

FORESTRY ACT 1920 (TAS)

LONG TERM PULPWOOD SUPPLY AGREEMENT

**CONTRACT OF SALE No. 917
of 20 December 2007**

between

FORESTRY TASMANIA

and

GUNNS LIMITED

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THIS CONTRACT OF SALE No. 917 is made the 20th day of December 2007

BETWEEN

FORESTRY TASMANIA (ABN 91 628 769 359)

a corporation established under the Forestry Act and operating as a Government Business Enterprise under the *Government Business Enterprise Act 1995 (Tas)* in the State of Tasmania, the registered office of which is at 79 Melville Street Hobart in Tasmania (“Forestry Tasmania”) of the one part

AND

GUNNS LIMITED (ABN 29 009 478 148)

the registered office of which is at 78 Lindsay Street Launceston in Tasmania (“Gunns”) of the other part.

RECITALS

1. Under and by virtue of the Forestry Act, Forestry Tasmania is responsible inter alia for the management and control of State Forest in Tasmania including the harvest, distribution and sale of Pulpwood and Milling Timber.
2. Gunns is a publicly listed company with long standing interests in native forest management, Plantation establishment and management, veneer milling, sawmilling, woodchip export, building design and construction, timber and hardware retailing, agricultural enterprises and various managed investment schemes in the forestry and agricultural sectors.
3. Gunns proposes to construct and operate the Pulp Mill, subject to it obtaining the necessary approvals to do so. Wood to be processed at the Pulp Mill will be obtained by Gunns from State Forest under this Contract and from other sources.
4. The forest management practices of each of the Parties are certified under the Australian Forestry Standard. Each of the Parties is committed to maintaining its certification under that standard.
5. Forestry Tasmania has agreed to Make Available to Gunns, and Gunns has agreed to purchase from Forestry Tasmania, Pulpwood on the terms and conditions set forth in this Contract.
6. The Parties acknowledge that they have entered into this Contract in the circumstances prevailing at the date of this Contract, and:
 - (a) that each of them relied on its own assessment of the market, economic, political and other conditions which affected or might reasonably affect its performance under this Contract; and
 - (b) that each of them recognises that, if there is:
 - (i) a significant change in markets or in economic or political circumstances;
 - (ii) a significant technical advance; or
 - (iii) any other significant change in circumstances,
 that affects the business environment within which either Party operates, then the Parties will confer in good faith to discuss any changes to this Contract that might be proposed by either or both of them arising from those factors.

OPERATIONAL PART

1. DEFINITIONS AND INTERPRETATION

- 1.1 Subject to Clause 1.2, the Schedules and Appendices hereto are hereby incorporated in this Contract and shall be read and construed as one herewith.
- 1.2 If an inconsistency arises between a provision of a Schedule or Appendix hereto and a provision of the remainder of this Contract, other than with another Schedule or Appendix hereto, then the provision of the remainder of this Contract shall prevail.
- 1.3 Schedule 1 includes:
 - (a) the definitions of certain expressions that are used in this Contract; and
 - (b) the interpretation that is to apply to various other expressions that are used in this Contract.

2. NATURE OF AGREEMENT

- 2.1 The Parties acknowledge their intention to enter into a separate contract on or about the date of this Contract for the supply and purchase of sawlogs, veneer logs and other products (the "SOPSA"). Without detracting from the SOPSA, this Contract replaces all contracts, agreements and arrangements:
 - (a) that are between the Parties; and
 - (b) that are for the supply of Pulpwood; and
 - (c) that are dated or were agreed prior to the date of this Contract,

and each or any such contract, agreement or arrangement as the case may be ceases to have effect from the date of this Contract, except that each Party remains liable for any amounts payable under each such contract, agreement or arrangement that have not been paid at the date of this Contract.
- 2.2 Forestry Tasmania agrees to sell Pulpwood to Gunns on the terms set forth in this Contract.
- 2.3 Gunns agrees to purchase Pulpwood from Forestry Tasmania on the terms set forth in this Contract.
- 2.4 This Contract is a Wood Supply Agreement pursuant to Section 4(1) of the Forestry Act.
- 2.5 Gunns acknowledges that:
 - (a) at the date of this Contract, Forestry Tasmania has a contract or contracts to supply logs from native forests and from eucalypt Plantations to Gunns to process those logs within Tasmania to produce sawn timber and veneer;

- (b) at the date of this Contract, Forestry Tasmania has contracts and commitments to supply logs from native forests and from eucalypt Plantations to third parties that generally process those logs:
 - (i) within Tasmania to produce utility poles, sawn timber, veneer, pulp and paper; or
 - (ii) elsewhere to produce veneer; and
- (c) whether or not any or all of the contracts to which Clauses 2.5(a) and 2.5(b) refer are replaced by new contracts, Forestry Tasmania intends to continue to supply a quantity of logs from native forests and from eucalypt Plantations to parties that purchase logs other than under this Contract and that generally process those logs:
 - (i) within Tasmania to produce utility poles, sawn timber, veneer, pulp and paper; or
 - (ii) elsewhere to produce veneer;

and that, subject to Clause 2.6, the application of this Contract is not intended to restrict Forestry Tasmania's ability to supply logs in accordance with the preceding parts of this Clause 2.5.

2.6 Forestry Tasmania acknowledges that:

- (a) Gunns is making a very large investment in domestic processing of Pulpwood by building the Pulp Mill to supply the world pulp market; and
- (b) Pulpwood available from the Stumpage Zone, additional to that referred to in Clauses 2.5(b)(i) and 2.5(c)(i), other than for minor uses, will take priority for supply to the Pulp Mill under the terms of this Contract. The quantity of Timber which meets:
 - (i) the eligibility criteria specified in Clause 7.5;
 - (ii) the specifications for Pulpwood; and
 - (iii) excludes commitments for High Quality Sawlogs and commitments to Gunns,

required to meet Forestry Tasmania's commitments in the Stumpage Zone from 1 July 2009 is no more than 300,000 green metric tonnes per year.

2.7 The Parties acknowledge that:

- (a) at the date of this Contract, Gunns owns certain Plantations on State Forest, either in whole or in part (which rights are referred to in this Clause 2.7 as "the Ownership Rights");
- (b) the estimates of future resource availability on which Forestry Tasmania has based its supply commitment:
 - (i) in this Contract;

- (ii) in any other current contract or contracts with Gunns; and
- (iii) in several other current contracts with third parties,

assume that any hardwood Plantations on State Forest that are subject to the Ownership Rights or that are owned either in whole or in part by third parties will be re established to hardwood Plantations by Forestry Tasmania in its own right following the final harvest of the current crop on those Plantations; and

- (c) without detracting from the Ownership Rights, Forestry Tasmania makes no commitment to make any State Forest available for Plantation development by Gunns, either on land that is the subject of the Ownership Rights or on other land.

3. TERM, CONDITIONS SUBSEQUENT AND PERIODIC REVIEW

3.1 Term

This Contract commences on 1 January 2008 (“the Commencement Date”) and terminates on the Expiry Date.

3.2 Expiry Date

This Contract terminates on 31 December 2027 (“the Expiry Date”), unless either:

- (a) at any Periodic Review of this Contract scheduled after 1 January 2018, and subject to the remainder of this Contract, the Parties agree to extend the Expiry Date on such terms as they may then agree; or
- (b) this Contract is terminated in accordance with the terms of any other Clause herein.

3.3 Conditions subsequent

- (a) Gunns must notify Forestry Tasmania in writing no more than five Business Days after the occurrence of each of the following events:
 - (i) the commencement of construction of the Pulp Mill;
 - (ii) any cessation of construction of the Pulp Mill, following the commencement to which Clause 3.3(a)(i) refers or a recommencement to which Clause 3.3(a)(iii) refers;
 - (iii) the recommencement of construction of the Pulp Mill, following a cessation to which Clause 3.3(a)(ii) refers; and
 - (iv) the commencement of normal operations to produce pulp at the Pulp Mill.
- (b) Subject to Clause 3.3(c), if any of the following circumstances arise, then, no less than ten Business Days after the occurrence of that circumstance, either Party may notify the other Party in writing that this Contract will terminate on the date that is 180 days after the date of the relevant notice and this Contract will thereby terminate on that date:

- (i) the construction of the Pulp Mill has not commenced by 30 June 2008;
 - (ii) the construction of the Pulp Mill has ceased for a period of 180 days;
or
 - (iii) normal operations to produce pulp at the Pulp Mill have not commenced by 31 December 2010.
- (c) The Parties may agree in writing to vary the dates or periods as the case may be for any of the circumstances to which Clause 3.3(b) refer.
 - (d) If this Contract is terminated pursuant to Clause 3.3(b), then the Parties will negotiate in good faith about the terms of a new agreement for the supply of Pulpwood to Gunns.

3.4 Periodic Review

- (a) The Parties agree to meet in good faith during the six months that precede each fifth anniversary of the Commencement Date, to conduct a Periodic Review of the operation of this Contract.
- (b) Each Periodic Review will be governed by the conditions set out in Schedule 2.

4. QUANTITY OF PULPWOOD

4.1 Base Quantity

- (a) Subject to Clauses 4.2, 4.3 and 4.6, the Base Quantity to be Made Available by Forestry Tasmania in accordance with the terms of this Contract is 1,500,000 green metric tonnes per Planning Year.
- (b) The Parties acknowledge that their joint studies, based on the Base Distribution of Pulpwood, the Coupe Pulp Yield Estimate from each Coupe, and Forestry Tasmania's estimate of which Coupes will be used to meet supply obligations to other Forestry Tasmania customers, indicate that the average Coupe Pulp Yield Estimate for Pulpwood supplied under this Contract will be in excess of 51 per cent.

4.2 Additional quantity - rotary peeled veneer mill

- (a) Gunns may notify Forestry Tasmania in writing of Gunns' commitment to construct a rotary peeled veneer mill and may request in such notice that the Base Quantity be increased by 100,000 green metric tonnes per Planning Year.
- (b) Subject to Clause 4.2(c), if Forestry Tasmania receives a notice pursuant to Clause 4.2(a), then the Base Quantity will be increased by 100,000 green metric tonnes per Planning Year, effective from the later date of:
 - (i) 1 July 2009; and
 - (ii) the date that is 90 days after the date of that notice.

- (c) If the rotary peeled veneer mill to which Clause 4.2(a) refers is not substantially operational by 1 July 2013, then the increase to the Base Quantity to which Clause 4.2(b) refers will lapse with effect from that date.
- (d) For the avoidance of doubt:
 - (i) the additional quantity of Pulpwood to which Clause 4.2(b) refers need not be differentiated in any way from the quantity to which Clause 4.1 refers; and
 - (ii) if the circumstances contemplated by Clause 4.2(c) arise, then from 1 July 2013 Forestry Tasmania will be under no obligation to Gunns with respect to the 100,000 green metric tonnes per Planning Year of Pulpwood to which the preceding parts of this Clause 4.2 refer.

4.3 Additional quantity - other

- (a) Subject to Clauses 2.5 and 4.2(d)(ii), if, at any time after 31 December 2009:
 - (i) Gunns has purchased no less than 90 per cent of the quantity of Pulpwood to which it is entitled under this Contract in each of the preceding two Planning Years; and
 - (ii) either or both:
 - (A) Forestry Tasmania has identified for any reasonable period a quantity of Peeler Log from the Stumpage Zone and Gunns is at that time operating a rotary peeled veneer mill; and
 - (B) Forestry Tasmania has identified for any reasonable period a quantity of Pulpwood from the Stumpage Zone; and
 - (iii) subject to Clause 2.6(b), that additional quantity is not required to meet any of Forestry Tasmania's contractual obligations or other commitments to Gunns or to any third party,

then:

 - (iv) the quantity or quantities to which Clause 4.3(a)(ii) refers will be expressed as a quantity per Planning Year for a defined number of Planning Years commencing on a defined date and referred to in the remainder of this Clause 4.3 as "that additional quantity"; and
 - (v) Forestry Tasmania must offer that additional quantity to Gunns by notice in writing.
- (b) Subject to Clause 4.3(d), if Gunns notifies Forestry Tasmania in writing within 90 days of the receipt of a notice to which Clause 4.3(a) refers that it will accept that additional quantity, then:
 - (i) the Base Distribution of Pulpwood for the Stumpage Supply Zones will be increased by the relevant amount from the relevant date and for the relevant period; and

- (ii) in any written notice to which Clause 4.3(a) refers, Forestry Tasmania may inform Gunns of an amount by which the Base Distribution of Pulpwood from the Milldoor Supply Zones will be reduced for each relevant Planning Year, being no more than the amount of that additional quantity for each such Planning Year, and:
 - (A) the Base Distribution of Pulpwood for the Milldoor Supply Zones will be decreased by the relevant amount, if any, from the relevant date and for the relevant period; and
 - (B) the Base Quantity will be increased by the relevant amount, if any, from the relevant date and for the relevant period.
- (c) For the avoidance of doubt, the Parties acknowledge that the circumstances anticipated by Clause 4.3(a)(ii) may arise:
 - (i) as a result of the cessation of the operation of a mill or mills in Tasmania that is or are operating at the date of this Contract; or
 - (ii) as a result of a reduction in the quantity of logs supplied by Forestry Tasmania to a mill or mills in Tasmania, relative to the quantity of logs supplied by Forestry Tasmania to that mill or those mills at the date of this Contract.
- (d) If:
 - (i) Gunns does not respond in writing to Forestry Tasmania within 90 days of the notice to which Clause 4.3(a) refers, then Forestry Tasmania will be under no obligation to Gunns with respect to that additional supply and Forestry Tasmania may sell that additional supply to third parties at its sole discretion; or
 - (ii) Gunns' entitlement to any part of that additional quantity lapses for any reason at any time, then Forestry Tasmania will be under no obligation to Gunns with respect to that part and Forestry Tasmania may sell that part to third parties at its sole discretion.
- (e) For the avoidance of doubt that additional quantity need not be differentiated in any way from the quantity to which Clause 4.1 refers.

