



Request for Proposal (RFP) for the Purchase and Processing of Hardwood Residual Timber

RFP_RT 2012

This RFP consists of the following parts:

Part A - General Information and Timetable; and

Part B - The Resource Offering; and

Part C - Rules Governing the RFP Process; and

Part D - Registration; and

Part E - Proponent's Proposal; and

Part F – Attachments

The Closing Times for the lodgement of documents is set out in the Timetable.

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

Important Information

- In submitting its Proposal, a Proponent warrants that it has not relied on any express or implied statement, warranty or representation, whether oral, written, or otherwise made by or on behalf of VicForests, its officers, employees, agents or external consultants other than:
 - a statement, warranty or representation expressly contained in this RFP (including any written document formally amending this RFP) relating directly to the RFP Process; or
 - a written statement of VicForests which forms part of the formal clarification process described in Part C, 8.3 which relates directly to the RFP Process, and
 - to avoid any doubt, the Proponent may not rely on any statements relating to the availability of resources, log specifications and break-even pricing whether in the RFP or otherwise.
- Under no circumstances whatsoever, will VicForests be liable for any expense or loss that may be incurred by Registrants, Proponents or potential Registrants which arise (whether directly or indirectly) in relation to this RFP.
- VicForests has various rights in relation to the RFP and the RFP process as set out in Part C, 12.3, which includes but is not limited to:
 - ceasing to proceed with, or suspending the RFP Process;
 - altering the details and/or the timing of the RFP or the RFP Process (including without limitation, the eligibility criteria and evaluation process);
 - varying or extending any time or date specified in this RFP for all or any Proponents or other persons;
 - terminating the participation of any Proponent or any other person in the RFP Process; and
 - calling for new Proposals.
- If any Registrant or Proponent has a complaint or grievance relating to the RFP or the RFP Process, that person must abide by the Grievance Process in resolving such complaint or grievance. In submitting a Registration and/or Proposal, a person agrees to abide by the Grievance Process as set out in Attachment E of Part F.

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PART A - GENERAL INFORMATION AND TIMETABLE

1. INTRODUCTION

VicForests invites proposals from parties interested in securing part or all of the residual timber on offer by entry into this Request for Proposals process.

1.1 Highlights

- Approximately 837,000 tonnes per annum of mature and regrowth Eucalypt residual timber is available providing opportunity for significant investment
- Long term Timber Sales Agreements available (up to 20 years)
- Supplied from sustainably managed State owned forests
- Certified resource management under the Australian Forestry Standard which has national recognition under the international Programme for the Endorsement of Forest Certification Schemes (PEFC)
- The properties of the major species are well known and described
- Infrastructure facilities such as road, rail, power and port facilities are well established to support investment
- Proximity to a number of coal fired electricity generators providing opportunities for biomass utilisation
- Stable and well developed political, regulatory, financial and legal systems in Victoria

1.2 Background

VicForests is a State Business Corporation established in 2004 to undertake the management and sale of timber resources in Victorian State forests in eastern Victoria on a commercial basis. For more detailed information about VicForests visit our website: www.vicforests.com.au

Approximately 837,000 tonnes per annum of residual timber is available for allocation from across VicForests' Working Forest Area in eastern Victoria (Refer to Part B, Figure 1, 4.2). This timber is available for supply commencing from July 2012.

1.3 Investment opportunities

Historically, a portion of this residual wood is processed for woodchips, some is used to produce sawn timber products such as pallet timber, some is purchased by firewood merchants, while much remains unallocated.

Processing opportunities that could be considered include:

- Pulp and paper manufacture
- Biomass including production of pellets, and other renewable energy products (gas or liquid)
- Engineered wood products
- Carbon products.

Victoria has large scale thermal power stations in eastern Victoria where there may be opportunities for biomass utilisation projects.

State Government policy supports the domestic processing of Timber. Proposals that involve export of logs will be considered if there is suitable resource surplus to domestic requirements. However VicForests will not enter into any agreements that involve export of logs unless an exemption from the State Government's policy has been obtained.

The State Government has indicated support for long term supply agreements that will provide for significant investment in the industry. VicForests is will seek appropriate Government confirmations for relevant proposals prior to entering into definitive Agreements.

1.4 Objectives and Purpose

The objective of this Request for Proposals (RFP) is to:

- sell available residual timber resources to maximise long-term economic returns to Victoria
- examine alternative timber markets with sufficient flexibility and security to enable new processing facilities to be established
- align the forward sales with an informed outlook of the future of the Victorian Hardwood industry.

The purpose of this Request for Proposals (RFP) documentation is to:

- Provide information in relation to the 837,000 tonnes per annum of residual timber being offered for sale
- Set out the Request for Proposals process
- Specify the eligibility criteria, evaluation criteria and the requirements for preparation and lodgement of a Proposal
- Invite interested parties to submit proposals and pricing for the purchase of part or all of the resource.

The outcome of this Request for Proposals (RFP) may be

- The proponent enters into a Reservation Agreement with VicForests
- The proponent enters into a Timber Sale Agreement with VicForests
- VicForests terminates the RFP process if no suitable proposals are received.

2. SALE PROCESS AND TIMETABLE

2.1 Request for Proposals

The process to be used to select successful Proponent(s) is as follows :

| | |
|-------------------------|--|
| RFP Process opens | RFP Information pack released |
| Registration | Interested parties lodge Registrations by the Closing Time for Registrations. |
| Break-even Pricing | VicForests provides Break-even pricing to Proponents based on their nominated Delivery sites. This is expected to assist Proponents in pricing their Proposals. VicForests may revert to Registrants requesting that they reconsider their registration information (particularly if the information relates to timber that does not conform with VicForests' log specifications. See Part B, 4.3.2.). |
| Submission of Proposals | Proponents lodge Proposals in response to the RFP by the Closing Time for Proposals. |
| Preliminary Evaluation | Proposals are evaluated by VicForests. Proponents will be shortlisted with a view to: (a) VicForests entering into negotiations on any matters relating to a Proponent's proposal; or (b) entering into the Final Evaluation stage. |
| Negotiation Process | VicForests may enter into negotiations with one or more Proponents in relation to various aspects of their Proposal. Negotiations will be conducted with a view to agreeing certain amendments to a Proponents Proposal. Negotiated outcomes being sought by VicForests will seek to optimise allocation of resource. |
| Final Evaluation | Shortlisted Proponents will be evaluated, with any amended Proposals being taken into account. |
| Offers of Agreements | VicForests may award Agreements on a rolling basis. |

2.1.1 Registration

Registration is the first stage of the RFT for interested proponents. Registration will provide VicForests with basic information regarding the identity of those parties wishing to participate and the residual timber they are potentially interested in. Following the completion of Registration, VicForests will use the information provided to calculate Break-even Prices for the preparation, harvest and delivery of the Timber. Terms and conditions for Registration are explained in Part D of this RFP. Subject to the terms and

conditions of Registration, participation in subsequent stages of the RFP is generally restricted to Registrants.

2.2 *Timetable*

| Event | Date & Time |
|---|--|
| RFP Released | 25 January 2012 |
| RFP Briefing Session | VicForests Melbourne office level 7, 473 Bourke street 3:00pm, 7 February 2012 |
| Closing Time for Registration | 3:00 pm, 24 February 2012 |
| Break-even Prices provided | 9 March 2012 |
| Closing Time for Proposals | 3:00 pm 30 March 2012 |
| Preliminary evaluation, negotiation and final evaluation | April - May 2012 |
| Offers made | April - May 2012 |
| Announcement of successful and notifications to unsuccessful participants | April - May 2012 |

2.3 *RFP Briefing Session*

The purpose of the Briefing Session will be for VicForests to explain the RFP Process, the evaluation process and to register any issues requiring further clarification or explanation. Attendance at the Briefing/s is recommended but is not mandatory.

The Briefing Session will be held at VicForests Melbourne office on level 7, 473 Bourke street at 3:00pm on 7 February, as indicated in the Timetable above. Interested parties should advise the RFP manager of their intended attendance by an email to : vfs.auctions@vicforests.com.au

A summary of information provided and questions raised in the Briefing will be posted on VicForests' website, as described in Part C, 8.3.

PART B - THE RESOURCE OFFERING

3. PREAMBLE

This Part describes the resource available for purchase through the RFP, and the terms and conditions associated with the sale. VicForests will consider various options for harvest and delivery of the Timber.

4. RESOURCE DESCRIPTION

4.1 Quantity of Timber Available

The estimated annual quantity of Residual Timber available for purchase is set out in Table 1 by Forest Management Area (FMA) and product.

Table 1. Indicative quantity of timber available annually

| Indicative Annual Quantity (tonnes per annum) | | | | | | | |
|---|-------------------|---------------|-------------------|---------------|----------------|----------------|---------------|
| Residual log products* | Benalla-Mansfield | Central | Central-Gippsland | Dande-nong | East Gippsland | North-East | Tambo |
| MSH (Int**) | 20,000 | - | - | - | 58,000 | 21,000 | - |
| MSH (TH***) | - | - | - | - | 38,000 | - | - |
| MSM | 13,000 | - | - | - | 103,000 | 12,000 | 7,000 |
| ASR | 1,000 | 18,000 | 10,000 | 6,000 | - | 4,000 | 8,000 |
| MSR | 16,000 | 15,000 | 39,000 | 4,000 | 90,000 | 40,000 | 33,000 |
| ASN | 1,000 | 18,000 | 10,000 | 6,000 | - | 4,000 | 8,000 |
| MSN | 16,000 | 15,000 | 39,000 | 4,000 | 90,000 | 40,000 | 33,000 |
| Total | 67,000 | 65,000 | 98,000 | 20,000 | 379,000 | 120,000 | 88,000 |

* See section 4.3.2 for description of the products

**Int. refers to Integrated operations;

***TH refers to material derived from Thinning operations

The actual availability relevant to a particular Proposal will depend on a Proponent's preferred Timber specifications.

