data, trade references, trading history and any other information or consideration that VicForests

deems material. During the credit evaluation or re-assessment processes, VicForests will establish whether the Credit Limit that the Applicant requires to fulfil its supply needs on standard terms is fully supported by references and/or CRA assessments. If not, VicForests may require additional security before granting any increased credit limit. Acceptable forms of security will be determined by VicForests and may include those outlined in Section 4.3 of these Qualification Rules.

The Credit Limit for an Applicant will be used by VicForests to inform the Capacity Limit for an Auction for an Applicant as outlined in Section 4.2 of these Qualification Rules.

An Applicant may request a review of its Credit Limit, as described in section 4.3 of these Qualification Rules.

If VicForests forms the view (acting reasonably) that it is necessary to determine an Applicant's Credit Limit at a particular level so as to encourage the widest possible participation by forest industry participants in an Auction, it may determine such Credit Limit in its sole and absolute discretion at such level that it believes is appropriate.

4.2 Capacity Limits

The Capacity Limit is the upper limit of the aggregate annual value of Lots that a Bidder may purchase at an Auction. The purpose of the Capacity Limit is to ensure that the Auction bidding process does not result in VicForests being exposed to an unacceptable credit risk with any Bidder and accordingly, the Capacity Limit may act as a constraint on bidding activity or Lot Award quantity in an Auction in accordance with the Auction Rules. The Capacity Limit is defined in the Auction Rules.

Without limitation, the Capacity Limit for an applicant will be determined by VicForests after consideration of information which may include, but is not limited to, the following:

- the Applicant's Credit Limit;
- the value of any Annual Timber Intake under the Applicant's existing Agreements with VicForests (if any);
- the Applicant's trade history with VicForests;
- the Auction Catalogue; and
- the value of any security lodged by the Applicant with VicForests.

VicForests shall determine the Capacity Limit for each Applicant, and shall notify the Applicant of such determination. The Applicant may request a review of the Applicant's Capacity Limit up to 15 Business Days prior to a scheduled Auction. Such a request must be made in writing and addressed to vfs.auctions@vicforests.com.au and must be received at this email inbox no later than 15 Business Days prior to the applicable scheduled Auction.

If VicForests forms the view (acting reasonably) that it is necessary to determine an Applicant's Capacity Limit at a particular level so as to encourage the widest possible participation by forest industry participants in an Auction, it may determine such Capacity Limit in its sole and absolute discretion at such level that it believes is appropriate.

4.3 Securities

Should an Applicant wish to increase its Credit Limit and /or Capacity Limit, VicForests may require the Applicant to lodge additional security with VicForests.

VicForests may accept pre-approval of security, lodged with VicForests prior to a date specified by VicForests, as adequate pre-requisite for increasing an Applicant's Credit Limit and/or Capacity Limit prior to an Auction.

Security pre-approval refers to satisfactory evidence of an Applicant's ability to obtain from a financial institution acceptable to VicForests, the required security.

Lodgement of satisfactory evidence of the Applicant's ability to provide the required security must be in the form prescribed by VicForests and submitted by the time specified by VicForests for submission of that security.

A Winning Bidder who has had its Credit Limit and/or Capacity Limit increased on the basis of security pre-approval, must lodge the required security in accordance with the terms of the Deed Poll.

The following types of securities may be accepted by VicForests, which may be specified at VicForests discretion:

- bank guarantees;
- insurance bonds;
- personal directors' guarantees (subject to VicForests being satisfied of the creditworthiness of the director(s));
- parent or cross-Company guarantees subject to VicForests being satisfied of the creditworthiness of the parent; or
- cash deposits.

4.4 Lodgement of Auction Documents

Applicants are required to submit a signed Deed Poll and a signed Timber Processing Compliance Certificate prior to participating in an auction.

Applicants are required to submit a signed Bidder Agreement with the Auction Host prior to participating in an on-line auction.

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 notification or response to the individual Applicant by delivering it to the Applicant's email address (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 disqualify an Applicant for unauthorised communications.



QUALIFICATION APPLICATION

REFERENCE: AUCTION QUALIFICATION

Lodgement Method

1.	<p>Email to be received by the Closing Time to:</p> <p>vfs.auctions@vicforests.com.au</p> <p>Email title to specify Auction name and Applicant's name</p>
2.	<p>By Registered Mail to be received by the Closing Time to:</p> <p>VicForests' Tender Box Auction Qualification Application GPO Box 191 Melbourne, 3001</p>
3.	<p>Delivered by the Closing Time to:</p> <p>Auction Qualification Application VicForests' Tender Box, Level 7, 473 Bourke St, Melbourne.</p>

CLOSING TIME FOR LODGEMENT: As specified in the Auction Catalogue

Qualification Application Form

Applicants must provide the following information:

Item 1. Business Details				
Business Name				
ABN		ACN		
How many years has this Co. been trading?				
Parent Company (if applicable)				
Registered Address				
City		State		Postcode
Full names and addresses of Directors				
Director				
Address				
Director				
Address				

Item 2. Contact Details & Credit Requirements			
APPLICANT'S CONTACT PERSON			
Email address			
Postal Address			
Telephone No.	Office:		Mobile:
Fascimile No.			
Name of back-up Bidder (optional)			
Email address for back-up Bidder			
Telephone No. for Back-up Bidder	Office:		Mobile:
Name of Accounts Payable contact			
Telephone No.			

References (required where credit limit is less than \$100,000)	Reference 1: Company Name	
	Contact details (name and phone number)	
	Reference 2: Company Name	
	Contact details (name and phone number)	
	Reference 3: Company Name	
	Contact details (name and phone number)	

Item 3. Delivery Site Address(es)	
Site 1:	
Site Name	
Street Number/RMB	
Street/Road Name	
Township	
Postcode	
Site 2:	
Site Name	
Street Number/RMB	
Street/Road Name	
Township	
Postcode	

Item 4. Delivery Site and Unloading Facilities	
Provide details of facilities and unloading equipment, and safety management systems.	Site 1:
	Site 2:

5.1 Location of Timber Processing		
Provide details of the planned location of Timber Processing (or write "same as Delivery Site" for each relevant site)	Site 1	
	Site 2	
5.2 Type of Timber Processing		
Provide details of the type of actual or proposed Timber Processing eg sawing, peeling, slicing, splitting, chipping, grinding or chemical pressure treatment	Site 1	
	Site 2	

Item 6. Conflict of Interest	
Is there a potential, actual or perceived 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 or 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 next Business Day following the release date specified in the Auction Catalogue of the notification by VicForests of an Applicant’s qualification status

whichever occurs first.

3.3 VicForests will have no obligation to consider any purported grievance received after 5.00 pm on the date specified in section 3.2.2 of these Qualification Rules.

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 Contracting 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.