4.4 Rollover of unused quantity

- (a) Subject to Clause 4.4(c), if the quantity of Pulpwood sold to Gunns under this Contract in any Planning Year (referred to in this Clause 4.4(a) as "the actual quantity") is less than the quantity of Pulpwood to which Gunns was entitled under this Contract in that Planning Year (referred to in this Clause 4.4(a) as "Gunns' entitlement" and "the base Planning Year", respectively) and if Gunns so requests, then:

- (i) if the actual quantity is greater than or equal to 90 per cent of Gunns' entitlement, then a quantity of Pulpwood is to be Made Available to Gunns in the first Planning Year following the base Planning Year, in addition to the Base Quantity for that Planning Year, which additional quantity is to be equal to the difference between the actual quantity and Gunns' entitlement; and
- (ii) if the actual quantity is less than 90 per cent of Gunns' entitlement and greater than or equal to 80 per cent of Gunns' entitlement, then:
 - (A) a quantity of Pulpwood is to be Made Available to Gunns in the first Planning Year following the base Planning Year, in addition to the Base Quantity for that Planning Year, which additional quantity is to be ten per cent of Gunns' entitlement; and
 - (B) a quantity of Pulpwood is to be Made Available to Gunns in the second Planning Year following the base Planning Year, in addition to the Base Quantity for that Planning Year, which additional quantity is to be equal to the difference between the actual quantity in the base Planning Year and 90 per cent of Gunns' entitlement; and
- (iii) if the actual quantity is less than 80 per cent of Gunns' entitlement and greater than or equal to 70 per cent of Gunns' entitlement, then:
 - (A) a quantity of Pulpwood is to be Made Available to Gunns in each of the two Planning Years following the base Planning Year, in addition to the Base Quantity for that Planning Year, which additional quantity is to be ten per cent of Gunns' entitlement; and
 - (B) a quantity of Pulpwood is to be Made Available to Gunns in the third Planning Year following the base Planning Year, in addition to the Base Quantity for that Planning Year, which additional quantity is to be equal to the difference between the actual quantity in the base Planning Year and 80 per cent of Gunns' entitlement.
- (iv) if the actual quantity is less than 70 per cent of Gunns' entitlement, then a quantity of Pulpwood is to be Made Available to Gunns in each of the three Planning Years following the base Planning Year, in addition to the Base Quantity for that Planning Year, which additional quantity is to be ten per cent of Gunns' entitlement:
- (b) Subject to Clause 4.4(c), the exercise by Gunns of its rights under Clause 4.4(a) in any Planning Year does not limit its exercise of those rights in any subsequent Planning Year.
- (c) In any Planning Year, Forestry Tasmania is not obliged to supply a quantity of Pulpwood under this Contract that is greater than 110 per cent of the Base Quantity for that Planning Year.

4.5 Take or pay

- (a) If the actual quantity of Pulpwood obtained by Gunns in any Planning Year is less than 85 per cent of the total quantity of Pulpwood to which it is entitled in that Planning Year under this Contract (referred to in this Clause 4.5 as the “threshold amount”) then the amount calculated as follows will become due and payable by Gunns to Forestry Tasmania upon the issue of a relevant tax invoice by Forestry Tasmania to Gunns:

$$AD = RA * ASP + AC,$$

where:

- (i) AD is the amount due and payable;
 - (ii) RA is the amount by which the actual quantity of Pulpwood obtained by Gunns in the relevant Planning Year was less than the threshold amount, expressed in green metric tonnes;
 - (iii) ASP is the average Stumpage per green metric tonne paid by Gunns for all Pulpwood supplied under this Contract in the relevant Planning Year; and
 - (iv) AC is the amount of any additional costs payable to harvesting and cartage contractors that were reasonably incurred by Forestry Tasmania as a result of Gunns not obtaining the amount to which Clause 4.5(a)(ii) refers.
- (b) For the avoidance of doubt:
- (i) the additional costs to which Clause 4.5(a)(iv) refers must not include any costs that were incurred by Forestry Tasmania in relation to quantities of Pulpwood other than the amount to which Clause 4.5(a)(ii) refers; and
 - (ii) Clause 4.5(a) will not apply to the extent that Gunns’ failure to obtain the threshold amount was due to an action or inaction by Forestry Tasmania.

4.6 Consequences of under use

- (a) Subject to Clause 4.5 of Schedule 11, Forestry Tasmania may sell to other parties such Pulpwood as is Made Available to Gunns under this Contract in any Planning Year and which is:
- (i) described in a written notice to Forestry Tasmania from Gunns as Pulpwood that Gunns does not intend to purchase under this Contract in that Planning Year; or
 - (ii) not purchased by Gunns in that Planning Year,
- provided that, in exercising its rights under this Clause 4.6(a), Forestry Tasmania may not compromise its ability to meet Gunns’ rights under Clause 4.4.

- (b) If the quantity of Pulpwood supplied to Gunns under this Contract is less than 85 per cent of the quantity of Pulpwood to which Gunns was entitled under this Contract in each of any three consecutive Planning Years, then Forestry Tasmania may reduce the Base Quantity for the remaining term of this Contract to an amount that is equal to the highest annual quantity of Pulpwood supplied under this Contract in any of those Planning Years.
- (c) The exercise by Forestry Tasmania of any of its rights under either or both Clause 4.6(a) and Clause 4.6(b) in any Planning Year does not limit its exercise of either or both of those rights in any subsequent Planning Year.
- (d) If the circumstances contemplated by Clause 4.6(b) arise then Forestry Tasmania will be under no further obligation to offer extra Pulpwood to Gunns as contemplated by Clause 4.3.

5. SPECIFICATIONS AND GRADES FOR PULPWOOD

- 5.1 Subject to Clauses 5.2 and 7.1(b)(i), the specifications for Pulpwood are as set out in Schedule 3.
- 5.2 The specifications for Pulpwood may be varied by an agreement between the Parties to amend Schedule 3.
- 5.3 The two grades of Pulpwood to be sold under this Contract are:
 - (a) Native Forest Pulpwood, being Pulpwood harvested from native forests; and
 - (b) Plantation Pulpwood, being Pulpwood harvested from eucalypt Plantations.
- 5.4 Notwithstanding Clause 5.3, the Parties may agree to segregate Pulpwood into various classes to facilitate efficient processing.

6. DETERMINATION OF QUANTITY

The quantity of each load of Pulpwood supplied under this Contract will be determined in green metric tonnes by the weighing of its mass at a Certified Weighbridge.

7. SOURCE AND PLANNING OF PULPWOOD SUPPLY

7.1 General

- (a) Subject to Clause 7.5, Pulpwood to be Made Available to Gunns by Forestry Tasmania under this Contract will be obtained from the Supply Sources, being from:
 - (i) native forest on State Forest;
 - (ii) eucalypt Plantations on State Forest; and

- (iii) any other source from which the supply of Timber is controlled by Forestry Tasmania including, subject to Clause 7.1(b), from Forestry Tasmania's merchandisers at the Huon Wood Centre and the Circular Head Wood Centre,

but noting, for the avoidance of doubt:

- (iv) that Supply Sources do not include Pulpwood from any area of land which is a State reserve under the *National Parks and Wildlife Act 1970 (Tas)*.
- (b) The maximum quantity of pulpwood to be supplied from Forestry Tasmania's merchandisers pursuant to Clause 7.1(a)(iii) in any Planning Year is 100,000 green metric tonnes, unless otherwise agreed between the Parties, and:
 - (i) such Pulpwood may be supplied in the form of either or both woodchips which meet reasonable export specifications and short logs with a minimum length of 2.4 metres at Forestry Tasmania's discretion; and
 - (ii) such Pulpwood will be deemed to have been supplied from the relevant Milldoor Supply Zone.
- (c) If Pulpwood is Made Available from land other than State Forest as contemplated by Clause 7.1(a)(iii), then the provisions of this Contract will apply as if that land were State Forest.

7.2 Supply Zones

Subject to Clause 8, Pulpwood to be Made Available to Gunns by Forestry Tasmania under this Contract will be made available from the following Supply Zones:

- (a) the Stumpage Supply Zones, consisting of:
 - (i) the Inner Stumpage Supply Zone, being Bass District and Mersey District; and
 - (ii) the Outer Stumpage Supply Zone, being Derwent District - East, Derwent District - Central and Murchison District - East; and
- (b) the Milldoor Supply Zones, consisting of:
 - (i) the North West Milldoor Supply Zone, being Murchison District - West; and
 - (ii) the Southern Milldoor Supply Zone, being Huon District and Derwent District - West.

7.3 Location at which Pulpwood is Made Available

- (a) Subject to Clauses 8.1 and 13.2, Pulpwood supplied to Gunns from a Stumpage Supply Zone under this Contract will be Made Available at the stump.
- (b) Subject to Clauses 8.2 and 13.2, Pulpwood supplied to Gunns from a Milldoor Supply Zone under this Contract will be Made Available at the relevant Point of Sale.

7.4 Points of Sale

- (a) The Points of Sale for supply under this Contract are set forth in Schedule 4. Gunns will provide advice on quantities they wish Forestry Tasmania to deliver from the North West Milldoor Zone and the Southern Milldoor Zone to each Point of Sale in the Annual Notice, and the agreed distribution from those zones to each Point of Sale will be specified in the Annual Supply (referred to in this Clause 7.4 as the “Agreed Distribution”). Minor or short term variations to the Agreed Distribution are not subject to this Clause 7.4.
- (b) Gunns may request in writing an amendment to Schedule 4 or a significant change to the Agreed Distribution. Any such notice (referred to in this Clause 7.4 as “the notice”) must include:
 - (i) a statement of the reasons for the proposed amendment; and
 - (ii) the date from which the proposed amendment is proposed to take effect, being no less than 90 days after the date of the notice.
- (c) The Parties must meet to discuss the notice, within ten business days of the date on which the notice is deemed to have been delivered in accordance with Clause 24 of Schedule 13.
- (d) If the Parties agree to the amendment proposed in the notice, then the amendment will take effect, unless otherwise agreed, from the date that is 90 days after they reach such agreement.
- (e) If the Parties are unable to agree upon the amendment proposed in the notice, within 30 days of the date of the notice, then:
 - (i) subject to Clause 7.4(f), either Party may refer the matter to dispute resolution as provided for in Clause 13 of Schedule 13; and
 - (ii) the amendment will take effect from the date that is 90 days after the date on which the matter is resolved.
- (f) Any reference to dispute resolution made in accordance with Clause 7.4(e) must instruct the mediator, independent expert or arbitrator as the case may be to consider the following guidelines when resolving the relevant dispute:
 - (i) the effect on Forestry Tasmania’s contractors; and

- (ii) the potential effect on Forestry Tasmania's exposure to financial claims from its contractors arising from the proposed change.

7.5 Excluded Coupes

- (a) Subject to Clauses 7.6(b) and 7.6(c), no Pulpwood may be Made Available to Gunns by Forestry Tasmania under this Contract from any Coupe that is listed in Schedule 5 and Gunns will not accept any such Pulpwood under this Contract.
- (b) For the avoidance of doubt, Schedule 5 may only be varied by agreement between the Parties.
- (c) The Parties acknowledge that the boundaries of each Coupe that is listed in Schedule 5 are provisional at the date of this Contract and that the boundaries of any Coupe may be varied from time to time in accordance with either or both:
 - (i) Forestry Tasmania's normal procedures for the planning of Forest Operations; and
 - (ii) the requirements of the Forest Practices Code.
- (d) If Forestry Tasmania considers that a change to the boundaries of a Coupe that is listed in Schedule 5 will result in a newly defined Coupe from which the supply of Pulpwood may be acceptable to Gunns, then Forestry Tasmania may consult with Gunns about the proposed changes to those boundaries. Gunns may agree to accept Pulpwood under this Contract from that newly defined Coupe, but is not obliged to do so.

7.6 Base Distribution of Pulpwood

- (a) The Parties acknowledge that Pulpwood Made Available under this Contract must be obtained from various locations on State Forest throughout Tasmania that include inter alia:
 - (i) Coupes to be harvested by cable machinery;
 - (ii) Coupes to be harvested by thinning; and
 - (iii) Coupes located at a significant distance from the Pulp Mill.
- (b) When planning the supply of Pulpwood to be Made Available under this Contract in accordance with Schedule 11, Forestry Tasmania will plan to supply such Pulpwood in accordance with the Base Distribution of Pulpwood, being the quantities set forth for each Supply Zone and for each class of harvesting operation and for each class of Pulpwood quality in Schedule 6, and with Clauses 7.6(c) and 7.7.
- (c) If the Annual Supply for a Planning Year is different to the total to which Clause 1 of Schedule 6 refers, then:
 - (i) Forestry Tasmania will determine the percentage by which that Annual Supply differs from that total; and

- (ii) the quantity for each component set forth in that Clause is to be adjusted by that percentage.
- (d) Forestry Tasmania will review the Base Distribution of Pulpwood:
 - (i) if the Base Quantity is increased in accordance with Clause 4.2;
 - (ii) if any amount is transferred between components of the Base Distribution of Pulpwood in accordance with Clause 4.3(b); and
 - (iii) during the six months prior to each fifth anniversary of the Commencement Date.
- (e) In any review to which Clause 7.6(d) refers, Forestry Tasmania will take into account inter alia:
 - (i) the forecast impact of any changes in forest management, forest inventory, road access or statutory and regulatory requirements; and
 - (ii) the actual supply of Pulpwood to Gunns under this Contract from each Supply Zone and from each class of harvesting operation in each of the preceding Planning Years and the forecast impact of any variation between that actual supply and the Base Distribution of Pulpwood.
- (f) Forestry Tasmania will consult with Gunns about the conduct and outcome of any review to which Clause 7.6(d) refers.
- (g) Following the consultation to which Clause 7.6(f) refers, Forestry Tasmania may notify Gunns in writing of a new Base Distribution of Pulpwood and that Base Distribution of Pulpwood will apply from the relevant anniversary of the Commencement Date pursuant to Clause 7.6(d).

7.7 Planning and the Base Distribution of Pulpwood

- (a) The Parties agree to be bound by the terms set forth in Schedule 11.
- (b) When planning the supply of Pulpwood to be Made Available under this Contract in accordance with Schedule 11, Forestry Tasmania must comply with the planning limits that are set forth in Schedule 7.
- (c) The Parties agree that, when planning for the Annual Supply, Forestry Tasmania is to use its reasonable endeavours to ensure that the impact of any variation to the Base Supply that arises from changes in market demand for logs in the relevant Planning Year is distributed equitably between the Stumpage Supply Zones and the Milldoor Supply Zones.