These estimates have been derived from the following;

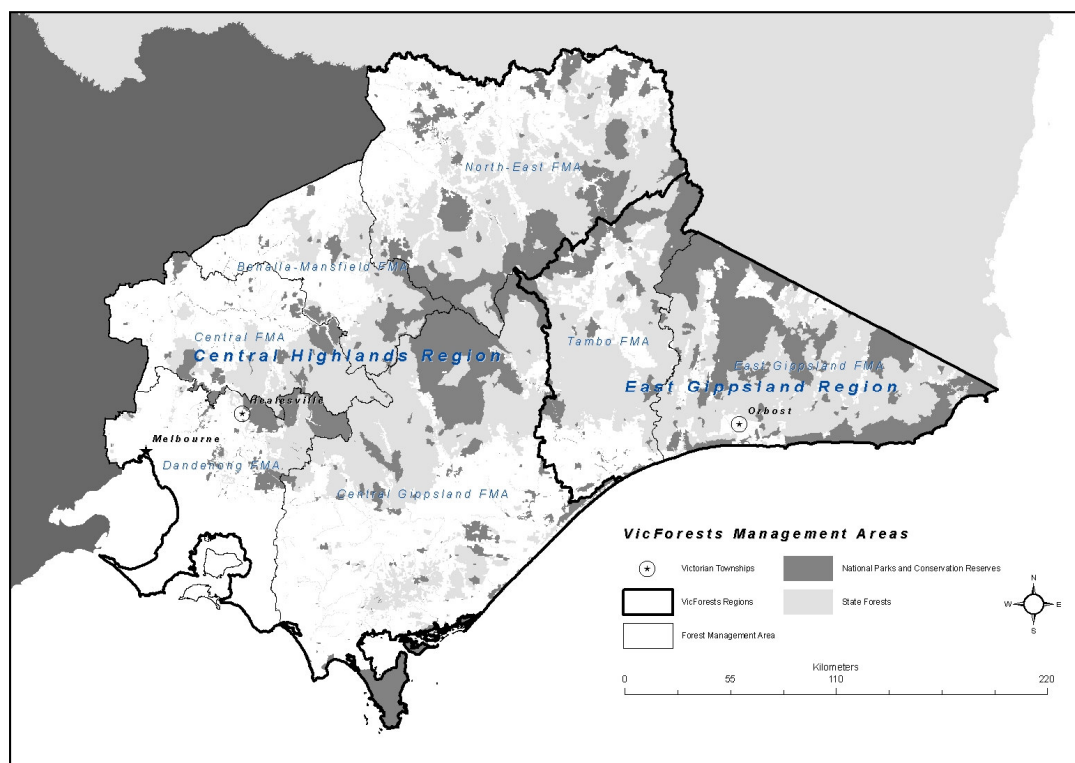
- Residual Timber availability has been determined from VicForests' February 2011 Resource Outlook statement and VicForests' internal Thinning Strategy.
- The pulpwood estimates are derived from pulpwood yields applied to the sawlog (Grade D and better) supply estimates from the Resource Outlook 2011 together with an estimate of pulpwood available from commercial thinning operations.

- Thinning coupe yields are estimated in the range 50-70 tonnes per hectare.
- The Residue products “N” and “R” are previously unallocated products. The quantities identified are estimated on the basis of an assumed yield per hectare.

4.2 Location

VicForests operates within State forest in Eastern Victoria with the Hume Highway forming the western boundary of its operations. Figure 1 shows VicForests’ seven Forest Management Areas from which the resource is sourced. A Forest Management Area is a geographic management area by which VicForests describes its timber resource availability.

Figure 1. Distribution of State Forest in VicForests’ Forest Management Areas



4.3 Description of available resource

There are around 7.8 million hectares of native forest in Victoria. Almost 90% of these forests are unavailable or unsuitable for timber harvesting operations. This includes approximately 4.8 million hectares of native forest in Victoria which is protected in national parks and conservation reserves.

From approximately 2,500ha of harvesting each year within the Working Forests Area, VicForests supplies logs to both local hardwood sawmills and the high quality paper manufacturing industry. In the course of these activities, additional timber material is generated, a portion of which is supplied into international paper markets, whilst much remains underutilised.

4.3.1 Species Composition

The predominant commercial species harvested within each Forest Management Area are shown in the Table 2.

Table 2: Proportions of VicForests' current sales by species by FMA

| Species Group | Species Name | Benalla Mansfield FMA | Central FMA | Central Gippsland FMA | Dandenong FMA | East Gippsland FMA | North East FMA | Tambo FMA |
|---------------|------------------------|-----------------------|-------------|-----------------------|---------------|--------------------|----------------|-----------|
| AS | Alpine Ash | 58% | 35% | 27% | - | 2% | 100% | 68% |
| AS | Mountain Ash | - | 50% | 48% | 86% | - | - | 14% |
| AS | Shining Gum | 1% | 1% | 8% | - | - | - | - |
| MS | Brown Stringybark | - | - | 2% | 2% | - | - | - |
| MS | Cut-tail | - | - | - | - | 28% | - | - |
| MS | Errinundra Shining Gum | - | - | - | - | 6% | - | - |
| MS | Manna Gum | 13% | 1% | - | - | 2% | - | 2% |
| MS | Messmate | 24% | 11% | 7% | 11% | 24% | - | 10% |
| MS | Mountain Grey Gum | - | 1% | 3% | 1% | 12% | - | 2% |
| MS | Peppermint | 4% | - | - | - | 2% | - | - |
| MS | Silvertop | - | - | 5% | - | 20% | - | 1% |
| MS | White Stringybark | - | - | - | - | 3% | - | 1% |
| MS | Yellow Stringybark | - | - | - | - | 2% | - | - |

4.3.2 Product Specification

The resource available through this RFP includes a range of timber products which are residues from harvesting the current sawlog grades as defined in the Log Specifications (Attachment F). Sawlog grade material is excluded from this process. Using existing grading definitions, inventory estimates have been defined using the abbreviations shown in the following table.

Table 3: Abbreviations of products offered through the RFP

| Product Grade | Clearfell / Seed tree operations | | Thinning |
|---------------------------------|----------------------------------|---------------|---------------|
| | Ash species | Mixed species | Mixed species |
| Pulpwood - High Quality (H) | - | MSH | MSH |
| Pulpwood - Standard Quality (M) | - | MSM | - |
| Other Residues - Logs (R) | ASR | MSR | - |
| Other Residues - Non-log (N) | ASN | MSN | - |

The specifications for “H” and “M” grade pulpwood are defined in the Log Specifications in Attachment F.

The “other residue” products are not currently defined in the Log Specifications but are expected to be updated accordingly following the RFP. For the purposes of defining the available resource:

- Other Residue - Log (R) – log material that is more defective than the sawlog and pulpwood specification or of species generally not suitable for papermaking. This material is of conventional log form and suited to conventional log transport.
- Other Residue - Non-log (N) – woody material that is more defective than the sawlog and pulpwood specification and is not currently utilised. This material may not be suited to conventional log transport and would require alternate transport arrangements.

4.4 Wood Properties

A report prepared by CSIRO titled “Potential applications of the native hardwood resource available to VicForests as wood composite products” is available on VicForests’ website at www.vicforests.com.au/request-for-proposals.htm

This report provides background information for the potential applications of the native eucalypt hardwood resource available to VicForests with a specific reference to wood composites. Appendix 1 contains the currently known details of the physical wood properties for 22 individual target species. The physical properties described include basic density, saturated moisture content, air dry density, hardness, strength, durability rating, lyctus susceptibility and shrinkage values.

4.5 Certification

VicForests is certified to the Australian Forestry Standard (AFS). VicForests’ AFS certification provides buyers with an assurance that VicForests’ activities have been independently assessed as sustainable against world standards.

The AFS is recognised by the world's largest forest certification scheme - the Programme for the Endorsement of Forest Certification Schemes (PEFC). This means that the AFS has been examined by the PEFC and qualifies to its high international standards of Sustainable Forest Management.

PEFC has an international membership of independent national forest certification systems that account for over 230 million hectares of certified forests producing millions of tonnes of certified timber to the global market place.

5. POINT OF SALE

5.1 Point of Sale Options

Currently, VicForests engages contractors to harvest and deliver product to its customers' 'mill door'. Sales agreements under the current operating model are developed using a delivered price that incorporates harvest and haulage costs. Under this RFP, VicForests may consider Proposals for alternative Point of Sale options. Possible arrangements include:

- Mill Door Sale – timber is supplied to the Proponent's delivery site and VicForests engages the harvest and haul contractors to conduct all operations up to the point that timber is delivered to the customers;
- Stumpage Sale – timber is supplied at the coupe (either as standing timber or timber available to be recovered as a secondary operation on the coupe). The Proponent engages harvest and haul contractors and is responsible for delivery of the product to its own processing site. The Proponent may also be required to deliver product to VicForests' other log buyers.

5.1.1 Proponent's Responsibilities for Harvest and Haulage (Stumpage Sales)

Where the Proponent proposes a Point of Sale arrangement that involves the Proponent undertaking harvest and haulage (Stumpage Sale), the Proponent will have obligations, detailed in the Timber Sale Agreement (TSA), with respect to:

- Compliance with all relevant Acts, Regulations, Codes, Plans and Procedures, and
- Management, supervision, monitoring and control of the operations to ensure adherence to required standards, including environmental and health and safety audits; and
- where relevant, the harvesting and delivery of product to VicForests' other customers.

In relation to Stumpage Sales, VicForests reserves the right to direct the delivery of logs to other customers (e.g. sawlogs or any other pulpwood or residual logs which the Proponent is not contracted to purchase).

In such circumstances, a successful Proponent will be required to enter into Services Agreements (for Harvest and / or Haulage services). Prices for these Services may be subject to the negotiation process set out in Part C, 11.3. VicForests may be open to discuss limited refinements to terms of these agreements during the negotiations phase described in Part C, 11.3, depending on amongst other things, whether the activities are taking place in conventional commercial areas, or marginal areas of forest.

Where other products are being harvested on VicForests behalf, documentation directing delivery arrangements and destinations for timber products will be provided periodically.

5.1.2 Title and Risk

The point at which the title and risk associated with the product transfers to the Buyer is determined by the Point of Sale. Each of the Point of Sale Options outlined above have different implications for VicForests and the Buyer. Details of when title and risk are transferred are set out in the Timber Sales Agreement. Proponents should familiarise themselves with the legal and cost implications of the operating arrangements relevant to their Proposal.

6. AGREEMENT TERMS AND CONDITIONS

6.1 Agreements

Part F comprises, amongst other things, the Agreement documents relevant to this RFP, which are:

- Reservation Agreement
- Timber Sale Agreement
- Services Agreement (Harvest Agreement and / or Haulage Agreement).

Part C, 11.5 describes the process for the award of Agreements.

The Timber Sale Agreement provides for the Point of Sale options described in Part C, 10.3.

A Proponent who is successful in obtaining a TSA where Stumpage Sale is relevant may also be required to execute a Services Agreement (Harvest and / or Haulage) with VicForests for harvest and haulage services. This may be relevant where other products, such as sawlog, must be supplied from this area to existing customers of VicForests.

Proponents must obtain their own legal advice in relation to the Agreements. Proponents are required to include a Statement of Variation to the Agreements in their Proposal (Part E).

6.2 Reservation Agreement - Milestones

A Reservation Agreement may be available for Proponents who require a lead time prior to entering into and accepting delivery of Timber. Under the Reservation Agreement, Proponents have the ability to “reserve” an allocation of Timber subject to payment of a Reservation Fee and Milestone Payments. Generally VicForests will only consider Reservation Agreements for a tenure of 3 years.

Proponents are required to identify Milestones, associated timelines as well as propose a Reservation Fee or Milestone Payments in their Proposal. The Reservation Fee or Proposed Milestone Payments should reflect the anticipated cost to VicForests in planning, preparing for and reserving the Timber for sale under the TSA until the next Milestone Date or until entry into the TSA.

To the extent VicForests considers a negotiation desirable, the information provided in the Proponent’s Proposal (Part E) will form the basis for negotiation of the Milestones in the Reservation Agreement and the Schedules in the TSA and, if applicable, the Rates for the Services Agreement (Harvest and / or Haulage).

6.3 Length of Agreement

Timber Sale Agreements are available for periods up to 20 years. Proponents are encouraged to reflect the value that they place on tenure in their submitted price in their Proposal (Part E). Subject to other considerations, VicForests will offer tenure commensurate with the type, magnitude, risk and value of Proponent’s investment.

6.4 Resource Security

The State Government has indicated support for long term supply agreements that will provide for significant investment in the industry. VicForests is will seek appropriate Government confirmations for relevant proposals prior to entering into definitive Agreements.

6.5 Pricing

Subject to the terms and conditions of this RFP, the prices offered by a Proponent in its Proposal (including any amended Proposal) will be the prices applied for Timber effective 1 January 2012. Prices in the TSA will be specified by Point of Sale, Product and Delivery Site.

6.5.1 Indexation of Product Pricing

Prices in the TSA will be subject to 6 monthly indexation on 1 July 2012 and every 6 months thereafter.

If a Proposal envisages entry into a Reservation Agreement prior to entry into a TSA, then prices in the Proposal will be subject to indexation from 1 July 2012 until the TSA becomes operative.

In addition, prices will be subject to bi-annual indexation at 1 January and 1 July each year, including in the years prior to supply commencing. For the purposes of indexation, price components will be adjusted by the indices shown:

| Price Component | Index |
|-------------------------------------|----------------------|
| Stumpage component | Consumer Price Index |
| Harvest Fuel Cost | Harvest Fuel Price |
| Haulage Fuel Cost | Haulage Fuel Price |
| Non – Fuel Harvest and Haulage Cost | Consumer Price Index |

The detailed operation of the price indexation is set out in the Schedules to the TSA.

6.5.2 Indexation of Services Agreement (Harvest and / or Haulage)

Where a Buyer delivers Timber to VicForests' other customers under a Stumpage Sale arrangement, the harvest and haul rates payable under the Services Agreement (Harvest and / or Haulage) will be indexed by the harvest and haulage adjustments applicable to VicForests' harvest and haulage Agreements.

6.6 Renewable Energy Certificates

The TSA provides for the sharing with VicForests of any benefit a Proponent may obtain under a Carbon Scheme. A Carbon Scheme is defined to include any program or scheme (whether mandatory or voluntary and in whatever jurisdiction) or agreement, arrangement or undertakings of any kind, whether existing or in the future, intended to promote the reduction of emissions of Greenhouse Gases or the promotion of renewable energy, including but not limited to the Renewable Energy Target scheme established under the *Renewable Energy (Electricity) Act 2000* (Cth) for Timber Carbon Credits.

PART C - RULES GOVERNING THE RFP PROCESS

7. TERMS & CONDITIONS GOVERNING THE RFP PROCESS

7.1 RFP and Representations

The RFP is, and shall remain the property of VicForests. It may only be used for the purpose of submitting a Proposal.

VicForests reserves all its rights as set out in detail in Part C, 12.3 of this RFP including the right to amend the details and timing of this RFP and the RFP Process.

Other than information relating to the RFP Process outlined in this document (as amended in accordance with this RFP), VicForests does not warrant the accuracy of the content of the RFP which may include but is not limited to statements relating to the availability of resources, log specifications and break-even pricing.

Other than as set out in the paragraph, no representation made by or on behalf of VicForests in relation to the RFP (or the subject matter) shall be binding on VicForests unless such representation is incorporated into an agreement which VicForests has executed.

VicForests shall not be liable for any omission from the RFP.

Under no circumstances whatsoever will VicForests be liable for any expense or loss that may be incurred by Registrants, Proponents, potential Registrants or potential Proponents, which arise (whether directly or indirectly) in relation to this RFP.

7.2 Response Documents - Proponent's Proposal

The Proponent's Proposal shall contain the documents, information and details required by the RFP to enable VicForests to evaluate their Proposal.

The Proponent must submit a Proposal in the form set out in Part E Proponent's Proposal, using the numbering and headings and sub-headings, together with any other documents necessary to make the Proposal complete.

VicForests is entitled to, and will only, rely on the information submitted in a Proposal and information derived from referees and CRA in evaluating Proposals and awarding Agreements.

7.3 Confidentiality and Intellectual Property

All Proposals submitted by Proponents and any accompanying documents become the property of VicForests. Proponents will retain all ownership of any Intellectual Property Rights contained in their Proposals. The submission of a Proposal does not transfer to VicForests any ownership interest in the Proponent's Intellectual Property Rights, or give VicForests any rights in relation to the Proposal, except as expressly set out below.

Notwithstanding any copyright or other intellectual property right that may exist in the Proponent's Proposal, the Proponent, by submitting the Proposal,

licenses VicForests to reproduce the whole or any portion of the Proposal or subsequent submission documents for the purposes of evaluating the Proposal.

For the purposes of ensuring the integrity of the RFP process, the Proponent acknowledges and agrees that all information contained in the submitted Proposal is confidential. The Proponent must ensure that all officers, employees and agents of the Proponent keep all Proposal information confidential.

The Proponent, if successful, accepts that VicForests may publish (on the internet or otherwise) the RFP outcomes, including:

- the type of Agreement
- the name of the Proponent as being a Successful Proponent;
- the Agreement term; and,
- the quantity of resource covered by the Agreement.

7.4 Disclosure of Proposal Contents and Proposal information

Subject to the paragraph above, Proposals will generally be treated as confidential by VicForests.

However, VicForests cannot guarantee that any document forming part of a Proposal will not be released under the Freedom of Information Act (**FOI Act**). A request for access to a Proposal must be considered on a case by case basis. The Proponent will be consulted and their views sought in relation to possible disclosure of their Proposal or any part of it under the FOI Act if a request for access is received under that Act.

Proponents should note that VicForests may disclose Proposal contents in the following circumstances:

- as required by law;
- for the purpose of investigations by the Australian Competition and Consumer Commission or other government authorities having relevant jurisdiction or authority; or
- to external consultants and advisors of VicForests engaged to assist with the RFP Process and evaluation.

7.5 Method of Lodgement

A Proposal must be lodged by the time specified in this RFP and in accordance with the instructions in Part E of this RFP.

Proposals submitted by means other than that described will not be accepted, except in exceptional circumstances and subject to VicForests' discretion which will be exercised in accordance with the principals of probity.

7.6 Late Lodgement of Proposals

Proponents are responsible for ensuring that their Proposals are lodged with VicForests by the Closing Time for Proposals.

Late Proposals will only be considered in exceptional circumstances where, in VicForests' opinion, it does not compromise the integrity of the RFP Process.

Late Proposals received after the Closing Time for Proposals will be recorded as such, with the time and date of receipt, on the envelope and may be returned to the Proponent.

8. COMMUNICATIONS DURING THE RFP PROCESS

8.1 Communications to the Project Manager

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

8.2 Getting on the Email circulation list

All potential Proponents are requested to provide their email address details to the Project Manager via the email address:

vfs.auctions@vicforests.com.au as soon as possible after release of the RFP in order to receive any communications from the Project Manager before the Closing Time for Registration. Failure to provide an e-mail address will not disqualify a Proponent, but may result in Proponents not receiving certain information or not receiving information in a timely manner.

8.3 Requests for Clarification or Further Information

Any questions or requests for further information or clarification of the RFP Process, this RFP or any other document issued in connection with the RFP must be submitted to the Project Manager, by email to

vfs.auctions@vicforests.com.au prior to the Closing Time for Proposals.

VicForests will use reasonable endeavours to respond to any submitted question by email to the email address of the Proponent (as notified to the Project Manager). However, VicForests reserves the right at its discretion not to respond to any query.