7.8 Actual supply and the Base Distribution of Pulpwood

- (a) Gunns must use its best endeavours to ensure that, for each of the following:
 - (i) the Southern Milldoor Supply Zone;
 - (ii) the North West Milldoor Supply Zone;

- (iii) the cable class of harvesting operation within the Milldoor Supply Zones;
- (iv) the cable class of harvesting operation within the Stumpage Supply Zones;
- (v) the native forest thinning class of harvesting operation;
- (vi) the Plantation thinning class of harvesting operation;
- (vii) Forestry Tasmania's merchandiser at the Huon Wood Centre; and
- (viii) Forestry Tasmania's merchandiser at the Circular Head Wood Centre,

the actual quantity of Pulpwood obtained by it in each Planning Year is no less than the relevant threshold amount to be calculated in accordance with the following:

$$TA = 0.85 * PA,$$

where:

TA is the relevant threshold amount, referred to in the remainder of this Clause 7.8 as "the relevant threshold amount";

PA is the quantity planned to be Made Available to Gunns for that Planning Year from the relevant Supply Zone, class of harvesting operation or merchandiser in accordance with Schedule 11, including the Clause 7.8(b) relevant amount, if any, determined for the preceding Planning Year from the relevant Supply Zone, class of harvesting operation or merchandiser; and

- (b) If Gunns does not achieve the relevant threshold amount, in any Planning Year for any one or more of the components set forth in that Clause (referred to in the remainder of this Clause 7.8 as "the relevant components"), then:
 - (i) Forestry Tasmania will determine the amount by which the actual quantity of Pulpwood obtained by Gunns for each of the relevant components in that Planning Year was less than the relevant threshold amount (each of which amounts is referred to in this Clause 7.8 as "the Clause 7.8(b) relevant amount"); and
 - (ii) the quantity of Pulpwood that would otherwise be Made Available by Forestry Tasmania from each of the relevant components in the Planning Year following that Planning Year (referred to in the remainder of this Clause 7.8 as "the relevant Planning Year") is to be increased by the Clause 7.8(b) relevant amount; and
 - (iii) for each of the relevant components and for the relevant Planning Year, the increased amount pursuant to Clause 7.8(b)(ii) is to be used by Forestry Tasmania when planning the supply of Pulpwood to be Made Available under this Contract in accordance with Schedule 11.

- (c) If Gunns does not achieve the relevant threshold amount, for any one or more of the relevant components in each of any three successive Planning Years, then:
 - (i) for each such relevant component:
 - (A) Forestry Tasmania may determine the amount by which the actual quantity of Pulpwood obtained by Gunns in the third such successive Planning Year was less than the relevant threshold amount (which amount is referred to in this Clause 7.8(c) as “the relevant amount”); and
 - (B) Forestry Tasmania may determine an amount by which any one or more of the components of the Base Distribution of Pulpwood, other than the relevant component, may be decreased, provided that the aggregate amount of such decreases has an absolute value that is no greater than the absolute value of the relevant amount; and
 - (ii) following its determination with respect to each such relevant component, Forestry Tasmania may by notice in writing inform Gunns of the new Base Distribution of Pulpwood; and
 - (iii) that new Base Distribution of Pulpwood will be used by Forestry Tasmania when planning the supply of Pulpwood to be Made Available under this Contract in accordance with Schedule 11, for the Planning Year immediately following the three successive Planning Years to which Clause 7.8(c) refers and thereafter.

7.9 Equitable treatment of harvest and cartage contractors

- (a) The Parties acknowledge that they each procure the services of third parties for the harvest and cartage of Pulpwood to be sold under this Contract.
- (b) The Parties agree that, when scheduling harvesting operations to supply Pulpwood to Gunns under this Contract, they will use their respective reasonable endeavours to ensure that the impact of any changes in market demand for logs in the relevant Planning Year is distributed equitably between all parties contracted to conduct harvesting and cartage operations on behalf of the Parties at that time.

8. RESPONSIBILITIES WITHIN SUPPLY ZONES

8.1 Stumpage Supply Zones

Subject to Clause 13.2 and unless otherwise agreed between the Parties, Gunns will be responsible for the harvest of Pulpwood Made Available from within the Stumpage Supply Zones under this Contract, and for the cartage of such Pulpwood, other than from any of those Coupes that meet one or more of the following criteria:

- (a) the Coupe is within the area delineated in the map at Schedule 8, being an area within the Derwent District and within which Norske Skog Paper Mills (Australia) Limited ABN 84 009 477 132 of 1 Oxford Street Darlinghurst New South Wales in Australia has a contractual responsibility for the conduct of road construction and road maintenance and which area the Parties acknowledge comprises predominantly softwood Plantations;
- (b) the Coupe is within any one of the following:
 - (i) Bradys Forest Block;
 - (ii) Forestier Forest Block;
 - (iii) Koonya Forest Block;
 - (iv) Taranna Forest Block; and
 - (v) Wentworth Forest Block,
 and either:
 - (vi) the Coupe comprises hardwood Plantations, logs from which Forestry Tasmania considers at its discretion are required by Forestry Tasmania to supply parties that purchase logs other than under this Contract and that process those logs to produce utility poles, sawn timber, veneer, pulp or paper within the Southern Milldoor Supply Zone or adjacent to the boundaries of that zone; or
 - (vii) the majority of the logs from the Coupe are scheduled by Forestry Tasmania at its discretion to supply parties that purchase logs other than under this Contract and that process those logs to produce utility poles, sawn timber, veneer, pulp or paper within the Southern Milldoor Supply Zone or adjacent to the boundaries of that zone; or
- (c) the Coupe includes softwood Plantations; or
- (d) the Coupe comprises hardwood Plantations for which ownership is held in part or in whole by a party other than Forestry Tasmania.

8.2 Milldoor Supply Zones

Subject to Clause 13.2 and to Schedule 10, and unless otherwise agreed between the Parties, Forestry Tasmania will be responsible for the harvest of Pulpwood Made Available from:

- (a) within the Milldoor Supply Zones under this Contract; and
- (b) each of those Coupes that meet one or more of the criteria set forth in Clauses 8.1(a), 8.1(b), 8.1(c) and 8.1(d),

and for the cartage of such Pulpwood to the relevant Point of Sale.

9. PRICE OF PULPWOOD

9.1 Stumpages and other charges payable

Gunns shall pay to Forestry Tasmania under and in accordance with this Contract:

- (a) a Stumpage, determined in accordance with Schedule 9, for each green metric tonne of Pulpwood supplied or deemed to be supplied; and
- (b) other charges as are determined in accordance with Schedule 10 as are applicable to it; and
- (c) additional Stumpage payments in accordance with Clause 5 of Schedule 13.

9.2 Payments to other parties by Gunns

- (a) Where Pulpwood Made Available to Gunns under this Contract is harvested, or carted, by contractors responsible to a third party, in addition to charges payable to Forestry Tasmania, Gunns shall pay charges to the third party for harvesting and servicing of logs, carting and use of roads constructed by the third party, as may be applicable and agreed to between Gunns and the third party.
- (b) The third party shall be deemed to have made a due delivery of Pulpwood when Gunns or its employee or its Agent signs the Log Delivery Docket whereby Gunns shall be bound to accept and pay for the logs concerned.

10. USE OF PULPWOOD

- 10.1 Gunns may use Pulpwood supplied under this Contract at any of its facilities at its discretion.
- 10.2 Gunns must provide Forestry Tasmania with information detailing the quantities of each grade of Pulpwood that are delivered to each Point of Sale, in a form that is acceptable to Forestry Tasmania and at time intervals that are acceptable to Forestry Tasmania acting reasonably in each case. As a minimum, and unless otherwise specified by Forestry Tasmania, Gunns will supply the information contemplated by this Clause 10.2 for each Planning Year within a month of the completion of that Planning Year.

11. OWNERSHIP OF AND RESPONSIBILITIES FOR ROADS

- 11.1 The Parties acknowledge their intention to rationalise the ownership of and responsibilities for Forest Roads, such that:
 - (a) taking account of Clause 8.1, Gunns is responsible for Forest Roads within the Stumpage Supply Zones; and

- (b) Forestry Tasmania is responsible for Forest Roads within the Milldoor Supply Zones,
subject to the practicality of doing so in each case and subject to Forestry Tasmania's contractual obligations to third parties at the date of this Contract.

11.2 Pursuant to Clause 11.1, the Parties agree to develop by 31 December 2008 a joint plan to achieve the relevant intention.

11.3 Prior to the development of the joint plan to which Clause 11.2 refers, the Parties agree that:

- (a) taking account of Clause 8.1, unless otherwise advised by Forestry Tasmania, Gunns will be responsible for the construction of new Forest Roads within the Stumpage Supply Zones;
- (b) Forestry Tasmania will be responsible for the construction of new Forest Roads within the Milldoor Supply Zones; and
- (c) where either Party is responsible for the construction of a new Forest Road in accordance with the preceding parts of this Clause 11.3:
 - (i) the Parties will determine whether or not any of the existing Forest Roads that are contiguous with the new Forest Road are at that time the responsibility of the party that is not responsible for the construction of that new Forest Road; and
 - (ii) the Parties will negotiate in good faith terms under which the responsibilities for the existing Forest Roads to which Clause 11.3(c)(i) refers might be assigned to the Party that is responsible for the construction of the relevant new Forest Road.

12. FORESTRY TASMANIA OPTION

Consistent with any obligations under the relevant Gunns' managed investment scheme and other legal obligations Gunns will provide Forestry Tasmania with reasonable notice of planned harvesting of hardwood Plantations established under any Gunns' managed investment scheme on State Forest or Private Land within the boundaries of the Southern Mill Door Supply Zone or the North West Milldoor Supply Zone to provide Forestry Tasmania with an opportunity to express any interest in the purchase of that Timber.

13. TRANSITION ARRANGEMENTS

13.1 First and last six months of Contract

- (a) The Parties acknowledge that neither the Commencement Date nor the Expiry Date coincide with the normal timetable for the planning and administration of the supply of Pulpwood under this Contract, being based around Planning Years and as set forth in Schedule 11.

(b) For the periods:

- (i) from the Commencement Date to 30 June 2008; and
- (ii) from 1 July 2027 to the Expiry Date,

the Parties agree that, with respect to any rights or obligations that:

- (iii) either of them may have under this Contract; and
- (iv) are affected by the factors to which Clause 13.1(a) refers,

they will consult with each other about the most practicable means by which this Contract can be implemented during each of those periods.

(c) For the avoidance of doubt, the Parties agree that:

- (i) any quantity of Pulpwood to be supplied under this Contract for the periods to which Clauses 13.1(b)(i) and 13.1(b)(ii) refer will be 50 per cent of the quantity that would otherwise apply under this Contract for a Planning Year;
- (ii) with respect to the period to which Clause 13.1(b)(i) refers, any notice that would otherwise be required to be given under this Contract prior to the commencement of that period is deemed to have been given; and
- (iii) with respect to the six month period following the period to which Clause 13.1(b)(ii) refers, any notice that would otherwise be required to be given under this Contract prior to the commencement of the period to which Clause 13.1(b)(ii) refers is hereby waived.

13.2 Harvesting and cartage contractors

(a) The Parties acknowledge:

- (i) that the implementation of the responsibilities set forth in Clauses 8.1 and 8.2 will represent a significant change to the equivalent current responsibilities for harvesting Coupes and for the cartage of logs in each of the Supply Zones;
- (ii) that this significant change affects third parties; and
- (iii) that it will not be possible to implement in full the responsibilities set forth in Clauses 8.1 and 8.2, from the Commencement Date.

(b) The Parties agree to consult with each other in good faith during the period from 1 January 2008 to 30 June 2008, to consider and agree upon a plan to achieve a transition:

- (i) from the current responsibilities for harvesting Coupes and for the cartage of logs in each of the Supply Zones; and

- (ii) to the responsibilities set forth in Clauses 8.1 and 8.2,
efficiently and with minimum disruption to those third parties that are responsible for harvesting Coupes and for the cartage of logs in each of the Supply Zones at the date of this Contract.
- (c) The Parties agree to consult with each other in good faith during the 90 days preceding 1 January 2008, to consider and agree upon:
 - (i) guidelines for the conduct of the consultation to which Clause 13.2(b) refers;
 - (ii) a timetable for the conduct of the consultation to which Clause 13.2(b) refers; and
 - (iii) a procedure to resolve disputes that might arise during the consultation to which Clause 13.2(b) refers and that either Party considers may prevent the Parties from achieving one or more of the target dates that might be agreed pursuant to Clause 13.2(b)(ii).
- (d) The Parties acknowledge their intention to conclude the implementation of the responsibilities to which Clauses 13.1 and 13.2 before 1 July 2009.

13.3 Planning Limits in Schedule 7

- (a) The Parties acknowledge that it may be difficult to meet the Planning Limits set in Schedule 7 for the period from the Commencement Date until 30 June 2009, because the changes in existing arrangements required under this Contract will not all be implemented at the Commencement Date.
- (b) The Parties agree to use their best endeavours to transition towards the Planning Limits set in Schedule 7, as efficiently and expeditiously as possible taking into account operational considerations.
- (c) Either Party may request a variation in the Planning Limits set forth in Schedule 7 for the period from the Commencement Date until 30 June 2009, and, subject to Clause 13.3(b), the other Party must not unreasonably refuse to agree to such a request.

14. CONDUCT OF FOREST OPERATIONS

The Parties agree to be bound by the terms set forth in Schedule 12.

15. LEGAL MANAGEMENT

The Parties agree to be bound by the terms set forth in Schedule 13.

16. PUBLIC DOCUMENT

- 16.1 The Parties agree that, upon signing of this Contract, it is their intent that, subject to consideration and agreement on "commercial in confidence" matters, this Contract will not be a confidential document and the contents, other than matters agreed as commercial in confidence, may at either Party's option be made available to third parties or to the public at large.
- 16.2 Notwithstanding Clause 16.1, the Parties will respect the confidentiality of any material supplied by a Party on condition that it be kept confidential.

SEALING CLAUSE

IN WITNESS whereof the Parties have executed this agreement as a deed on the day and year firstly hereinbefore written.

THE COMMON SEAL OF)
 FORESTRY TASMANIA)
 ABN 91 628 769 359)
 was hereunto affixed in)
 the presence of:)

.....

R.L.Gordon
 MANAGING DIRECTOR

on the day of 2007.

THE COMMON SEAL OF)
 GUNNS LIMITED)
 ABN 29 009 478 148)
 was hereunto affixed in accordance with)
 its Memorandum and Articles of)
 Association in the presence of:)

.....

J. E. Gay
 DIRECTOR

.....

Signature of Director / Company Secretary

.....

Name of Director / Company Secretary

on the day of 2007.

SCHEDULE 1

Definitions and interpretation

1. The definitions set forth in this Clause 1 of this Schedule 1 will be used in this Contract, unless the context or subject matter otherwise requires.

“Accounting Period” means an accounting period as used by Forestry Tasmania. Forestry Tasmania will consult with Gunns prior to any change to its Accounting Periods.

“Actual Pulp Yield” is as defined in Clause 1.6 of Schedule 9.

“Agent” has its normal meaning at law, except that the Parties agree that Gunns’ liability for the acts of its Agents is affected to the extent of Clause 6.1(b) of Schedule 13 for the purposes of this Contract.

“Annual Notice” means the notice in writing required to be given by Gunns under Clause 1 of Schedule 11.

“Annual Supply” means the quantity of Pulpwood, measured in green metric tonnes of logs, as defined in Clause 1 of Schedule 11.

“Arbitration Act” means the *Commercial Arbitration Act 1986 (Tas)*.

“Base Distribution of Pulpwood” means the quantity of Pulpwood to be planned to be Made Available to Gunns each Planning Year from each Supply Zone and from each class of harvesting operation under this Contract in accordance with Clause 7.6.

“Base Pulp Yield” is as defined in Clause 1.5 of Schedule 9.

“Base Quantity” means the quantity of Pulpwood to be Made Available to Gunns each Planning Year under this Contract in accordance with Clause 4.

“Bass District” means the district of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract, as shown in the map in Schedule 14.

“Bradys Forest Block” means the forest block of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract.

“Certified Weighbridge” means a weighbridge that is maintained and periodically verified in accordance with the requirements of the *Weights and Measures Act 1935 (Tas)*.

“Clause” means a clause of this Contract.

“Commencement Date” means the commencement date of this Contract, set forth in Clause 3.1.

“Contract” means this contract whether in its original form or as supplemented, varied or amended from time to time in accordance with the provisions of Clause 9 of Schedule 13.

SCHEDULE 1 (continued)

“Coupe” means an area of State Forest, the boundaries of which are defined on a map held by Forestry Tasmania. Gunns may have unrestricted access to each such map.

“Coupe Pulp Yield Estimate” means for a Coupe:

- (a) for Native Forest Pulpwood, the estimated average pulp yield as at the date of this Contract for all Native Forest Pulpwood on that Coupe, based on a computer modelled pulp yield predictor using stand based characteristics, and expressed to the nearest whole percentage point; and
- (b) for Plantation Pulpwood, 55.6 per cent pulp yield based on advice from Gunns.

“CPI” means the Consumer Price Index published from time to time by the Australian Bureau of Statistics, or if the Consumer Price Index ceases to be published quarterly, or the method of calculation alters substantially, then the equivalent index as determined by the parties, or failing agreement by the Australian Statistician or nominee, whose decision is final and binding and unless otherwise specified is for all groups (weighted average of eight capital cities).

“Derwent District” means the district of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract.

“Derwent District - Central” means the part of the Derwent District known by that name as delineated by Forestry Tasmania for administration purposes, as at the date of this Contract, as shown in the map in Schedule 14.

“Derwent District - East” means the part of the Derwent District known by that name as delineated by Forestry Tasmania for administration purposes, as at the date of this Contract, as shown in the map in Schedule 14.

“Derwent District - West” means the part of the Derwent District known by that name as delineated by Forestry Tasmania for administration purposes, as at the date of this Contract, as shown in the map in Schedule 14.

“Expiry Date” means the expiry date of this Contract, set forth in Clause 3.2.

“Fire Service Act” means the *Fire Service Act 1979 (Tas)*.

“Forest Management Plan” means a forest management plan prepared and approved in accordance with Part IIIA of the Forestry Act.

“Forest Management” means the processes involved in the preparation and monitoring of Forest Management Plans, Wood Production Plans, Forest Practices Plans and any other type of plan relating to the management of forests.

“Forest Operations” means the processes involved in establishing and protecting forests, or growing or harvesting or the cartage of Timber, and includes the construction of roads and other works connected with establishing forests, or growing or harvesting Timber.

“Forest Practices Act” means the *Forest Practices Act 1985 (Tas)*.

SCHEDULE 1 (continued)

“Forest Practices Code” means the Forest Practices Code issued pursuant to Section 30 of the Forest Practices Act.

“Forest Practices Plan” means a forest practices plan prepared and approved in accordance with Part III, Division I of the Forest Practices Act.

“Forest Produce or Forest Product” means all vegetable growth and the products of growing or dead trees, shrubs, Timber, or other vegetable growth and, in the case of State Forest, includes sand, gravel, clay, loam and stone.

“Forest Road” means:

- (a) any road constructed or maintained by or for Forestry Tasmania; or
- (b) any other road on State Forest, other than a State highway, or subsidiary road, within the meaning of the *Roads and Jetties Act 1935 (Tas)*; or
- (c) any other road that is:
 - (i) on Crown land; and
 - (ii) being managed by a person for the purpose of Timber production, or
- (d) any bridge, tunnel, embankment, causeway, culvert, drain or other works constructed in respect of a road referred to in paragraph (a), (b) or (c).

“Forestier Forest Block” means the forest block of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract.

“Forestry Act” means the *Forestry Act 1920 (Tas)*.

“FT District” means a district as commonly designated and used by Forestry Tasmania for administrative and other purposes.

“FT Road” means a Forest Road for which at least one of the following applies:

- (a) it was constructed by Forestry Tasmania; or
- (b) it is maintained by Forestry Tasmania; or
- (c) it is vested in Forestry Tasmania.

“Government Business Enterprise” has the meaning given to the term in the *Government Business Enterprise Act 1995 (Tas)*.

“High Quality Sawlogs” means eucalypt Category 1 & 3 sawlogs and eucalypt sliced veneer logs, each as defined in the relevant specifications issued by Forestry Tasmania from time to time following consultation with Gunns and with third parties.

SCHEDULE 1 (continued)

“Huon District” means the district of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract, as shown in the map in Schedule 14.

“Inner Stumpage Supply Zone” means the area detailed in Clause 7.2(a)(i).

“Joint Planning Protocol” means the joint planning process that is recommended in the final report titled “Joint Working Party on Wood Production Planning (North Forest Products / Forestry Tasmania)” and dated 3 May 1999, the relevant extracts of which are included herein as Appendix 1 of Schedule 11.

“Koonya Forest Block” means the forest block of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract.

“Landing” means a place where Timber is assembled from the forest for further transport, commonly with a change of method of transport.

“Logging Debris” means Timber in the form of heads, butts, stems, shattered pieces or limbs which has not been removed by Gunns as Pulpwood under this Contract.

“Made Available” has a corresponding meaning to Make Available, but in the past tense.

“Make Available” means, to allow access to and allow to be obtained in accordance with the terms of this Contract:

- (a) including all arrangements reasonably necessary to give such entitlement; and
- (b) following consultation between the Parties in accordance with the Joint Planning Protocol.

“Mersey District” means the district of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract, as shown in the map in Schedule 14.

“Milldoor Supply Zone” means an area as detailed in Clause 7.2(b).

“Milling Timber” means logs or parts of trees, whether standing or fallen, that are, in the opinion of Forestry Tasmania, suitable for use for sawmilling purposes, for the production of veneer or for HEC poles.

“month” means a calendar month.

“Murchison District” means the district of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract.

“Murchison District – East” means the part of the Murchison District known by that name as delineated by Forestry Tasmania for administration purposes, as at the date of this Contract, as shown in the map in Schedule 14.

“Murchison District – West” means the part of the Murchison District known by that name as delineated by Forestry Tasmania for administration purposes, as at the date of this Contract, as shown in the map in Schedule 14.

SCHEDULE 1 (continued)

“Native Forest Pulpwood” has the meaning set forth in Clause 5.3(a).

“Native Forest Stumpage” means the Stumpage for Native Forest Pulpwood determined in accordance with Schedule 9.

“North West Milldoor Supply Zone” means an area as detailed in Clause 7.2(b)(i).

“Outer Stumpage Supply Zone” means an area as detailed in Clause 7.2(a)(ii).

“Parties” means the named parties to this Contract and their respective lawful successors, permitted assigns and transferees and **“Party”** means any one of them or their respective lawful successors, permitted assigns and transferees.

“Peeler Log” means a log that does not meet the specifications for High Quality Sawlogs and that is suitable for processing in a rotary peeled veneer mill.

“Periodic Review” means a periodic review pursuant to Clause 3.4.

“Planning Year” means a period of twelve months commencing on the first day of July in any year and expiring on the 30th day of June next succeeding.

“Plantation” means an area of forest, whether on State Forest or Private Land, that has been established or regenerated by planting trees at controlled regular intervals in accordance with sound forestry practice applicable at the time of establishment or regeneration.

“Plantation Pulpwood” has the meaning set forth in Clause 5.3(b).

“Plantation Stumpage” means the Stumpage for Plantation Pulpwood determined in accordance with Schedule 9.

“Point of Sale” means a point of sale determined in accordance with Clause 7.4.

“Private Land” means land under freehold title or land which is Crown land vested in or otherwise primarily controlled by Hydro Tasmania.

“Pulp Mill” means the bleached Kraft pulp mill near Bell Bay in northern Tasmania, proposed to be constructed and operated by Gunns.

“Pulpwood” means sound hardwood Timber which is not Milling Timber and which is suitable for the manufacture of pulp and paper products.

“Pulp Yield Calibration Period” is as defined in Clause 1.4 of Schedule 9.

“Southern Milldoor Supply Zone” means an area as detailed in Clause 7.2(b)(ii).

“State Forest” means State forest as defined under the Forestry Act.

“Stumpage” means the price payable for Pulpwood under Schedule 9 which excludes other costs and charges as detailed in Schedule 10.

“Stumpage Supply Zone” means an area as detailed in Clause 7.2(a).

“Supply Zone” means an area as detailed in Clause 7.2.

SCHEDULE 1 (continued)

“Supply Sources” means the sources of supply under this Contract as specified in Clause 7.1.

“Taranna Forest Block” means the forest block of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract.

“Timber” includes the trunks and branches of trees, whether standing or not, and all wood, whether or not the same is cut up, sawn, hewn, split or otherwise fashioned.

“tonne” means 1,000 kilograms mass and, in relation to logs, exclusive of bark.

“Wentworth Forest Block” means the forest block of that name delineated by Forestry Tasmania for administration purposes, as at the date of this Contract.

“Wood Production Plan” means an operational plan for the distribution and scheduling of Forest Operations.

“Woodchip Export Price” shall have the meaning specified in Clause 1.2 of Schedule 9.

“Woodchips” means Pulpwood reduced to small pieces for use in the manufacture of pulp and paper products.

“year” means twelve consecutive months.

2. Definitions contained in the Forestry Act, unless redefined herein or the contrary intention is expressed herein, shall apply also to this Contract as if set out herein.
3. For the purposes of this Contract, if a question arises as to whether any Timber is or is not a particular category of Milling Timber that question shall be determined by Forestry Tasmania by reference to and in accordance with the specifications generally then in place in Tasmania for that category of Milling Timber.
4. In this Contract unless the context so admits:
 - 4.1 all references to currency and money are references to Australian currency and money; and
 - 4.2 headings are included for convenience only and shall not affect the interpretation or construction of the Contract; and
 - 4.3 any reference to an Act, unless otherwise specifically provided, includes regulations and other instruments under it and amendments, consolidations, re-enactments or replacements of any of them; and
 - 4.4 words importing one gender include the other gender; and
 - 4.5 the singular includes the plural and vice versa; and
 - 4.6 where they occur as part of a mathematical expression, the symbols “=”, “+”, “-”, “*” and “/” are used to denote equivalence, addition, subtraction, multiplication and division, respectively; and

SCHEDULE 1 (continued)

- 4.7 any reference to an agreement, unless otherwise specifically provided, includes a reference to that agreement as supplemented, varied or amended from time to time; and
- 4.8 any reference to a person includes a reference to a corporation.
- 5. References to Gunns shall where relevant be deemed to be references to or to include as appropriate its lawful successors, permitted assigns and transferees and any of its subsidiaries within the meaning of the *Corporations Act 2001 (Cwlth)*.

SCHEDULE 2 (reference Clause 3.4)

Periodic Review - matters to be addressed

1. The Parties will review (referred to as a “Review” in this Schedule 2) the operation of this Contract in the six month period leading up to each fifth anniversary of the Commencement Date.
2. A Review will address any matter pursuant to this Contract that is raised by either Party.
3. In addition to any matter to be reviewed in accordance with Clause 2 of this Schedule 2, the Parties acknowledge their agreement to review specific matters in accordance with Clauses 4, 5, 6, 7, 8 and 9 of this Schedule 2. Those reviews may be done as part of or separate from a Review as the Parties may agree.

4. The Base Pulpwood Distribution

Concurrently with each Review, the Base Distribution of Pulpwood will be recalculated by Forestry Tasmania, after consultation with Gunns, to take into account:

- 4.1 changes in information available regarding aspects of forest management including inventory and regulation and road access; and
- 4.2 the offtake history of Gunns and how that might affect the distribution of the available Pulpwood resource,

and any recalculated Base Distribution of Pulpwood will apply from the next occurring 1 July.