Except where VicForests is of the opinion that issues raised apply only to an individual Proponent, questions submitted and answers provided will be made available to all potential Proponents via an email response from the Project Manager and by publication on the Request for Proposals' site on VicForests' website **www.vicforests.com.au** VicForests will not identify the source of the question submitted.

In relation to procedural aspects relating to the RFP Process, Proponents may rely on written responses provided from the Project Manager (by email or publication on the VicForests' website) only. Under no circumstances should Proponents rely on such responses as constituting legal or financial advice.

Any other communications are not to be relied on for the preparation of individual Proposals.

8.4 *Communications between Proponents and VicForests*

Other than as expressly set out in this RFP, Proponents are not to communicate with VicForests' staff or agents of VicForests in relation to their Proposal or the RFP Process. Proponents may only communicate with VicForests' staff or its agents to the extent that such communications do not relate to this RFP or the RFP Process.

VicForests may, in its sole and absolute discretion, disqualify a Registrant or Proponent for unauthorised communications.

8.5 *Improper Assistance*

Proponents must not engage in any activities that may have the effect of, or may be perceived as having the effect of, influencing the outcomes of the RFP Process in any improper way.

In addition to any other remedies available to it under the common law, statute or in contract, VicForests may, in its sole and absolute discretion, disqualify a Proponent that it reasonably believes has engaged in unauthorised communications, obtained improper assistance or influenced the outcomes of the RFP Process in any way.

8.6 *Anti-competitive Conduct*

Proponents and their respective employees, agents and advisers must not engage in any collusion or anti-competitive conduct with any other Proponent in relation to the preparation, content or lodgement of their Proposal.

In addition to any other remedies available to it under the common law or in contract, VicForests may, in its sole and absolute discretion, immediately disqualify a Proponent that it reasonably believes has engaged in such collusive or anti-competitive conduct.

This section is not intended to prevent potential Proponents forming joint ventures or similar business structures.

8.7 *Grievance Procedures applicable to the RFP Process*

If any Applicant, Registrant or Proponent has a complaint or grievance relating to the RFP or the RFP Process, that person must abide by the Grievance Procedure in resolving such complaint or grievance. In submitting a Registration and/or Proposal, a person agrees to abide by the Grievance Procedure as set out in Part F.

9. RESPONDING TO THE RFP

9.1 Format and Contents

Proponents must ensure that:

- (a) their Proposal is presented in the required format as set out in the RFP Part E
- (b) all the information fields in the RFP Part E are completed and contain the information requested.

VicForests may in its absolute discretion reject a Proposal that does not include the information requested or is not in the format required.

Proponents should submit their Proposals with due consideration as to the conditions and procedures outlined in this RFP and associated documents alone.

Proponents should fully inform themselves in relation to all matters arising from this RFP, including the warranties it is deemed to provide to VicForests on submitting a Proposal.

9.2 Clarification of Proposal Forms

If, in the opinion of VicForests, a Proposal is unclear in any respect, VicForests may seek clarification from the Proponent. Failure to supply clarification to the satisfaction of VicForests by the Proponent may result in disqualification of their Proposal.

VicForests is under no obligation to seek clarification of anything in a Proposal and VicForests reserves the right to disregard any clarification that VicForests considers to be unsolicited or otherwise impermissible in accordance with the rules set out in this RFP.

9.3 Unclear, Alteration and Erasures

Incomplete Proposals may be disqualified or assessed solely on the information contained in the Proposal. VicForests may disregard any content in a Proposal that is unclear and will be under no obligation whatsoever to seek clarification.

VicForests will permit a Proponent to correct an unintentional error in their Proposal where that error becomes known or apparent after the Closing Time. However a correction may not be accepted if VicForests reasonably considers that the correction would unfairly and materially alter the substance of the Proponent's Proposal.

9.4 Period of validity

All Proposals (including those amended in accordance with this RFP) remain valid for a minimum of 180 days from the Closing Time for Proposals. The period of validity of a Proposal may be extended by mutual agreement between VicForests and the Proponent.

9.5 Status of Proposal

To the extent a Proposal is completely acceptable to VicForests, each such Proposal constitutes an offer by the Proponent to VicForests in accordance with Part C of this RFP on the terms and conditions of the Agreements which can be accepted in whole or in part by VicForests at any time during the period of 180 days from the Closing Time for Proposals or such other date as mutually agreed between VicForests and the Proponent.

Following the negotiation process, a negotiated outcome may be agreed between VicForests and a Proponent such that both parties agree to certain changes to the Proposal of the Proponent. The amended Proposal as a whole will constitute an offer by the Proponent to VicForests in accordance with Part C of this RFP on the terms and conditions of the Agreements which can be accepted in whole or in part by VicForests at any time during the period of 180 days from the Closing Time for Proposals or such other date as mutually agreed between VicForests and the Proponent.

9.6 Verification of Information Provided by Proponents

VicForests may seek to verify any information provided to it as part of a Proposal. Proponents are required to cooperate with VicForests in satisfying any reasonable request made by VicForests in verifying any information provided by a Proponent as part of its Proposal.

10. TERMS OF THE RESOURCE OFFERING

10.1 Eligibility Criteria

Registrants must meet the following mandatory requirements for their Proposal to be eligible for consideration:

- the Proponent must have an Australian Business Number (ABN) issued by the Australian Business Register
- the Proponent must be financially solvent
- The Proponent and any of their Directors, shareholders and office holders of the Proponent must not have a history of significant contract defaults with VicForests
- The Proponent must demonstrate an intent and an ability to take and pay for the Timber
- The Proponent must not have a Conflict of Interest that jeopardises the integrity of the RFP Process and associated award of Agreements. A Proposal may be accepted if the Proponent can demonstrate that a Conflict of Interest can be appropriately managed.

10.2 Financial Capacity

The creditworthiness and financial capacity of the Proponent will be scored during the evaluation phase of the RFP Process.

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 Proponent, its officers, partners, associates or related bodies corporate, subcontractors and their officers or employees.

The Proponent 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 a Proposal, a Proponent acknowledges that:

- (a) VicForests may provide the Proponent's business details to an accredited Credit Reference Agency (CRA) and that the CRA will seek additional information from the Proponent;
- (b) Where available, VicForests may provide the CRA with the Proponent's trading history including, without limitation, defaults on contract payments and on lodgement of securities.

Based on the information provided by the Proponent and where relevant the Credit Reference Agency, VicForests shall determine the financial capacity of the Proponent.

VicForests may use this information to determine the credit terms of a resulting TSA in line with VicForests' Credit Policy, where the TSA commences within 12 months of the Closing Time for Proposals. If a Timber Resource Reservation Agreement (***Reservation Agreement***) is entered into, VicForests reserves the right to determine the credit terms of the Proponent just prior to the commencement of the TSA.

10.3 Point of Sale

The Resource Offering in Part B outlines the Timber available for purchase and the terms and conditions associated with the sale. VicForests will consider various options for harvest and delivery of the Timber. Possible Points of Sale include the following:

- Mill Door Sales – timber is supplied to the Proponent's delivery site and harvesting and delivery is conducted by VicForests;
- Stumpage Sales – timber is supplied by making it available at the coupe, either as standing timber or timber to be recovered in a secondary operation on the coupe. Harvesting, loading and delivery will be conducted by the Proponent at its cost, but will be subject to certain environmental and safety controls as contemplated in the TSA.

VicForests may consider other Point of Sale options, but any such Proposal will be considered a significant variation to proposed Agreement terms (see 10.3.2 below).

10.3.1 Resource Requirements

Proponents must specify in their Proposal, their preferred log specifications, the minimum, maximum and preferred quantity of resource with which their Proposal can proceed. This information may be used by VicForests in evaluating the optimal allocation of residual timber resources relating to this RFP for VicForests. Where significant variations to VicForests' current log specifications or Point of Sale is in a Proponents' Proposal, VicForests may (but is not obliged to), in accordance with Part C, 11.3 enter into negotiations with the Proponent.

10.3.2 Variation of the Proposed Agreements' Terms

Under the RFP Part E, a Proponent must submit a statement detailing its proposed variations to the terms with the proposed Agreements contained in Part F of this RFP.

Proponents must state if they intend to accept the provisions in the proposed Agreements, or will only accept the provisions of the proposed Agreements subject to certain amendments or conditions.

VicForests may consider variations or departures from the proposed Agreements. However, Proponents should note that significant or substantive variations or departures may not be viewed favourably unless the Proponent is able to demonstrate the necessity for such variations or departures and VicForests' commercial risk and / or costs are not substantially increased.

10.4 Break-even Price and Price Evaluation

Break-even Prices are an estimate by VicForests of the proportional costs it incurs in making Timber products available to log buyers either on a Stumpage Sales basis, or on a Mill Door Sales basis.

Break-even Prices are not formal or strict reserve prices. They are calculated to assist the Proponent in gauging what may be an acceptable price to VicForests. Proposals offering prices less than the Break-even Prices will not be immediately disregarded by VicForests on the basis of that pricing. However, Proponents should be aware that:

- the RFP Process is a competitive process where other Proponents may offer a better price for the same resource;
- there is an expectation of a non-price advantage to VicForests which adequately compensates it for any losses for costs incurred, having regard to its broader operational circumstances.

Based on the information provided on Registration, VicForests will calculate Break-even Price/s based on an estimated haulage distance to the Proponent's nominated Delivery Site(s). This haulage distance will be provided to the Registrant as an A Class Equivalent haulage distance (km). Actual haulage distances will vary from the indicative distance(s) provided. Additional information about the A Class Equivalent Haulage distance is provided on VicForests' website.

Break-even Prices will be broken down into a Break-even Stumpage Price and a Break-even Harvest and Haul Price for the relevant products. VicForests' products are described in Part B, 4.3.2.

A Break-even Harvest and Haul price for the residue products "ASN" and "MSN" may not be provided, as this type of operation may not currently within VicForests' normal operational capability. If this product specification is sort as a Mill Door Sale, VicForest will require further time for operational cost analysis.

10.5 Multiple Proposals and multiple variants of Proposals

Proponents may submit multiple variants of their Proposal, such as alternative delivery sites or product specifications. Where multiple variants differ only in price, VicForests will accept the highest price variant and disregard any others. VicForests reserves the right to restrict the number of proposals which it evaluates from one Proponent.

Proponents must clearly specify the relationships between any multiple variants within a Proposal, for example if a Proposal identifies two Delivery Sites, the Proponent must identify whether these two sites must be assessed in combination or whether the sites are independent.

Where there are multiple independent variants, Proponents must also clearly identify their preference for each variant.

10.6 Non-conforming Proposals

VicForests, in its sole and absolute discretion may determine that a Proposal is a Non-conforming Proposal if it considers that the Proposal does not adequately provide the information required to be provided by the Proponent as set out in Part E. VicForests reserves the right in its sole discretion, whether to disregard or evaluate a Non-conforming Proposal.

11. EVALUATION OF PROPOSALS

An Evaluation Team will evaluate the Proposals in accordance with the evaluation criteria and process set out in this RFP.

11.1 Preliminary Evaluation process

11.1.1 Receipt of Proposal

Best endeavours will be made to notify a Proponent of receipt of their Proposal(s). These will be emailed to the Proponent by the Project Manager.

If a Proponent does not receive confirmation that their Proposal has been received by VicForests the Proponent must make contact with the Project Manager so the whereabouts of the Proposal can be ascertained.

Proposals will be registered on receipt and opened following the Closing Time for Proposals.

It is the responsibility of the Proponent to be satisfied that their Proposal has been received by VicForests prior to the Closing Time.

11.1.2 Assessment of Eligibility Criteria and Complete Information

All Proposals will be assessed to ensure that they are complete and meet the Eligibility Criteria, set out in this RFP. Proposals that are incomplete or do not meet the Eligibility Criteria may be disqualified.

Clarification may be sought from Proponents in accordance with the RFP documentation.

VicForests may seek clarification from any or all of the Proponents in relation to their Proposal. VicForests may use such information in interpreting the Proposal and evaluating the value and risk of accepting the Proposal. Failure to supply clarification to the satisfaction of VicForests may render the Proponent liable to disqualification. VicForests is under no obligation to seek clarification of anything in a Proposal and VicForests reserves the right to disregard any clarification that VicForests considers to be unsolicited or otherwise impermissible in accordance with the rules set out in this RFP.

11.1.3 Assessment of Financial Capacity

As part of the Registration process or at any time during the RFP Process, the Project Manager will determine whether a financial assessment of a Proponent is required based on information available to VicForests at the time. If so, the Project Manager will take steps to ensure such an assessment is conducted.

11.1.4 Assessment of Domestic Processign

In recognition of the Governments' policy of supporting domestic processing, the evaluation process will give preference to Domestic Processors in the first instance. Based on the information provided in the Registrations, VicForests will designate a Proposal or variant of a Proposal as either an Export Log Proposal or a Domestic Processing Proposal. It is VicForests' intention to only evaluate Export Proposals after the evaluation of Domestic Processing Proposals has been considered, using remaining unallocated Residual Timber. VicForests will not enter into any Agreements with a Proponent with an Export Proposal unless VicForests obtains an exemption from the Government from its domestic processing policy.

11.1.5 Preliminary Evaluation

In evaluating Proposals, VicForests will have regard to the following:

- value for VicForests
- investment and innovation and
- risk associated with the proposal in the short (0-5yr), medium (6-12yr) and long terms (13-20yr).

Value for VicForests will be assessed on an annual basis with consideration of 'whole of life' (including the transitioning-in and the Agreement term). Where proposals will have an impact on other direct costs of VicForests, such as reducing the cost of regeneration or increasing administration costs, these costs will also be factored into the value for VicForests.

Investment and innovation will measure the degree of investment in plant, levels of employment and industry development. Commercial scale investments and processing innovation may reduce VicForests' risk profile, which in-turn may impact the competitiveness of one proposal over another. Characterising proposals in these metrics also aids in communicating with stakeholders regarding the impact of proposals on the industry and communities in which they operate.

The risk impacts that each proposal and proponent presents to VicForests will also be assessed using the responses .

11.1.6 Evaluating the Value of Each Proposal to VicForests

For the purposes of shortlisting (described in 11.2), the value to VicForests in \$ per tonne of each timber grade and delivery site combination is calculated. This value is net of harvest, haul and VicForests operating costs, adjusted according to any specific savings or costs identified through the proposal.

11.1.7 Combining Price and Risk Score for Each Proposal

The submitted price and evaluated Risk Score for each Proposal will be combined to determine a risk neutral price for each Proposal. This is achieved by reducing the price by the assessed risk, for example a price of \$10/t with a 10% risk reduces to \$9/t, while a 1% risk would adjust \$10/t to \$9.90/t.

11.2 Shortlisting

Following the preliminary evaluation process, VicForests will shortlist Proponents which represent the best risk adjusted value to VicForests with a view to:

- (a) entering into negotiations with such Proponent; or
- (b) where a Proposal is straightforward and generally acceptable to VicForests (other than final consideration of value), further evaluating the Proponent's Proposal in the Final Evaluation Process.

Proponents should be aware that even if they are not contacted to enter into negotiations, they may still be shortlisted for review directly in the Final Evaluation Process.

11.3 Negotiations with Proponents

VicForests may, at its sole discretion, invite one or more Proponents to enter into negotiations with it. Proponents should be aware that there is no automatic right to be invited into a negotiation process, regardless of whether their Proposal has the best price or has the highest score at the Preliminary Evaluation Process.

The negotiation process is to assist VicForests in evaluating the Proposal at the Final Evaluation stage with a view to enhancing value to VicForests. Negotiated outcomes being sought by VicForests will seek to optimise allocation of resource. The negotiated outcome of the negotiations will form the basis of changes to a Proponent's Proposal which VicForests will consent to, which will in turn be considered in the Final Evaluation process.

A Proponent may be invited to negotiations, particularly if the Proposal varies significantly from VicForests' current model of supplying timber. VicForests expects that negotiations may focus on technical, operational, legal and certain financial aspects (including any details of milestones in a Reservation Agreement).

VicForests does not expect that the negotiations will be centrally focussed on price, and Proponents are encouraged to put forth their best price in their initial Proposal. However negotiations on technical, operational, legal and financial aspects of a Proposal may affect and lead to price negotiations.

11.4 Final Evaluation

Following the negotiation process, VicForests will conduct a final evaluation of shortlisted Proponents. This final evaluation process will take into account any amendments to a Proposal as described in 11.3.

The Evaluation team will consider the best fit of Proposals to VicForests, using the risk adjusted value (see 11.1.7) and annual quantity to identify the combination of Proposals that maximises the overall value.

11.5 Notification and Award

Based on the information contained in the Proponent's Proposal (including any amendments to the Proposal resulting from the negotiation process), a successful Proponent will be notified by email and offered either a Reservation Agreement and/or a Timber Sale Agreement based on their Proposal and any subsequent modifications resulting from the RFP process. The Reservation Agreement and the Proposed Timber Sale Agreement are attached in Part F of this RFP. Additional information about the Agreements is available in Part C.

11.6 Contract considerations

11.6.1 No Obligation for Pre-contractual negotiation

VicForests may, in its absolute discretion, decide not to enter into negotiations with a Proponent.

A Proponent is bound by its Proposal (including the Statement of Variation of the proposed Agreement forming part of the Proponent's Proposal) and, if selected as a successful Proponent, must be prepared to enter into an Agreement on the basis of the Proposal without negotiation.

11.6.2 No Obligation to enter into Contract

VicForests is under no obligation to appoint one or more successful Proponents and enter into an Agreement with a Proponent or any other person, if it is unable to identify an acceptable Proposal (whether amended or not). For the avoidance of any doubt, in these circumstances VicForests will be free to proceed via any alternative process following termination of this RFP Process.

11.7 Reservation Agreement

The Reservation Agreement will include Milestones, Milestone Dates, Reservation Fee and Milestone Payments proposed in the Proposal and potentially further negotiated between VicForests and the Proponent at the negotiation stage. The Proponent will be given 10 business days to execute and return the Reservation Agreement together with the payment of the Reservation Fee.

Without, limitation, the Milestones referred to in the Reservation Agreement will define the activities and timeframes which the Proponent must commit to meeting in order to protect its reservation of timber resources. The Reservation Agreement will include provision for a Reservation Fee and Milestone Payments.

Milestone Payments will be a genuine pre-estimate of VicForests costs in planning, preparing for and reserving the Timber for sale under the TSA until the next Milestone Date or until entry into the TSA.

Subject to VicForests' absolute discretion, failure to execute the Reservation Agreement within 10 business days will result in no binding contract (express or implied) between the parties. In this situation, VicForests may, in its absolute discretion, decide to proceed with one or more alternate Proponents or decide not to proceed with contract award or may decide to proceed via an alternate process.

11.8 Timber Sale Agreement

Where VicForests notifies a Proponent that it is awarded a TSA, the Proponent must execute and return the TSA within 10 business days of the Proponent receiving that notification.

Failure to execute the TSA within this time will void the offer and no binding contract (express or implied) between the parties will exist. In this situation, VicForests may, in its absolute discretion, decide to award Agreements to one or more alternate Proponents or decide not to proceed with contract award or may decide to proceed via an alternate process.

12. ADDITIONAL RULES

12.1 Governing Law

This RFP and the RFP Process is governed by the laws applying in the State of Victoria.

Each Proponent must comply with all relevant laws in preparing and lodging its Proposal and in taking part in the RFP Process.