5. Review of the Quantity of Pulpwood

During each Review, a review of the Base Quantity of Pulpwood to be made available under this Contract in all future Planning Years will be undertaken, and will take into account:

- 5.1 the ability of Gunns to market the quantity of products manufactured from the quantity of Pulpwood and a demonstration of their reasonable commercial endeavours to do so if Gunns claim an inability to market the quantity of products previously manufactured from the quantity of Pulpwood made available; and
- 5.2 the ability of Forestry Tasmania to supply the quantity of Pulpwood and a demonstration of their reasonable commercial endeavours to do so if Forestry Tasmania claim an inability to supply the quantity previously made available, and

if a new Base Quantity is set as contemplated then that Base Quantity will apply from the next occurring 1 July.

6. Periodic review of Stumpage

- 6.1 At the request of either Party, concurrently with each Review the Parties will review the stumpage arrangements under this Contract.
- 6.2 A review pursuant to Clause 6.1 of this Schedule 2 will take into account any matters raised by either Party, but must consider the following:
 - (a) the relative profitability of the hardwood market pulp business;
 - (b) the relative profitability of managing forested lands for wood production;

SCHEDULE 2 (continued)

- (c) the relative stumpage prices charged for comparable Pulpwood elsewhere in Australia and overseas; and
- (d) the relative costs incurred by Gunns in obtaining Pulpwood from Forestry Tasmania.

6.3 Any new Stumpage or process that may be determined in accordance with this Clause 6 of Schedule 2 will apply from the end of the period specified for the Review in Clause 1 of this Schedule 2.

7. Review of Stumpage Floor Prices

7.1 Concurrent with each Review, if the impending change in the Native Forest Floor Price determined in accordance with Clause 4.1 of Schedule 9 is demonstrated by Gunns or Forestry Tasmania to be significantly different to the change in the reasonable cost of managing native forests then the Parties will agree on a different adjustment of the Native Forest Floor Price and, if there is no agreement within the period of the Review, then the Parties will refer the matter to an independent expert for determination in accordance with Clause 13 of Schedule 13. Guidelines for the independent expert will be:

- (a) is the change in the floor price stumpage significantly different to the change in the reasonable cost of managing native forests; and
- (b) if it is, then what should the floor stumpage be to bring the two into line.

7.2 Concurrently with each Review, if the impending change in the Plantation Floor Price determined in accordance with Clause 5.1 of Schedule 9 is demonstrated by Gunns or Forestry Tasmania to be significantly different to the change in the reasonable cost of managing hardwood Plantations then the Parties will agree on a different adjustment of the Plantation Floor Price and, if there is no agreement within the period of the Review, then the Parties will refer the matter to an independent expert in accordance with Clause 13 of Schedule 13 for determination. Guidelines for the independent expert will be:

- (a) is the change in the floor price stumpage significantly different to the change in the reasonable cost of managing hardwood Plantations; and
- (b) if it is, then what should the floor stumpage be to bring the two into line.

7.3 Any new Plantation Floor Price and any new Native Forest Floor Price determined in accordance with this Clause 7 of Schedule 2 will apply from the end of period specified for the Review in Clause 1 of this Schedule 2.

8. Review of F4

Concurrent with each Review, the Parties will review the value of "F4" for the purposes of Clause 5.3(b)(ii)(B) of Schedule 9. The aim of the Parties will be to maintain the relative value of F4 compared to the value of the Pulp Price Index as defined in Clause 1 of Schedule 9.

SCHEDULE 2 (continued)**9. Review of other charges**

Concurrent with each Review, the Parties will review:

- (a) the value of the supervision and administration charge under Clause 3 of Schedule 10; and
- (b) the chipping cost under Clause 7 of Schedule 10.

The aim of the Parties in both cases will be to ensure that the values used for the purposes of this Contract accurately reflect the costs of undertaking relevant tasks at the time of the Review.

10. Dispute Resolution

Subject to Clauses 7.1 and 7.2 of this Schedule 2, if, there is any matter reviewed under this Schedule 2 that has not been agreed between the Parties by the relevant fifth anniversary of the Commencement Date, then either Party may refer each such matter to dispute resolution as provided for in Clause 13 of Schedule 13.

SCHEDULE 3 (reference Clause 5)

Specifications for Pulpwood

1. General

1.1 These specifications for Pulpwood are in two parts.

- (a) Clause 2 of this Schedule 3 defines the specifications that will be applied when Forestry Tasmania determines whether or not the utilisation standards to which Appendix 1 of Schedule 12 refers have been met.
- (b) Clause 3 of this Schedule 3 defines the specifications that will be applied by Gunns at the relevant Point of Sale.

1.2 The Parties acknowledge that logs that meet the specifications set forth in Clause 2 of this Schedule 3 are to be processed at the relevant Coupe or at the relevant Landing, such that they then meet the specifications set forth in Clause 3 of this Schedule 3.

2. Specifications for Pulpwood Made Available at the stump

2.1 Length

The minimum length is 2.4 metres.

2.2 Diameter

- (a) Subject to Clause 2.2(b) of this Schedule 3, the minimum diameter is ten centimetres, measured under bark.
- (b) The Parties agree to apply a minimum diameter of eight centimetres, measured under bark, for logs produced from Plantations and from thinning operations in native forest.

2.3 End defect

- (a) The minimum average width of sound wood in each end section is ten centimetres.
- (b) The maximum proportion of the diameter of either end section that consists of unsound wood is 50 per cent, provided that logs greater than 85 centimetres in diameter that do not meet this requirement should generally be processed to recover those parts thereof that do meet this requirement.

2.4 Crook or sweep

The maximum sweep in any 2.4 metre length is twenty per cent of the small end diameter of that length, measured beneath the bark.

SCHEDULE 3 (continued)**2.5 Species**

Pulpwood must be Preferred Pulpwood or Non Preferred Pulpwood and must not be Unacceptable Pulpwood (as defined in Clauses 4, 5 and 6 of this Schedule 3, respectively).

3. Specifications for Pulpwood Made Available at a Point of Sale**3.1 Length**

- (a) The minimum length is 2.4 metres.
- (b) The maximum lengths for the following Points of Sale are as shown:
 - (i) Hampshire Mill 20.0 metres;
 - (ii) Tamar Mill 13.5 metres; and
 - (iii) Triabunna Mill 14.0 metres.

3.2 Diameter

- (a) Subject to Clause 3.2(b) of this Schedule 3, the minimum diameter is ten centimetres, measured under bark.
- (b) The Parties agree to apply a minimum diameter of eight centimetres, measured under bark, for logs produced from Plantations and from thinning operations in native forest.
- (c) The maximum diameter is 85 centimetres, measured under bark.

3.3 End defect

The minimum average width of sound wood in each end section is ten centimetres.

3.4 Crook or sweep

The maximum sweep in any 2.4 metre length is twenty per cent of the small end diameter of that length.

3.5 Presentation

- (a) Pulpwood is to be free of charcoal, rot and bark.
- (b) The ends of logs are to be cut square and to be free of slovens and shatter.
- (c) All branches and projections are to be trimmed flush with the barrel.

SCHEDULE 3 (continued)**3.6 Species**

Pulpwood must be Preferred Pulpwood or Non Preferred Pulpwood and must not be Unacceptable Pulpwood (as defined in Clauses 4, 5 and 6 of this Schedule 3, respectively).

4. Preferred Pulpwood

Preferred Pulpwood means Pulpwood of the species and description set forth below:

<i>Acacia dealbata</i>	known as silver wattle; or
<i>Eucalyptus delegatensis</i>	known as white top stringybark; or
<i>Eucalyptus globulus</i>	known as blue gum; or
<i>Eucalyptus nitens</i>	known as shining gum or nitens; or
<i>Eucalyptus obliqua</i>	known as brown top stringybark; or
<i>Eucalyptus regnans</i>	known as stringy gum or swamp gum; or
<i>Eucalyptus sieberii</i>	known as ironbark.

5. Non Preferred Pulpwood

5.1 Non Preferred Pulpwood means:

(a) Pulpwood of the species and description set forth below:

<i>Acacia melanoxylon</i>	known as blackwood; or
<i>Atherosperma moschatum</i>	known as sassafras; or
<i>Eucalyptus amygdalina</i>	known as black peppermint; or
<i>Eucalyptus brookerana</i>	known as black gum; or
<i>Eucalyptus dalrympleana</i>	known as mountain gum or white gum; or
<i>Eucalyptus ovata</i>	known as black gum, swamp gum or white gum; or
<i>Eucalyptus pulchella</i>	known as white peppermint; or
<i>Eucalyptus rodwayi</i>	known as swamp peppermint; or
<i>Eucalyptus rubida</i>	known as candlebark, ribbon gum or white gum; or
<i>Eucalyptus tenuiramis</i>	known as silver peppermint; or
<i>Eucalyptus viminalis</i>	known as white gum; or
<i>Nothofagus cunninghamii</i>	known as myrtle, or

(b) all downers that meet the specifications for Pulpwood set forth in Clauses 2 or 3 of this Schedule 3 as the case may be.

6. Unacceptable Pulpwood

6.1 Unacceptable Pulpwood means:

- (a) any old downers which show any signs of either sap rot or wet rot or lichens or moss, such as to make it improbable that the log would meet the specifications set out in Clause 3 of this Schedule 3; or
- (b) any species of eucalypt other than those listed in Clauses 4 and 5 of this Schedule 3; or

SCHEDULE 3 (continued)

- (c) Pulpwood of the species and description set forth below:

<i>Eucryphia lucida</i>	known as leatherwood; or
<i>Leptospermum lanigerium</i>	known as woolly tea tree; or
<i>Phebalium squameum</i>	known as lancewood or tallowwood; or
<i>Pittosporum bicolor</i>	known as pittosporum or tallowwood; or
<i>Pomaderris apetala</i>	known as dogwood.

- 6.2 The Parties acknowledge that, pursuant to the definition for Pulpwood in Clause 1 of Schedule 1, the species set forth below are softwood species and do not meet that definition:

<i>Athrotaxis selaginoides</i>	known as King Billy pine; or
<i>Lagarostrobos franklinii</i>	known as Huon pine; or
<i>Phyllocladus aspleniifolius</i>	known as celery top pine.

SCHEDULE 4 (reference Clause 7.4)

Points of Sale

1. Burnie Port - being the Gunns woodchip export facility at the Port of Burnie.
2. Hampshire Mill - being the Gunns woodchip mill at Hampshire.
3. Massy Greene Mill - being Gunns' processing facility known by that name at Burnie.
4. Tamar Mill - being Gunns' woodchip facilities at Longreach on the Tamar River.
5. Triabunna Mill - being the Gunns woodchip mill at Triabunna.

SCHEDULE 5 (reference Clause 7.5)**Coupes subject to Clause 7.5**

AR002A	BB015F	BD020D	BF003D	BF039C	BI042A	BO106A	BO244A
AR002B	BB015G	BD020F	BF003E	BF039D	BI042C	BO106B	BO244B
AR002C	BB016A	BD021A	BF004A	BF041D	BN107C	BO106C	BO244C
AR002D	BB016B	BD021B	BF004B	BF042B	BO002B	BO107A	BO245A
AR002E	BB016C	BD021C	BF004C	BF043B	BO008A	BO109A	BO250A
AR003A	BB016D	BD022A	BF004D	BF043C	BO012A	BO109C	BO250B
AR003B	BB016E	BD024A	BF004E	BF043D	BO036A	BO109D	BO250C
AR004C	BB016F	BD024B	BF005A	BF043E	BO036B	BO109E	BO251A
AR009B	BB016G	BD027B	BF005B	BF044A	BO041A	BO110A	BO251B
AR009C	BB016H	BD028A	BF005C	BF044B	BO041B	BO111B	BS102D
AR009D	BB016I	BD028H	BF008D	BF045A	BO051A	BO112A	BS103J
AR009G	BB019A	BD029E	BF009D	BF052A	BO060A	BO112C	BS105L
AR010B	BB019B	BD029F	BF009E	BF052B	BO064A	BO112D	BS106A
AR011C	BB019C	BD029G	BF010B	BF053A	BO064B	BO112E	BS107K
AR015B	BB019D	BD030A	BF010C	BF055A	BO065A	BO113A	BS107L
AR016B	BB019E	BD032A	BF012A	BF056A	BO065B	BO113B	BS108H
AR018A	BB024B	BD033A	BF012B	BF057A	BO065C	BO113C	BS108I
AR023E	BB101G	BD033B	BF012C	BF057B	BO078G	BO113D	BS108J
AR029A	BB101Z	BD033C	BF013D	BG034B	BO078H	BO114B	BS108K
AR031B	BC054A	BD033F	BF015D	BH001A	BO081H	BO115A	BS108L
AR033H	BC054B	BD033J	BF015G	BI001F	BO084A	BO115B	BS109C
AR034C	BC054C	BD033K	BF017A	BI004C	BO085A	BO115C	BS109D
AR034D	BC058C	BD033L	BF024A	BI004D	BO086A	BO205A	BS109E
AR040A	BC072C	BD042B	BF025C	BI005C	BO088A	BO207A	BS109G
AR041B	BC084B	BD045C	BF027B	BI013E	BO091A	BO208C	BS109H
AR050F	BD001E	BD046C	BF027C	BI013F	BO091B	BO208D	BS110B
AS112Y	BD002A	BD047E	BF028B	BI013H	BO092B	BO209C	BS110D
AS120Y	BD002B	BD047F	BF028C	BI013I	BO092C	BO209D	BS110E
BA389V	BD002C	BD051A	BF029A	BI013J	BO092D	BO211A	BS116B
BA396Y	BD002E	BD052A	BF029B	BI013K	BO092E	BO212A	BS117H
BA397A	BD002F	BD052D	BF029C	BI013L	BO093A	BO213A	BS118G
BA397B	BD002G	BD052E	BF029D	BI013M	BO093B	BO213B	BS118L
BA397C	BD002H	BD052F	BF030A	BI013N	BO094A	BO214B	BS121A
BA397D	BD003C	BD052G	BF032B	BI023D	BO094B	BO217A	BS122D
BA397E	BD003E	BD052H	BF032D	BI024D	BO094C	BO217B	BS123C
BA398C	BD004E	BD052I	BF033D	BI026A	BO094D	BO218A	BS123E
BA399A	BD008B	BD060A	BF034D	BI026C	BO100C	BO223A	BS124A
BA399X	BD008C	BD062E	BF034F	BI026D	BO100D	BO240A	BS124C
BA400A	BD008D	BD062F	BF035B	BI027A	BO100E	BO240B	BS124D
BB015A	BD008E	BF002A	BF037D	BI027E	BO100F	BO241A	BS124F
BB015B	BD012E	BF002B	BF037E	BI032E	BO101A	BO241B	BS124G
BB015C	BD013C	BF003A	BF038B	BI033A	BO101B	BO243A	BT001A
BB015D	BD015D	BF003B	BF038C	BI035D	BO102A	BO243B	BT001B
BB015E	BD018F	BF003C	BF039B	BI036C	BO104B	BO243C	BT002A