12.2 Proponent Warranties

By submitting a Proposal, a Proponent warrants to VicForests that:

- (a) it has not relied on any express or implied statement, warranty or representation, whether oral, written, or otherwise made by or on behalf of VicForests, its officers, employees, agents or external consultants other than:
 - (i) a statement, warranty or representation expressly contained in this RFP (including any written document formally amending this RFP) relating directly to the RFP Process; or
 - (ii) a written statement of VicForests which forms part of the formal clarification process described in Part C, 8.3 which relates directly to the RFP Process, and

to avoid any doubt, the Proponent, in submitting its Proposal, confirms that it has not relied on any statements relating to the availability of resources, log specifications and break-even pricing whether in the RFP or otherwise ;

- (b) it understands and agrees that under no circumstances whatsoever, will VicForests be liable for any expense or loss that may be incurred by it which arise (whether directly or indirectly) in relation to this RFP;
- (c) it did not use improperly or seek to use improperly the assistance of VicForests employees, ex-employees or agents, and/or information unlawfully obtained from VicForests, in compiling its Proposal;
- (d) it has not engaged in any collusion or anti-competitive conduct with any other Proponent in relation to the preparation, content or lodgement of the Proposal;
- (e) it has examined and fully understands this RFP, and any other documents referenced or referred to herein, and any other information made available in writing by VicForests to Proponents for the purposes of submitting a Proposal;
- (f) it has sought and examined all necessary information which is obtainable by making reasonable enquiries relevant to the risks and other circumstances affecting its Proposal;
- (g) it has otherwise obtained all information and advice (whether legal, financial or otherwise) necessary for the preparation of its Proposal and it has not relied on any representation or statement of VicForests as constituting advice (whether legal, financial or otherwise);
- (h) it is responsible for all costs and expenses related to the preparation and lodgement of its Proposal and any future process connected with or relating to the Proposal;
- (i) it otherwise accepts, has complied and will continue to comply with the rules set out in this RFP;

- (j) it will provide additional information in a timely manner as requested by VicForests to clarify any matters contained in the Proposal;
- (k) it is satisfied as to the accurateness, correctness and sufficiency of its Proposal.

By submitting a Proposal, a Proponent understands that VicForests will (if it accepts the Proposal) do so acting in reliance upon these warranties.

12.3 VicForests Rights

Notwithstanding anything else in this RFP, and without limiting its rights at law or otherwise, VicForests reserves the right, acting reasonably, to:

- (a) cease to proceed with, or suspend the RFP Process;
- (b) alter the details and/or the timing of the RFP or the RFP Process (including without limitation, the eligibility criteria and evaluation process);
- (c) vary or extend any time or date specified in this RFP for all or any Proponents or other persons;
- (d) terminate the participation of any Proponent or any other person in the RFP Process;
- (e) require additional information or clarification from any Proponent or any other person or provide additional information or clarification;
- (f) commence or not commence negotiations with any Proponent;
- (g) permit a Proponent to amend its Proposal following negotiations with a Proponent as contemplated in this RFP;
- (h) call for new Proposals;
- (i) reject any Proposals received after the Closing Time for Proposals; and,
- (j) reject any Proposal that does not comply with the requirements of this RFP.

13. INTERPRETATION

In this RFP, unless expressly provided otherwise:

- (a) a reference to:
 - (i) “includes” or “including” means includes or including without limitation; and
 - (ii) “\$” or “dollars” is a reference to the lawful currency of the Commonwealth of Australia. All currency amounts are expressed exclusive of the Goods and Services Tax.
- (b) if a word or phrase is defined in its other grammatical forms they have corresponding meanings.

13.1 Glossary of Terms

In this RFP, unless the context otherwise requires:

A Class Equivalent means in relation to haulage distance the distance Timber is to be hauled over various classes of roads expressed in terms of an A Class equivalent by converting the distances of B, C and D class to A Class using the following Distance Adjustment Factors, 125%, 200% and 450% respectively. Additional detail about A Class Equivalent distance is provided on VicForests' website www.vicforests.com.au

Agreement means the Timber Sale Agreement or the Reservation Agreement attached in Part F of this RFP.

Applicant means a business that lodges a Registration for the RFP.

Break-even Price means an estimate of current average costs VicForests currently incurs to undertake the relevant activities. A Break-even Price may be expressed as the Break-even Stumpage Price and a Break-even Harvest and Haul Price.

Break-even Stumpage Price means an estimate of the current costs VicForests incurs in acquiring, planning and providing access to standing timber or felled timber on a coupe in proportion to the product value.

Break-even Harvest and Haul Price means an estimate of the current costs VicForests incurs in harvesting timber and making particular log products and delivering these to a nominated delivery site.

Closing Time means the time specified as such in the Timetable in Part A of this RFP by which the relevant information must be received.

Closing Time for Proposals means the Closing Time applicable to the lodgement of a Proposal by a Proponent.

Closing Time for Registration means the Closing Time applicable to the lodgement of a Registration by an applicant.

Credit Reference Agency (CRA) means an accredited credit reference agency or equivalent and / or trade credit insurer.

Delivery Site means where Timber is supplied on a Mill Door Sales basis under a Timber Sale Agreement.

Domestic Processor means a business which undertakes a series of operations performed on round logs to make or treat a secondary timber product, including any of the following: sawing of four sides, peeling, slicing, splitting, chipping, grinding or chemical pressure treatment.

Eligibility Criteria means the criteria set out in Part C, 10.1, of this RFP.

Intellectual Property Rights includes copyright and neighbouring rights, and all proprietary rights in relation to inventions (including patents) registered and unregistered trademarks (including service marks), registered designs, confidential information (including trade secrets and know how) and circuit layouts, and all other proprietary rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.

Log Exporter means a business which exports round logs or proposes to export round logs.

Log Specifications means VicForests' Code of Procedure for Log Buyers: Log Specifications as shown in Attachment F, and as amended or replaced from time to time.

Milestone Payment means, in respect of a Milestone, the payment of the amount set out against that Milestone in the Reservation Agreement set out in Part F of this RFP.

Mill Door Sale means the sale of timber designated by VicForests by supplying such timber by delivering it to the mill door or any other delivery site required by the Proponent.

Non-conforming Proposal has the meaning given to it in the first sentence of Part C, 10.6.

Point of Sale means the sale model for Timber proposed to be sold in relation to the RFP and under this RFP it is expected that the two main models are Stumpage Sale and Mill Door Sale.

Project Manager means the person designated by VicForests to be the project manager for the RFP Process.

Proponent means a business that was Registered for the RFP Process.

Proposal means a document lodged by a Proponent in response to this RFP containing detail of an offer to purchase resource in accordance with the requirements set out in this RFP.

Registrant means a business that submitted a Registration in accordance with this RFP and has had its Registration accepted by VicForests.

Registration means the application for registration to participate in the RFP which is submitted on the Form included in Part D of this RFP.

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).

Request for Proposal (RFP) means this document (comprising each of the parts identified on the cover page of the RFP) and all attachments listed within this document as well as any other documents so designated by VicForests in accordance with, and during the RFP Process.

Reservation Agreement means the Timber Resources Reservation Agreement set out in Part F of this RFP.

Reservation Fee means an initial payment made by the successful proponent as agreed by VicForests, to be set out in the Reservation Agreement.

Residual Timber means the resource offered for sale via this RFP and described in Part B of this RFP.

Resource Offering means the description of the resource and the terms and conditions under which VicForests offers the resource to the market as set out in Part B of this RFP.

RFP Process means the process commenced by the issuing of this RFP and concluding upon:

(a) notification and awarding of one or more Agreements by VicForests pursuant to Part C, 11.5, of this RFP; or

(b) VicForests ceasing to proceed with, or suspending such process;

whichever occurs first.

Services Agreement (Harvest and / or Haulage) means a service agreement to supply timber harvesting and timber haulage services.

Stumpage Sale means the sale of timber designated by VicForests by supplying such timber by making it available at the coupe and this may either be standing timber or felled (residual) Timber.

Successful Proponent means a Proponent who receives a notification from VicForests pursuant to Part C, 11.5 of this RFP.

Timber means the same as **Residual Timber** unless indicated otherwise.

Timber Processing has the same meaning as in the Timber Sales Agreement.

Timber Sale Agreement (TSA) means the document titled as such and contained in Part F of this RFP.

Working Forest Area means the area of State forest in eastern Victoria available and potentially suitable for ongoing timber production.

PART D - REGISTRATION

14. INTRODUCTION

14.1 Invitation

VicForests invites suitably qualified businesses to register their interest in lodging a Proposal for the purchase and processing of this resource.

Except where the integrity of the process will not be compromised, a Proposal will not be accepted by VicForests during the Request for Proposals stage, unless the business has lodged a Registration and has been confirmed as a Registrant according to the process outlined for the RFP.

This Part D outlines the **Registration** process, and incorporates the registration form to be used to lodge a Registration.

14.2 Key Dates

Registration must be received by the Closing Time for Registration. Part A of this RFP sets out the Timetable for the RFP Process.

15. REGISTRATION PROCESS

15.1 Lodgement of Registration

Registrations must be lodged by the method specified on the Registration Form by the Closing Time for Registration. The Closing Time for Registration may be extended by VicForests in its absolute discretion.

Registrations lodged after the Closing Time for Registration or lodged at a location or in a manner that is contrary to that specified in this document may be ineligible for consideration and thereby prevent participation in the RFP process.

Late Registrations will not be accepted, except where the integrity and competitiveness of the RFP process will not be compromised. Late Registrations are very unlikely to be considered for acceptance if they are:

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

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

15.2 Condition of Application

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

- a) all information contained in the Registration is true and correct; and
- b) the Applicant understands and accepts these terms and conditions of Registration.

15.3 Clarification of Application Information

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

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

15.4 No Contract or Undertaking

Nothing in a Registration will be construed to create any binding contract (express or implied) between VicForests and an Applicant. In particular, any acceptance by VicForests of a Registration 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); or
- (c) a binding undertaking of any kind by the Applicant.

VicForests may, at its discretion and at any time:

- (a) revoke Registration of an Registrant;
- (b) change the Registration process before the Closing Time for Registrations;
- (c) change the timing of any step in the Registration Process; and
- (d) terminate or suspend the Registration Process.

15.5 Registrations may be opened prior to the Closing Time

VicForests may, at its discretion, view any Registration before the Closing Time for Registration. Without limitation, VicForests may request clarification of the details in a Registration and forward a Registrant's details to a Credit Reference Agency prior to or following the Closing Time for Registration. However and resulting information received from the Credit Reference Agency will only be reviewed at the time of the Proposal evaluation stage as set out in 11.1.5.

VicForests may also request Registrants to reconsider their registration information (particularly if the information relates to timber that does not conform with VicForests log specifications).

16. REGISTRATION PROCESS

16.1 Receipt of Registrations

The information to be collected from Registrants via the Registration process includes:

- Business details
- Key contact details
- Log Delivery Sites and Quantities
- Log specifications
- Timber Processing Location and Type.

All items must be completed.

Without limitation, this information is required to enable VicForests to:

- Facilitate communication with Registrants via key contacts
- Perform financial assessments
- Prepare Break-even Price information for the log delivery sites and quantities nominated by product grade.

Detailed responses to the Registration are not sought or required. Registrations are not subject to an evaluation of their proposal. Proponents will be required to make detailed responses via their Proposal in response to RFP in the manner and format in subsequent steps outlined in the RFP documentation.

16.2 Confirmation of Registration

VicForests reserves its rights, in its absolute discretion, to reject a Registration from an Applicant. Without limitation, this discretion may be exercised in the instance of a capricious application.

VicForests will confirm the Registration status of each business that lodges a Registration as soon as practicable following the Closing Time for Registration and will provide each Registrant with Break-even price for the log delivery sites and quantities nominated by the Registrant in accordance with the timetable set out in Part A, 2.2.

Prior to providing Break-even pricing, VicForests may revert to a Registrant requesting that it reconsiders its registration information (particularly if the information relates to timber that does not conform with VicForests log specifications).

17. INFORMATION TO BE PROVIDED

17.1 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 its Registration, each Registrant acknowledges and consents to:

- (a) VicForests providing the Registrant's business details to an accredited CRA and that the CRA will seek additional information from the business;
- (b) Where available, VicForests providing the CRA with the business' trading history including, without limitation, defaults on contract payments and on lodgement of securities;

Based on the information provided to it by VicForests and the business, the Credit Reference Agency shall evaluate the creditworthiness of the Applicant. The creditworthiness and financial capacity of a Registrant will be a consideration in the evaluation phase of the RFP.

Successful Proponents in the RFP will be required to have an Australian Business Number (ABN).

As part of determining the financial circumstances of the Proponent, VicForests may take into account the contract performance of those Proponents who have had contractual relationships with VicForests.

17.2 Delivery Sites, Log Quantity and Log specifications

Applicants for Registration are required to specify their intended delivery sites and indicative log quantities and specifications to facilitate the development of Break-even Pricing. Proponents may refine their log quantity requirements in their response to the RFP. Without limitation, Break-even Prices will be calculated on the basis of the delivery location, quantity, specification nominated by the Applicant. VicForests, in its sole discretion, reserves the right to re-calculate Break-even Prices should any of these variables change.

Applicants are required to indicate the log specifications appropriate to their proposal with reference to VicForests' existing log specifications. Log specifications for timber on offer in this RFP are set out in Part B, 4.3.

17.3 Location and Type of Timber Processing

Government policy supports the domestic processing of Timber. Notwithstanding this, VicForests will accept Registrations and Proposals from Exporters of unprocessed logs (Log Exporters). In the RFP evaluation process it is VicForests' intention to give preference to Domestic Processors in accordance with the evaluation process outlined.

Domestic Timber Processing requirements are such that the logs must be processed in Australia. The definition of Timber Processing is contained in the Timber Sale Agreement.

VicForests will not proceed with evaluation of an Export proposal unless it is clear that there is no domestic market for the Timber proposed for export. VicForests will not enter into any Agreements relating to an Export Proposal unless it has obtained approval from the Victorian State Government.

Subject to the above, VicForests welcomes Registrations and Proposals from both Domestic Processors and Log Exporters.

REGISTRATION FORM - RFP_RT 2012

Lodgement Method

| | |
|----|---|
| 1. | <p>Email to be received by the Closing Time for Registration to: vfs.auctions@vicforests.com.au</p> <p>Email title to specify "Registration RFP_RT 2012" and Applicant's name</p> |
| 2. | <p>By Registered Mail to be received by the Closing Time for Registration to:</p> <p>VicForests' Tender Box Registration RFP_RT 2012 GPO Box 191 Melbourne, 3001</p> <p>Envelope to include Applicant's name</p> |
| 3. | <p>Hand delivered by the Closing Time for Registration to:</p> <p>VicForests' Tender Box Registration RFP_RT 2012 Level 7, 473 Bourke St, Melbourne</p> <p>Envelope to include Applicant's name</p> |

CLOSING TIME FOR REGISTRATION: REFER TIMETABLE

Registration Form

Applicants must provide the following information:

| Item 1. Business Details | | | | |
|--|--|--------------|--|-----------------|
| Business Name | | | | |
| ABN | | ACN | | |
| How many years has this business. been trading? | | | | |
| Ultimate 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 (FOR RFP PROCESS)

| | | | | |
|-----------------------|----------------|--|----------------|--|
| Name | | | | |
| Position | | | | |
| Email address | | | | |
| Postal Address | | | | |
| Telephone No. | Office: | | Mobile: | |
| Fascimile No. | | | | |

APPLICANT'S CONTACT PERSION (FOR CREDIT ASSESSMENT / FINANCIAL INFORMATION)

| | | | | |
|-----------------------|----------------|--|----------------|--|
| Name | | | | |
| Position | | | | |
| Email address | | | | |
| Postal Address | | | | |
| Telephone No. | Office: | | Mobile: | |
| Facsimile No. | | | | |

Item 3. Delivery Site Address(es) and Log Quantity

3.1 Delivery Site Address(es)

Site 1: *Township is a mandatory

Delivery Site Location details

Site Name:

Street Number/RMB:

Street/Road Name:

Township* (mandatory):

State:

Postcode:

Site 2: *Township is a mandatory

Delivery Site Location details

Site Name:

Street Number/RMB:

Street/Road Name:

Township* (mandatory):

State:

Postcode:

| | |
|---|-----------|
| Site 3: *Township is a mandatory | |
| Delivery Site Location details | |
| Site Name: | |
| Street Number/RMB: | |
| Street/Road Name: | |
| Township* (mandatory): | |
| State: | Postcode: |
| Site 4: *Township is a mandatory | |
| Delivery Site Location details | |
| Site Name: | |
| Street Number/RMB: | |
| Street/Road Name: | |
| Township* (mandatory): | |
| State: | Postcode: |

3.2 Log Quantity Requirement by Delivery Site

If you have nominated multiple Delivery sites, VicForests' break-even price analysis of your log requirements may be impacted by whether the Delivery sites are alternative sites or not. If you propose more than one Delivery site please indicate here whether the sites are alternative sites or whether you propose to operate each and every site concurrently. You should also indicate any preferences for each alternative.

| Site 1 : Delivery Site Name: | |
|---|--|
| Minimum Annual Quantity (excluding phase-up) (tonnes) | |
| Maximum Annual Quantity (tonnes) | |
| Preferred Annual Quantity (excluding phase-up) (tonnes) | |
| First supply year (financial year) | |
| First year of full production (financial year) | |
| Preferred length of contract (years) | |
| Site 2 : Delivery Site Name: | |
| Minimum Annual Quantity (excluding phase-up) (tonnes) | |
| Maximum Annual Quantity (tonnes) | |
| Preferred Annual Quantity (excluding phase-up) (tonnes) | |
| First supply year (financial year) | |
| First year of full production (financial year) | |
| Preferred length of contract (years) | |

| Site 3 : Delivery Site Name: | |
|---|--|
| Minimum Annual Quantity (excluding phase-up) (tonnes) | |
| Maximum Annual Quantity (tonnes) | |
| Preferred Annual Quantity (excluding phase-up) (tonnes) | |
| First supply year (financial year) | |
| First year of full production (financial year) | |
| Preferred length of contract (years) | |
| Site 4 : Delivery Site Name: | |
| Minimum Annual Quantity (excluding phase-up) (tonnes) | |
| Maximum Annual Quantity (tonnes) | |
| Preferred Annual Quantity (excluding phase-up) (tonnes) | |
| First supply year (financial year) | |
| First year of full production (financial year) | |
| Preferred length of contract (years) | |

Item 4. Log Specification

With reference to VicForests' product grades described in Part B, 4.3.2 and below, this Item asks for information on the products that correspond to your requirements together with a statement of any departures from VicForests' specifications.

Please rank in priority order (1 for 1st priority) the product categories that correspond to your requirements (only rank those products suited to your proposal)

| Product Grade | Species* and Grade | Rank |
|---|--------------------|------|
| Pulplog - High Quality (H) from Clearfell | MSH | |
| Pulplog - High Quality (H) from Thinnings | MSH | |
| Pulplog-Standard Qlty (M) | MSM | |
| Residue (R) | ASR | |
| | MSR | |
| Residue (N) | ASN | |
| | MSN | |

*Species codes: AS = Ash species; MS = Mixed species

If your product requirements vary from VicForests' specifications, please describe the variations and departures. Include information on minimum small end diameter, maximum diameter, unacceptable species, maximum defect etc. Append additional pages as required.

5 Location and Type of Timber Processing

This item seeks to discover whether you are proposing to process logs within Australia or whether you are intending to export unprocessed logs. Part C, 11.1.4 and 17.3 provides some context to this question.

Please outline your intentions regarding processing of the Timber, including type of processing, location of processing, plans and during any phase-up period.

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.