(continued overleaf)

SCHEDULE 5 (continued)**Coupes subject to Clause 7.5**

BT002B	BT013C	CD107D	CO010A	DE024B	DP027F	DU022A	EP031E
BT003A	BT013D	CD110A	CO010B	DE024C	DR005A	DU022B	EP033A
BT004A	BT013E	CD111F	CO010C	DE030A	DR006C	DU022C	EP048C
BT005A	BT013F	CD112E	CO010D	DE030B	DR006D	DU026A	EP048D
BT005B	BT013G	CD112I	CO010E	DE030C	DR007B	DU027A	EP049A
BT005C	BT013H	CD114K	CO010F	DE031C	DR009B	DU028B	EP061B
BT005D	BT013I	CD116D	CO010G	DE034B	DR009D	DU028C	EP061C
BT006D	BT013J	CD117B	CO010H	DE035A	DR010A	EC008B	EP074F
BT007A	BT013K	CD117C	CO010I	DE035B	DR011B	EC012B	EP081B
BT007B	BT013L	CD117D	CO011A	DE036D	DR011C	EC017A	EP082D
BT007D	BT013M	CD117E	CO011B	DE039A	DR011D	EC021B	EP082E
BT007E	BT013N	CD117F	CO011C	DE041B	DU010A	EC024B	EV024D
BT007F	BV006A	CD118H	CO012A	DE051C	DU010C	EC049C	EV027B
BT007G	BV011C	CE332V	CO012B	DK001A	DU011C	EC050A	EV032C
BT007H	BV014A	CE332W	CO012C	DK002E	DU011D	EC050C	EV035A
BT007I	BW121E	CF016A	CO012D	DK004A	DU011F	EC071B	EV106C
BT007K	BW121F	CF028C	CR162B	DK004B	DU012B	EL029B	EV107G
BT007L	CA145E	CH002E	CR162F	DK008A	DU013A	EL032E	EV109I
BT008A	CA155Q	CH007A	CR162J	DK017C	DU013B	EP004B	FD041A
BT008B	CC102B	CH013A	CR171U	DK017D	DU013G	EP004D	FL108F
BT008C	CC104B	CH013B	CR171V	DL008A	DU014D	EP004F	FL109B
BT008D	CC117A	CH040A	CR171Y	DL010A	DU014G	EP004G	FL110A
BT008E	CC117B	CH041C	CZ002A	DL016A	DU015A	EP011A	FL110F
BT009A	CC119A	CH041E	CZ003D	DN007B	DU015B	EP021B	FL110G
BT009B	CC132D	CH044E	CZ003E	DN007C	DU015C	EP021C	FL111B
BT009C	CC134D	CH044R	CZ003F	DN010E	DU015G	EP021Q	FL122D
BT009D	CC134F	CH047C	CZ005C	DN010I	DU015H	EP024C	FL122E
BT009E	CC136B	CL355G	CZ006C	DN010J	DU018A	EP024D	FN014C
BT010A	CC147B	CL358C	CZ006D	DN010K	DU019A	EP025C	FN019B
BT010B	CC147C	CM008F	CZ010A	DN010N	DU019B	EP025E	FO001A
BT010C	CC148A	CM008I	CZ010B	DN010P	DU019D	EP026B	FO006B
BT010D	CC148B	CM019C	CZ012B	DN010Q	DU019E	EP027A	FO017A
BT011A	CC148C	CM019D	CZ020C	DN012B	DU019F	EP027F	FO017C
BT011B	CC148D	CM024D	CZ020D	DN012D	DU019G	EP027G	FO018A
BT011C	CC156B	CO001E	CZ022A	DN014C	DU019H	EP028A	FO020B
BT012A	CC157C	CO002C	CZ022B	DN014D	DU019I	EP029A	FO021E
BT012B	CC157D	CO003A	CZ022C	DN014F	DU020A	EP029B	FO022A
BT012C	CC157E	CO003C	CZ023D	DN017B	DU020B	EP029C	FO023F
BT012D	CC160B	CO003H	CZ025A	DN017D	DU020C	EP030A	FO032E
BT012E	CD102B	CO005G	CZ056A	DP020H	DU021A	EP030B	FO032F
BT012F	CD103A	CO007B	CZ056B	DP021B	DU021B	EP030C	FO032H
BT012G	CD103B	CO007F	CZ057A	DP021E	DU021C	EP031B	FO032I
BT013A	CD103C	CO008A	DE011C	DP021F	DU021D	EP031C	FO033F
BT013B	CD106B	CO008B	DE024A	DP024C	DU021E	EP031D	FO033G

(continued overleaf)

SCHEDULE 5 (continued)**Coupes subject to Clause 7.5**

FO033H	FO051C	FT012A	GL212B	HU310U	LA022B	LW008B	MB079A
FO034A	FO051E	FT015B	GR003A	HU311B	LD020F	MA108C	MB079B
FO035E	FO051F	FT015C	HA006F	HU312B	LD020H	MA108D	MB079C
FO035G	FO052A	FT016A	HA010C	HU312D	LD022C	MA109A	MB081A
FO040A	FO052B	FT020D	HA011B	HU312V	LD023C	MA109B	MC001A
FO040B	FO052C	FY002D	HA011C	HU312Y	LF115C	MA114M	MC002A
FO040C	FO056A	FY002E	HA019C	HU322E	LG014D	MA115C	MC005A
FO040E	FO056B	FY002F	HA043F	HU323A	LG020D	MA115D	MC005C
FO040G	FO056C	FY004A	HA044C	HU323Y	LH111F	MA117B	MC005E
FO040H	FO057A	FY004B	HA045D	IR028C	LH114A	MA118F	MC006D
FO042C	FO057B	FY007B	HA045F	IR029A	LI102D	MA122B	MC008B
FO042D	FO057C	GA105B	HA047A	KA004B	LI111D	MA123B	MC012L
FO042E	FO057D	GA106X	HE007D	KA004C	LI124C	MB007A	MC014B
FO042G	FO060A	GA113W	HE008F	KA005A	LN003D	MB008E	MC015D
FO043B	FR001C	GA115B	HE019A	KA005B	LN007A	MB008F	MC015E
FO043C	FR003D	GA118Y	HE020E	KA008B	LN007B	MB009A	MC020E
FO044A	FR006B	GA119S	HK001B	KA010C	LN008A	MB011F	MC021D
FO044D	FR007A	GA119U	HK006A	KA026A	LN008B	MB015B	MC032A
FO044E	FR008A	GA119V	HK006B	KD001B	LN009A	MB017B	MC034A
FO045A	FR015A	GA119X	HK008A	KD009D	LN012E	MB018B	MC035A
FO045B	FR016B	GA120U	HK008B	KD009H	LN013A	MB021C	MD001C
FO045C	FR016C	GC031E	HK008C	KD010B	LR416W	MB023A	MD003A
FO046A	FR017A	GC062D	HK008D	KD015B	LR416X	MB023B	MD008B
FO046B	FR017B	GC076B	HK009A	KD015C	LR430Y	MB023C	MD009A
FO046C	FR018C	GC085B	HK009B	KD019D	LR431X	MB024A	MD009B
FO046D	FR026A	GC106B	HK011A	KD021E	LR431Y	MB025A	MD013A
FO046E	FR031B	GC116B	HK011B	KD021F	LR433Q	MB025B	MD013B
FO046F	FR033A	GC136A	HK011C	KD021G	LR433R	MB025C	MD093A
FO047A	FR033B	GC136B	HK026A	KD022D	LR437F	MB032D	MD095B
FO047B	FR039A	GC139B	HL001A	KD022E	LR437V	MB038A	MD096A
FO047C	FR039B	GC148E	HL001B	KD022I	LR437W	MB041D	MD098A
FO047D	FR039C	GC153C	HL002A	KD023C	LR437Y	MB041E	MD098B
FO047E	FR039E	GC156A	HL003A	KD023D	LR440D	MB045C	MD098C
FO048A	FR040A	GC156C	HL004A	KD023E	LT226W	MB045D	MD098D
FO048B	FR041A	GC164A	HL005A	KD023F	LT226Y	MB045E	MD099C
FO049A	FT001G	GC164B	HL007A	KD023H	LU003B	MB047A	MD099E
FO049B	FT003B	GC179B	HL029D	KD023I	LU008C	MB048A	MD099F
FO049C	FT003C	GC206A	HL033C	KD023J	LU017C	MB048B	MD102A
FO049D	FT004A	GC206B	HL042A	KD028A	LU035A	MB048C	MD102B
FO049E	FT004B	GC208B	HL043B	KD040D	LU035B	MB049A	MD104A
FO050A	FT004C	GC212A	HL044A	KE001D	LU035C	MB052A	MD104B
FO050B	FT005I	GC212B	HP012D	LA005C	LU035D	MB052B	MD104C
FO050C	FT006A	GC212C	HU310E	LA014B	LW004A	MB052C	MD166A
FO050D	FT006B	GL205B	HU310F	LA016B	LW005D	MB058A	MD167A

(continued overleaf)

SCHEDULE 5 (continued)**Coupes subject to Clause 7.5**

ME001B	ML016A	MO122B	NH011C	NW004H	PC013J	PL002C	RD024C
ME003B	ML017A	MO122C	NH012A	NW005A	PC013K	PL003C	RE001G
ME005G	ML021A	MO123A	NH015A	NW005B	PC013L	PL009A	RN002C
ME005H	ML022A	MO135C	NH018D	NW005C	PC015C	PL012B	RN003A
ME006G	ML023A	MO135D	NH025A	NW005D	PC015D	PL025B	RN003B
ME008B	ML023B	MO136C	NH025C	NW006A	PC015F	PL029C	RN003C
MF001C	ML031A	MO136D	NH026B	NW006B	PC016A	PL034A	RN004A
MF003C	ML032A	MO136I	NI110B	NW006C	PC016B	PU002B	RN004B
MF016B	ML033A	MO136K	NI138C	NW006D	PC017D	PU005B	RN004D
MF018B	ML054B	MO145A	NI148A	NW006E	PC017F	PU008A	RN010A
MF018C	ML055F	MO145B	NI158B	NW006F	PC017H	PU012C	RN011A
MF024D	ML055G	MO145C	NI158C	NW007A	PC018A	PU012D	RN011B
MF030F	ML055H	MO145D	NV002A	NW007B	PC018D	PU012E	RP001A
MF031D	ML057I	MT004A	NV002B	NW007C	PC018E	PU013A	RP001B
MF032C	ML058A	MT004B	NV002C	NW007D	PC018G	PU013B	RP001C
MF032D	ML058C	MT008B	NV003A	NW007E	PC018H	PU027D	RP001E
MF049C	ML067A	MT009A	NV003B	NW008A	PC021A	PU038B	RP008F
MF050C	ML068A	MX269Y	NV003C	NW008B	PC021D	PU039C	RP008H
MF050D	ML068B	MX273X	NV003D	NW009A	PC021E	PU043G	RP009C
MF050H	ML068C	MX275V	NV003E	NW009B	PC021F	PW010B	RP011A
MF051C	ML068D	MZ123X	NV003F	NW009C	PC023B	PW013A	RP011E
MF055A	MM002B	MZ123Y	NV004A	NW011A	PC023G	PW014B	RP011G
MF055B	MM011E	MZ124Q	NV004B	NW011B	PC030C	PW018M	RP013G
MF055C	MM014B	MZ124R	NV004C	NW011C	PC033F	RD002C	RP013H
MF055D	MM014D	MZ124X	NV005A	NW011D	PC034D	RD005C	RP016A
MF059A	MM015A	MZ124Y	NV008A	NW011E	PC034E	RD007C	RP016B
MF063A	MM015C	MZ125U	NV011B	NW011F	PC034F	RD009C	RP016C
MF067E	MM017D	MZ125X	NV014D	NW011G	PC034H	RD009D	RP021A
MF068C	MM026A	MZ127V	NV014E	NW011H	PC038C	RD012A	RP023D
MF068E	MM026B	MZ127X	NV016D	NW011I	PC039D	RD013A	RP029B
MF068G	MM026C	MZ127Y	NW001A	OO068D	PC039E	RD013B	RP034A
MF068H	MM026D	MZ133U	NW001B	OO068H	PC040A	RD014A	RP034C
MF073B	MM027A	MZ133X	NW001C	PA109E	PC043D	RD014B	RP034G
MF073D	MN006J	MZ138V	NW001D	PA123B	PC043H	RD015A	RP034H
MF074A	MN022B	MZ138Y	NW002A	PA125D	PC070D	RD016B	RP035A
MF075A	MO101E	MZ148Y	NW002B	PA143B	PC070E	RD016C	RP035B
MF076A	MO109B	NA007E	NW002C	PA146G	PC071D	RD016D	RP035C
MF076B	MO111D	NA016B	NW003A	PA149E	PC072B	RD017B	RP035D
MF077B	MO112B	NA020A	NW003B	PA161B	PC082A	RD017C	RP035E
MF082A	MO117E	NA023A	NW003D	PC007C	PC082D	RD018C	RP035F
MI009D	MO117H	NA037B	NW004B	PC007H	PC083C	RD018D	RP036B
MI012E	MO118A	NH005A	NW004C	PC009B	PC084E	RD019A	RP036C
ML003A	MO119A	NH007A	NW004F	PC013H	PC084H	RD023C	RP036D
ML015A	MO121A	NH011A	NW004G	PC013I	PC085A	RD024A	RP036G

(continued overleaf)