Declaration

In submitting this Registration, the Applicant confirms that:

- a) all information contained herein is true and correct;
- b) it understands and accepts the terms and conditions of Registration; and
- c) the person signing on behalf of the Applicant is authorised to submit this Registration on behalf of the Applicant .

.....

Signed by the duly authorised officer of the Applicant

.....

Name (print)

.....

Title (print)

.....

Date

PART E - THE PROPONENT'S PROPOSAL

Lodgement of Proposals

Proposals must be lodged only by the means set out below.

Lodgement Method

| | |
|----|--|
| 1. | Email to be received by the Closing Time to: vf.tender@vicforests.com.au (Note – Proposals should NOT be emailed to vfs.auctions@vicforests.com.au as this email address is used for communications during the RFP process). Email Subject line to specify “ Proposal for RFP_RT 2012 ” and Proponent’s name |
| 2. | By Registered Mail to be received by the Closing Time to: VicForests’ Tender Box Proposal for RFP_RT 2012 GPO Box 191 Melbourne, 3001 Envelope to include Proponent’s name |
| 3. | Hand delivered by the Closing Time to: VicForests’ Tender Box Registration RFP_RT 2012 Level 7, 473 Bourke St, Melbourne Envelope to include Applicant’s name |

Closing Time for Lodgement of Proposal: refer Part A Section 2.2

All responses must be provided in the format described and must respond to the Resource Offering (Part B) and Proposed Contracts (Part F) in accordance with the Conditions of RFP (Part C).

Request for Proposals for the Purchase and Processing of Hardwood Residual Timber (RFP_RT 2012)

I/we accept the provisions contained in the terms and conditions governing the RFP Process as outlined in the RFP.

| | |
|--|--|
| Name of Proponent's Authorised Officer: | |
| Title: | |
| Signature: | |

| Proponent's Information | |
|--|--|
| Name of Proponent (provide name of Business, including any trust or registered Business Names) | |
| Registered address of Proponent | |
| Australian Company Number (or equivalent): | |
| Australian Business Number (or equivalent): | |
| Address of Principal office in Victoria (if any): | |
| Mailing address: | |
| Telephone: | |
| Facsimile: | |
| Email: | |
| Date: | |

INSTRUCTIONS:

The Proponent must provide its Proposal according to the numbering, headings and sub-headings set out in this **Part E**. Failure to follow this structure could jeopardise the evaluation of your Proposal.

Proponents may lodge multiple Proposals and/or multiple variants of a Proposal (refer also Part C, 10.5). VicForests reserves its rights to cap the number of proposals it will evaluate for a Proponent. Proponents should lodge a separate Part E for each fundamentally different Proposal eg Proposals based on different processing technology and markets. Where the Proponent wishes to vary details such as a delivered sale versus a sale at stump, quantity, price, log specification or combination of sites within a Proposal, these variations must be specified. Preferences for variants should also be indicated

All interdependencies **must** be clearly identified eg are multiple sites independent of each other or interdependent.

Proponents must provide as much detail as possible to ensure their Proposals are clear. VicForests takes no responsibility for evaluation outcomes where Proposals are not adequately described. Proponents should expand the space available for their responses and / or add additional pages.

Executive summary

Provide a Unique Name for the Proposal:

Provide an executive summary giving an overview of the Proposal.

Response:

Are there any variations/alternative components of your Proposal to be evaluated. Itemise each separate variation and describe the variation in detail.

Response:

Does your proposal meet the criteria for Domestic Processing (refer Part D, 17.3)?

Response:

Yes / No Provide details as necessary.

Provide a detailed table or tables setting out your log supply requirements (in Tonnes) by Delivery site, Financial Year and Product. Provide separate Tables for each variation of your Proposal. Describe where volume flexibility, dependency and maximums exists.

Response:

1. Investment in Processing

1.1 Investment associated with the Proposal

Describe in detail, including the type, value, timing and location of existing and proposed investments relevant to the Proposal. Describe the planning and approvals associated with any intended investment and the status of these.

Provide details of any planned secondary investments, phase-up period, pilot plants etc.

1.1 Response:

1.2 Employment

Provide details on indicative employment associated with the purchase of the timber. Details should include construction phase and on-going employment, and list in-forest employment separately if proposing purchase at stump.

1.2 Response:

2. Capability

2.1 Technical knowledge of and experience

Provide details of your ability to undertake the technical and operational aspects of the proposal. This should reference any relevant research or commercial scale operating experience in the targeted market with Victorian native hardwoods or similar material.

2.1 Response:

2.2 Experience and capability to conduct harvest and haul operations

If the Proponent is proposing to purchase the Timber under a Stumpage Sale arrangement, provide details of your experience in and capability to conduct these operations, including details about the contracting services you would engage and how you would satisfy the requirements outlined in Part B, 5.1.1 and the Services Agreement (Harvest and / or Haulage) (Part F).

2.2 Response:

2.3 Referees

Provide referees that VicForests could contact regarding your performance in any of the following

- Major financier(s) of any new capital investment in relation to the proposal
- Current major supplier of materials or consumables
- Current major customers
- Technical feasibility of the proposal

2.3 Response:

Financier:

Contact details:

Major supplier:

Contact details:

Major customer:

Contact details:

Technical expert:

Contact details:

2.4 Harvest and Haul Referees

If proposing a point of sale other than a delivered Mill Door Sale, provide referees that VicForests could contact regarding your performance providing harvest and/or haulage services

2.4 Response:

3. Resource Requirements and Specifications

3.1 Log specification

Describe in detail your log specification and/or indicate any log supply constraints that apply to your proposal eg age class, set lengths etc and/or indicate which VicForests' product grade/s most closely correspond to your requirements and/or identify any departures from the VicForests specifications eg unacceptable species, defect tolerances etc that are required for your proposal.

3.1 Response

4. Synergies for VicForests

4.1 VicForests' operations

To what extent does the Proposal support operational efficiencies for VicForests, such as reducing silvicultural costs, increasing harvesting efficiency or making additional higher value logs commercially accessible.

4.1 Response

4.2 Log Accounting

Will your delivery site/s have access to a certified weighbridge and/or electronic data transfer? If not, provide an outline of how product would be brought to account.

4.2 Response

4.3 Log Storage

Provide details of existing and planned log storage capacity and targeted rate of log processing.

4.3 Response

4.4 Market Diversification

To what extent is the market targeted in the Proposal correlated to the Australian construction or pulp & paper markets?

4.4 Response

5. Market

5.1 Market analysis

Provide information on your marketing strategy. Describe the markets in which your products will be placed including an analysis of product pricing, market size, trends, risks etc. In particular outline any business assumptions associated with foreign exchange rates.

5.1 Response

5.2 Market reputation

Describe the extent to which your business and your products are known and established in the markets you are targeting.

5.2 Response

6. Safety

6.1 Safety Performance

Demonstrate how your business complies with relevant OH&S policies and laws, including details of the business' safety performance and Safety Management System

6.1 Response

6.2 Safety in Forest Operations

If proposing a point of sale other than a Mill Door, demonstrate how you would address Safety in your forest operations

6.2 Response

7. Community Engagement

7.1 Experience in engaging communities

Describe the business' experience in managing community relations, including programs and outcomes.

7.1 Response

7.2 Community Engagement

Describe how you will seek to engage community support for your Proposal.

7.2 Response

8. Commercial

8.1 Commercial capacity

Provide a high level business case including a financial overview of the project and the benefits that will accrue. Any sensitivity analyses that have been conducted should be included. Financing requirements and the funding strategy should be outlined, with currently secured amounts and their sources described.

The detail, size and content of this outline will be commensurate with the size and scope of the project

8.1 Response

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 Proponent, its officers, partners, associates or related bodies corporate, subcontractors and their officers or employees.

By submitting this Proposal, the Proponent undertakes to 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.

\

9. Risk

9.1 Risk Management Strategies

Provide details of all your risk management strategies and practices of that would be applicable or relevant to your Proposal

9.1 Response

10. Exception with the Proposed Agreements

Please outline below any clauses of the TSA which you

Timber Sales Agreement

| Clause number | Wording taking exception to. | <i>Explanation/Comment</i> |
|----------------------|-------------------------------------|-----------------------------------|
| | | |
| | | |

Reservation Agreement

| Will you be seeking to enter into a Reservation Agreement? | | |
|--|-----------------------------|-----------------------------------|
| Reservation Fee (Refer to Part B, 6.2) | | |
| Provide a Table of Milestones and Milestone Dates for inclusion in the Reservation Agreement. This should also include Milestone Payments.(Refer to Part B, 6.2) | | |
| Clause number | Acceptance Statement | <i>Explanation/Comment</i> |
| | | |
| | | |

Harvest and Haulage Agreement

| | |
|---|--|
| Will you be seeking a Stumpage Sale model? | |
| Please indicate any other general comments in relation to the terms and conditions of Service Agreements (Harvest and / or Haulage Agreements). | |

11. Conflict of Interest

Provide details of any interests, relationships or clients which may or do give rise to a conflict of interest and the area of expertise in which that conflict or potential conflict does or may arise and details of any strategy for preventing conflicts of interest.

Outline the processes you have in place to handle any future conflict of interest (actual or perceived).

12. Pricing

Attach your price offer.

VicForests requires that you indicate a Mill Door Sale Price regardless of whether you wish to proceed with a Mill Door Sale Point of Sale model or not. You should also indicate whether a Mill Door Sale model is acceptable.

Provide details of any assumptions etc associated with the pricing for this Proposal.

PART F - ATTACHMENTS

Part F comprises the Attachments, including Agreements relating to this RFP, which are:

Attachment A - Reservation Agreement

Attachment B - Timber Sale Agreement

Attachment C & D – Services Agreements:

Attachment C - Harvest Agreement;

Attachment D - Haulage Agreement

Attachment E – Grievance Procedure

Attachment F – Code of Procedure for Log Buyers - Log Specifications
Version 2.2