SCHEDULE 5 (continued)**Coupes subject to Clause 7.5**

RP036H	RS121F	RU023L	SA135E	SH057G	SR044E	SU022A	SX007C
RP036I	RS121G	RU023M	SA141E	SH062C	SR046B	SU022B	SX008D
RP036J	RS122I	RU026D	SA152E	SH062D	SR052A	SU022C	SX008E
RP038B	RS122J	RU030A	SA152F	SH062E	SR052C	SU022D	SX009A
RP038C	RS124H	RU030B	SA152L	SH064D	SR054C	SU025C	SX009B
RP038D	RS124I	RU030C	SA152N	SH065B	SR054D	SU026C	SX009C
RP038E	RS127C	RU030E	SB017E	SH068A	SR055B	SU026E	SX009D
RP038F	RS127D	RU031A	SB021A	SH068B	SR057C	SU026F	SX010F
RP038G	RS128D	RU031C	SC119C	SH069A	SR107C	SU026G	SX010G
RP040A	RS128E	RU031G	SF107C	SH069B	SR109F	SU027B	SX011B
RR101B	RS128F	RU032B	SF113C	SH069C	SR109G	SU028B	SX011D
RR101C	RS128I	RU034D	SF119I	SH069E	SR109H	SU030C	SX011G
RR103D	RS131C	RU043B	SF127D	SH069J	SR109I	SU034A	SX012F
RR106A	RS134C	RU043C	SF166C	SH070F	SR116C	SU035E	SX013G
RR110A	RS136B	RU043D	SF167B	SH070G	SR123B	SU037A	SX013K
RR111A	RS137M	RU043E	SF169C	SH070H	SR123C	SU039A	SX013L
RR112A	RS138A	RU043F	SH001D	SH070I	SR128D	SU054C	SX013M
RR124A	RS140E	RU049C	SH005E	SH080A	SR132C	SU055A	SX014C
RR124D	RS141J	RU049D	SH006D	SH081A	SR132D	SU055B	SX015A
RR125B	RS141K	RU050C	SH011B	SH081B	SR132E	SU057A	SX015B
RR128B	RS141L	RU063A	SH012C	SH085D	SR132F	SU057B	SX018E
RR131A	RS142F	SA020E	SH012E	SH085E	SR132G	SU059A	SX018F
RR131B	RS144D	SA024B	SH022B	SH085F	SR132I	SU059B	SX019D
RR132C	RS145H	SA025D	SH022C	SH086C	SR133C	SW043E	SX019F
RR133C	RU001A	SA025E	SH041L	SH086D	SR138C	SW044A	SX020A
RR139A	RU001G	SA026B	SH043G	SH087B	SR138E	SW047A	SX020G
RR140A	RU003B	SA028D	SH044A	SH088A	SR138I	SW062A	SX020H
RR146A	RU003G	SA029D	SH045D	SH088B	SU007F	SW066A	SX021C
RR149B	RU008B	SA031C	SH045F	SH088C	SU007G	SW112C	SX021E
RR152A	RU008D	SA033G	SH046A	SH110B	SU007I	SW125B	SX021F
RR155A	RU008E	SA034C	SH046B	SK013C	SU009C	SW126C	SX021G
RR156A	RU008F	SA035G	SH046C	SK019A	SU010E	SW126G	SX021H
RR158A	RU008G	SA037B	SH046E	SK020C	SU010G	SW126H	SX021I
RR161A	RU010D	SA037D	SH050C	SK021B	SU014F	SW126J	SX022A
RR162A	RU012E	SA037E	SH050D	SM115C	SU014H	SW128F	SX022B
RR162B	RU012F	SA040C	SH053A	SM115E	SU015B	SW128Y	SX023B
RS111C	RU012G	SA044D	SH055E	SR004A	SU016B	SW134A	SX028A
RS111E	RU014A	SA045C	SH055F	SR006C	SU017A	SW134B	SX028B
RS111F	RU017F	SA045G	SH055G	SR010A	SU017B	SW134C	SX028C
RS113M	RU019C	SA045H	SH056A	SR011C	SU019A	SW141C	SX028H
RS113O	RU019D	SA124C	SH056B	SR011D	SU019B	SW141D	SX030B
RS113R	RU023E	SA131D	SH057D	SR021D	SU019C	SX004B	SX030D
RS115D	RU023J	SA131E	SH057E	SR025F	SU020A	SX007A	SX031B
RS120D	RU023K	SA135D	SH057F	SR041A	SU020B	SX007B	SX032B

(continued overleaf)

SCHEDULE 5 (continued)**Coupes subject to Clause 7.5**

SX036G	TG004C	TI008L	TN018E	TN049F	TO011B	TP010B	UR020B
SX037C	TG005E	TI010A	TN019B	TN050A	TO011C	TP010D	UR020C
SX037H	TG005H	TI010B	TN019C	TN050B	TO011D	TP012A	UR028A
SX039C	TG006C	TI010D	TN020B	TN050C	TO011E	TP013B	UR037E
SX039D	TG007F	TI010E	TN020C	TN050D	TO016A	TP015C	UR037H
SX039E	TG008F	TI011A	TN020F	TN050E	TO017A	TP024B	UR041B
SX039F	TG011C	TI011C	TN021B	TN050F	TO017B	TP024C	UR047C
SY003C	TG012B	TI011E	TN021D	TN050G	TO017C	TP024D	UR047D
SY029A	TG012D	TI011F	TN024B	TN050H	TO017D	TP024F	UR047E
SY029C	TG013A	TI011H	TN024C	TN050I	TO017E	TP029B	UR048C
SY030C	TG013B	TI011I	TN024G	TN061A	TO018B	TP033C	UR048D
SY044A	TG013C	TI012F	TN024H	TN062D	TO018C	TP033D	WA012C
TA002D	TG014A	TI012G	TN026B	TN062F	TO018D	TP034A	WA018A
TA003J	TG014B	TI012I	TN026E	TN062G	TO018E	TP035A	WA019A
TA006G	TG014C	TI013E	TN027A	TN063A	TO023B	TP035B	WA019B
TA007G	TG014D	TI013I	TN028B	TN063E	TO023C	TU490Q	WA019C
TA016D	TG014E	TI014G	TN028E	TN063F	TO023E	TU493A	WA021A
TE004E	TG015B	TI015E	TN029B	TN064A	TO024B	TU494A	WA022B
TE004L	TG015D	TI015F	TN032C	TN064B	TO030C	TW118B	WA027A
TE005B	TG016E	TI015G	TN033C	TN065A	TO033C	TY004B	WA028E
TE005F	TG017C	TI015H	TN034B	TN065C	TO033D	TY004D	WA028F
TE005H	TG021F	TI018A	TN034E	TN065E	TO035A	TY012C	WA028G
TE006F	TG022B	TI018C	TN034G	TN065L	TO035B	TY013C	WA082A
TE009C	TG028B	TI018D	TN040G	TN066D	TO038C	TY014A	WA083A
TE010G	TG028D	TI018E	TN044A	TN066E	TO052D	TY014B	WD006A
TE012C	TG028G	TN002A	TN044D	TN067B	TO053C	TY015B	WD006B
TE013A	TH117D	TN002C	TN044E	TN067D	TO059B	TY015C	WD013A
TE014A	TI001A	TN002G	TN045A	TN068G	TO059C	TY022E	WD014A
TE017A	TI001B	TN005D	TN045B	TN071A	TO062A	TY022F	WD015A
TE021A	TI001C	TN006D	TN046A	TN072B	TO062B	TY022I	WD022B
TE021C	TI001D	TN006E	TN046D	TN074C	TO073F	TY023B	WE001A
TE021D	TI001E	TN010D	TN046E	TO005K	TO075C	TY030B	WE001D
TE022G	TI002A	TN010E	TN046H	TO006F	TO081A	TY030C	WE002D
TE022H	TI002B	TN012A	TN047A	TO006H	TO089A	TY039C	WE002F
TE023D	TI002C	TN012C	TN047B	TO006I	TO090A	TY042F	WE003A
TE025B	TI002D	TN017B	TN047C	TO006J	TO103A	TY042G	WE003B
TE025C	TI003E	TN017C	TN047D	TO006K	TO103B	TY042I	WE003C
TE033A	TI003H	TN017E	TN047E	TO010C	TO104A	TY042J	WE003D
TE033B	TI005B	TN017G	TN048A	TO010D	TP007B	TY042R	WE005B
TG001E	TI005D	TN017H	TN048B	TO010E	TP007D	UR012E	WE005C
TG002B	TI005E	TN017I	TN049A	TO010F	TP008B	UR013B	WE005F
TG003C	TI005H	TN017J	TN049B	TO010G	TP009A	UR013D	WE005H
TG003E	TI008A	TN018A	TN049C	TO010H	TP009B	UR014B	WE008D
TG004B	TI008E	TN018D	TN049D	TO011A	TP010A	UR019B	WE009B

(continued overleaf)

SCHEDULE 5 (continued)**Coupes subject to Clause 7.5**

WE009D	WE028D	WH001E	WI106K	WT007C	WT045D	WW032A	WW042D
WE010A	WE030A	WH001F	WI107A	WT008F	WT046D	WW032B	WW043A
WE010D	WE030B	WH001H	WI110A	WT008G	WT052A	WW032D	WW043B
WE012D	WE030C	WH002A	WI122A	WT009C	WW001A	WW033A	WW044A
WE012F	WE030E	WH002B	WI122B	WT010D	WW001B	WW033B	WW044B
WE016E	WE031B	WH004A	WR003B	WT011A	WW001C	WW033C	WW044C
WE016F	WE031C	WH004B	WR005A	WT011B	WW003C	WW033D	WW045A
WE017B	WE034B	WH012A	WR005C	WT011D	WW003D	WW034A	WW045B
WE019B	WE034D	WH012D	WR005D	WT012C	WW003F	WW034B	WW046B
WE019C	WE034G	WH012E	WR005E	WT014A	WW004D	WW034C	WW049B
WE020B	WE035B	WH012F	WR008A	WT014B	WW005A	WW034D	WW049C
WE020D	WE035C	WH014A	WR008E	WT014C	WW005B	WW034E	WW050A
WE021A	WE037A	WH014B	WR008K	WT017B	WW005D	WW035A	WW050D
WE021B	WE037B	WH014C	WR009C	WT017C	WW007B	WW035D	WW051A
WE021C	WE038A	WH016E	WR011F	WT017D	WW009A	WW035E	WW051C
WE021D	WE038B	WH017B	WR012C	WT017E	WW012B	WW035F	WW051D
WE021E	WE038C	WH017C	WR014F	WT019A	WW012C	WW036B	WW052C
WE021F	WE038D	WH018A	WR015E	WT019B	WW017A	WW036D	WW054A
WE023A	WE039A	WH019A	WR015F	WT019C	WW017B	WW036E	WW054D
WE023B	WE039B	WH019B	WR016A	WT019D	WW018A	WW036F	WW058E
WE023C	WE039C	WH020A	WR016C	WT019E	WW018B	WW037A	WW059B
WE023D	WE039D	WH020B	WR016D	WT041G	WW018C	WW037C	WW059C
WE023E	WE039E	WH021A	WR017B	WT042C	WW018D	WW038A	WW062D
WE023F	WE039F	WH022A	WR017C	WT042E	WW020E	WW038B	WW064A
WE024A	WE042A	WH022B	WR017D	WT042F	WW024A	WW039A	WW064B
WE024C	WE043A	WH022C	WR019B	WT042G	WW026A	WW040A	WW065A
WE024D	WE044C	WH022D	WR019C	WT042I	WW026B	WW041A	WW065B
WE024E	WE044E	WH026A	WR019D	WT043H	WW027A	WW041B	WW065D
WE027A	WE044F	WH028A	WR019E	WT043I	WW027B	WW041C	WW066A
WE027B	WE047A	WH028B	WR021A	WT043J	WW029E	WW041D	WW066B
WE027C	WE048D	WH028C	WT002A	WT043K	WW030C	WW042A	WW067A
WE028A	WE048E	WI106A	WT002C	WT043L	WW030H	WW042B	WW067B
WE028B	WE049D	WI106D	WT006D	WT045A	WW031C	WW042C	WW067C
WE028C	WH001D	WI106J	WT007B	WT045C			

SCHEDULE 6 (reference Clause 7.6)**Base Distribution of Pulpwood****1. Supply Zones**

Supply Zone	‘000 GMT Pulpwood per Planning Year				
	2008/09 - 2009/10	2010/11 - 2012/13	2013/14 - 2015/16	2016/17 - 2020/21	2021/22 - 2026/27
Inner Stumpage					
Outer Stumpage					
SUBTOTAL Stumpage					
North West Milldoor					
Southern Milldoor					
SUBTOTAL Milldoor					
From any Supply Zone					
TOTAL	1,500	1,500	1,500	1,500	1,500

2. Classes of Harvesting Operations

Class of Harvest Operation	‘000 GMT Pulpwood per Planning Year				
	2008/09 - 2009/10	2010/11 - 2012/13	2013/14 - 2015/16	2016/17 - 2020/21	2021/22 - 2026/27
Native Forest Thinning					
Plantation Thinning					
Cable					

3. Classes of Pulpwood

	‘000 GMT Pulpwood per Planning Year				
	2008/09 - 2009/10	2010/11 - 2012/13	2013/14 - 2015/16	2016/17 - 2020/21	2021/22 - 2026/27
High Quality Pulpwood					

SCHEDULE 6 (continued)**4. Notes**

- Note 1: For the avoidance of doubt, the quantities of Pulpwood to which this Schedule 6 refer are not mutually exclusive.
- Note 2: For the purposes of this Schedule 6 “Cable” means Pulpwood from Coupes classified as predominantly cable terrain by Forestry Tasmania’s planning process.
- Note 3: For the purposes of this Schedule 6 “Native Forest Thinning” means Pulpwood from native forest Coupes classified as thinning operations by Forestry Tasmania’s planning process.
- Note 4: For the purposes of this Schedule 6 “GMT” means green metric tonnes.
- Note 5: Where the Base Quantity is increased under the terms of Clause 4.2, the subtotal quantity to be made available from the Stumpage Zone, and the total quantity are increased by 100,000 GMT for the period of that increase.

SCHEDULE 7 (reference Clause 7.7)**Planning limits for the Base Distribution of Pulpwood****1. Supply Zones**

Supply Zone	Planning limit
Inner Stumpage Supply Zone	Minimum 85%
Stumpage Supply Zones	Minimum 95%
TOTAL	Minimum 100%

2. Classes of harvesting operations

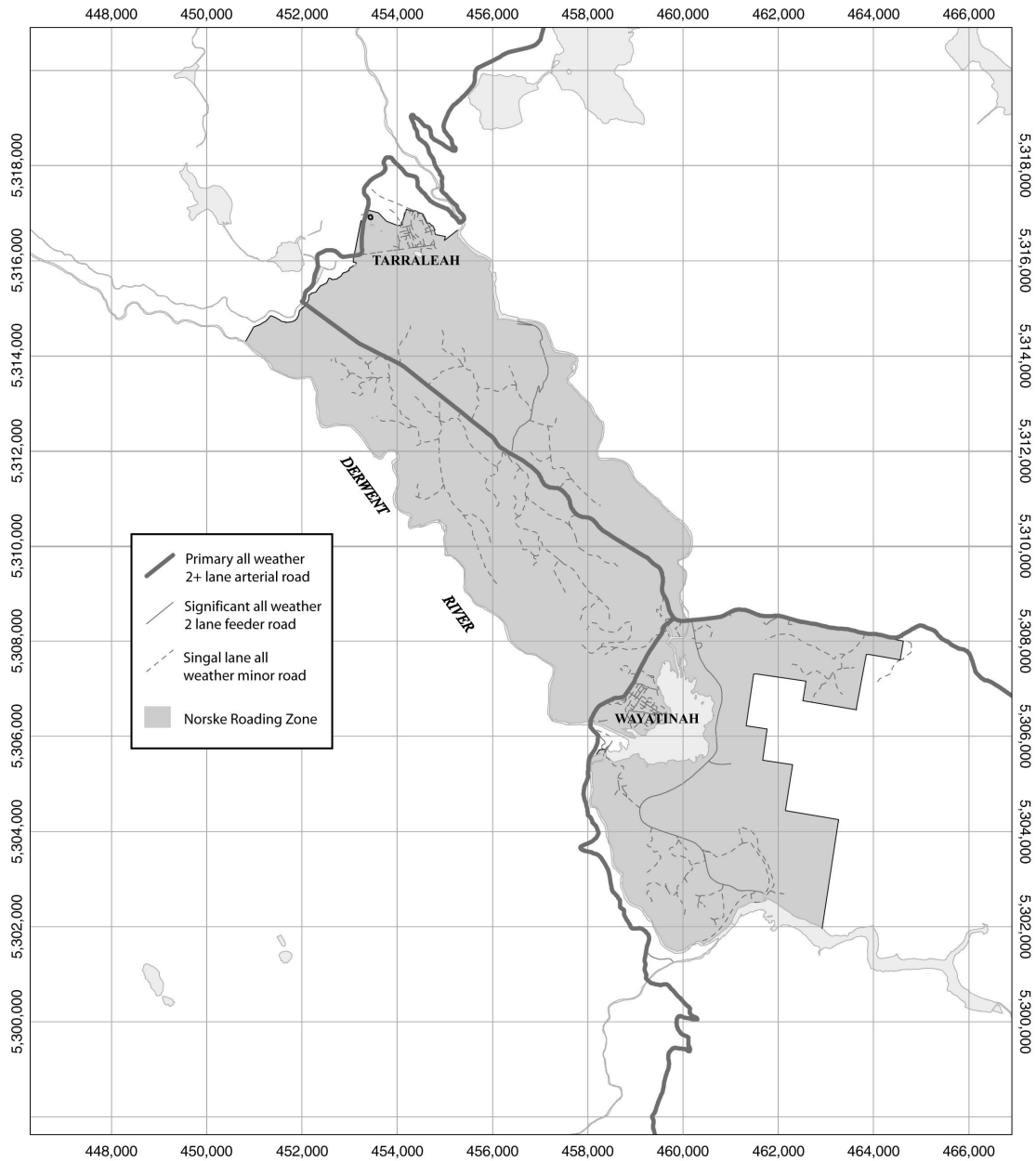
Class of harvesting operation	Planning limit
Each of Cable, Native Forest Thinning and Plantation Thinning	Minimum 75%
Each of Cable, Native Forest Thinning and Plantation Thinning	Maximum 125%

3. Classes of Pulpwood quality

Class of Pulpwood quality	Planning limit
High Quality Pulpwood	Minimum 85%

4. Notes

- Note 1: In each case, the limit shown relates to the quantity shown for the equivalent component set forth in Schedule 6.
- Note 2: Notwithstanding any other provisions of this Schedule 7, Forestry Tasmania is not obliged to plan to supply more Pulpwood in any Planning Year than that requested by Gunns in the relevant Annual Notice.

SCHEDULE 8 (reference Clause 8.1(a))**Norske Skog roading zone**

SCHEDULE 9 (reference Clause 9.1)**Stumpage****1. Definitions**

The following terms are defined for the purposes of this Schedule 9.

1.1 The relevant six month periods to which this Schedule 9 refers are:

- (a) the six months from 1 January to 30 June in each year; and
- (b) the six months from 1 July to 31 December in each year,

as the case may be.

1.2 The Woodchip Export Price is the weighted average “free on board” price received by Gunns for export shipments from Tasmania that consist of hardwood woodchips of which 50 per cent or more are derived from native forest during the six months immediately preceding the relevant six month period, expressed in Australian dollars per green metric tonne to two decimal places, provided that if the actual free on board price received by Gunns for an export shipment to which this Clause 1.2 of this Schedule 9 refers is less than \$[REDACTED] per bone dry metric tonne, then the free on board price for that export shipment will be deemed to be an amount calculated in accordance with the following:

$$FP = [REDACTED] * DMF,$$

where:

- (a) FP is the relevant deemed free on board price for that export shipment, expressed in Australian dollars per green metric tonne to two decimal places; and
- (b) DMF is the dry matter fraction for that export shipment.

For the avoidance of doubt:

- (c) the “free on board” price received by Gunns shall include selling price adjustments for pulp yield, sales commissions paid to parties at arms length to Gunns, volume rebates and other standard commercial factors (referred to in this Clause 1.2 of Schedule 9 as a “valid discount”) but exclude any price adjustments or discounts paid by Gunns to its customers as a result of:
 - (i) product deficiencies arising from Timber processing or ship loading; or
 - (ii) other off-sets provided by a customer to Gunns or by Gunns to a customer not connected with the value of the shipment, and

SCHEDULE 9 (continued)

- (d) any valid discount for a relevant six month period which Gunns was not aware of, and could not have reasonably been aware of, when the Woodchip Export Price for that relevant six month period was calculated will be taken into account in the calculation of the Woodchip Export Price for the subsequent relevant six month period.

Gunns will provide Forestry Tasmania with a certificate from its external auditor, stating and verifying the accuracy of the relevant data from which the Woodchip Export Price is calculated for the relevant six month period, no less than fourteen days after the first day of that period. For the avoidance of doubt, the relevant data should include but need not be limited to:

- (e) the quantity of each relevant export shipment, in green metric tonnes and bone dry metric tonnes;
- (f) the dry matter fraction to be used to convert bone dry metric tonnes to green metric tonnes for each relevant export shipment, to four decimal places, e.g. 0.5139;
- (g) the quantity of Woodchips derived from native forest in each relevant export shipment;
- (h) the quantity of Woodchips derived from hardwood Plantations in each relevant export shipment;
- (i) the free on board price receivable by Gunns for each relevant export shipment, in the currency in which it was sold; and
- (j) the relevant factor to convert the currency in which each relevant shipment was sold to Australian dollars, which should reflect the actual foreign exchange rate achieved by Gunns for each shipment,

and should include Gunns' calculation of the Woodchip Export Price for the relevant six month period.

1.3 The Pulp Price Index is calculated to two decimal places as follows.

$$\text{PPI} = \text{EPPI} / \text{EAUD},$$

where:

PPI is the Pulp Price Index;

EPPI is the average of the weekly values of the pulp price for bleached hardwood Kraft pulp, as reported in the PIX - Pulp price index - Europe for the six month period immediately preceding the relevant six month period, as published by FOEX Indexes Limited on its website www.foex.fi and expressed in Euros per air dried metric tonne; and

SCHEDULE 9 (continued)

EAUD is the average of the weekly values of the exchange rate for the six month period immediately preceding the relevant six month period, as published by the Reserve Bank of Australia and expressed in Euros per Australian dollar,

provided that, if either or both of the PIX - Pulp price index - Europe and the relevant exchange rate ceases to be available in the form that it was available at the date of this Contract, then the Parties will agree upon a replacement index for each relevant index and if such agreement is not achieved within twenty business days of the matter first being raised by a Party then either Party may refer the matter for dispute resolution in accordance with Clause 13 of Schedule 13. For efficiency purposes, Gunns will provide Forestry Tasmania with its calculations under this Clause 1.3 of this Schedule 9 no later than fourteen days after the last day of the relevant six month period for Forestry Tasmania to verify.

- 1.4 Pulp Yield Calibration Period is a period of not less than twelve months and not more than 23 months beginning on the date of commencement of normal operations to produce pulp at the Pulp Mill and ending on 31 March.
- 1.5 Base Pulp Yield is the average yield of unbleached fibre in bone dry metric tonnes per bone dry metric tonne of Plantation Pulpwood sold in accordance with this Contract over the Pulp Yield Calibration Period:
 - (a) determined according to a process of sampling, analysis and independent review to be agreed between the Parties; and
 - (b) expressed to one decimal place,

provided that if the agreement to which Clause 1.5(a) of this Schedule 9 refers is not achieved by 30 June 2008 then either Party may refer the matter for dispute resolution in accordance with Clause 13 of Schedule 13. Gunns will provide Forestry Tasmania with its calculation of the Base Pulp Yield no later than 30 days after the end of the Pulp Yield Calibration Period.

- 1.6 Actual Pulp Yield is the average yield of unbleached fibre in bone dry metric tonnes per bone dry metric tonne of Plantation Pulpwood sold in accordance with this Contract over a twelve month period ending 31 March (in this Clause 1.6 of Schedule 9 referred to as the "relevant year"). For the purposes of Clause 5.3 of this Schedule 9, the Actual Pulp Yield for a relevant six month period is the most recently available Actual Pulp Yield. Actual Pulp Yield will be:
 - (a) determined according to the process of sampling, analysis and independent review to be agreed between the Parties in accordance with Clause 1.5 of this Schedule 9; and
 - (b) expressed to one decimal place,

SCHEDULE 9 (continued)

provided that either Party acting reasonably may request a change or changes to the process to which Clause 1.6(a) of this Schedule 9 refers and if agreement to such change or changes is not achieved within 90 days of the date on which that Party first raises the matter then either Party may refer the matter for dispute resolution in accordance with Clause 13 of Schedule 13. Gunns will provide Forestry Tasmania with its calculation of the Actual Pulp Yield no later than 30 days after the end of the relevant year.

- 1.7 The dry matter fraction for Plantation Pulpwood for each month will be determined by Gunns in accordance with this Clause 1.7 of Schedule 9.
- (a) For the purposes of this Clause 1.7 of Schedule 9:
- (i) “week” means a period of seven days starting on a Monday; and
 - (ii) “sample day” means the day in each week that Gunns sets aside a random sample of Plantation Pulpwood as contemplated by Clause 1.7(e)(i) of this Schedule 9. For the avoidance of doubt, the sample day will be the same for each Point of Sale; and
 - (iii) for the purposes of calculating the weighted average dry matter fraction as contemplated by Clause 1.7(e)(ix) of this Schedule 9, the dry matter fraction determined and the quantity of Plantation Pulpwood delivered within the week containing the sample day will be deemed to have occurred in the month within which the sample day falls. As an example, for the avoidance of doubt, if the sample day occurred on Tuesday 1 January 2008 then the deliveries of Plantation Pulpwood from Monday 31 December 2007 to Sunday 6 January 2008 would be deemed to have occurred in January 2008 for the purposes of calculating the weighted average dry matter fraction.
- (b) Gunns will inform Forestry Tasmania of the dry matter fraction calculated for each month no later than seven days from the end of each month based on appropriate analyses of samples selected under an appropriate sampling regime. Unless otherwise agreed Gunns will determine the dry matter fraction each month in accordance with the procedures set out in Clause 1.7(e) of this Schedule 9.
- (c) Pursuant to Clause 1.7(b) of this Schedule 9, Gunns will provide Forestry Tasmania with such information about the dry matter fraction, sampling regime, method of analysis and results of analyses as Forestry Tasmania may reasonably request from time to time.
- (d) Forestry Tasmania may, from time to time acting reasonably, request in writing that Gunns provide it with a certificate from its external auditor, stating and verifying the accuracy of the relevant data to which Clause 1.7(b) of this Schedule 9 refers for any month and Gunns must provide such verification in writing within ten business days of the receipt of such a request.

SCHEDULE 9 (continued)

- (e) Determination of dry matter fraction
- (i) Subject to Clause 1.7(x) of this Schedule 9, on any one day in each week, Gunns will set aside a random sample of Plantation Pulpwood delivered under this Contract to each Point of Sale. Loads will be randomly selected from all Plantation Pulpwood delivered under this Contract and the day chosen for sampling must also be selected randomly. Coupe details for the selected loads and the quantity delivered from that Coupe will be recorded and linked to the weekly sample information for reference only.
 - (ii) On or before the day immediately following delivery, Woodchips will be batch produced from the set aside logs, and a sample of those woodchips will be extracted at a rate of one grab for a maximum of every 100 green metric tonnes.
 - (iii) The grab samples will be collated in a sample bag which must contain a minimum of ten kilograms.
 - (iv) The sampled Woodchips will immediately be collected and mixed and a minimum of four 1000 gram (+/- 20 gram) sample trays weighed to the nearest 0.1 gram prepared for oven drying (referred to in this Clause 1.7 of Schedule 9 as the "Wet Weight").
 - (v) The sample trays of Woodchips will be placed in a chip testing oven.
 - (A) Woodchips are to be dried at 105 degrees Celsius (+/- three degrees Celsius) until the dry weight of woodchips remains constant.
 - (B) Dried Woodchips are to be weighed immediately upon removal from the oven and their weight recorded to nearest 0.1 gram (referred to in this Clause 1.7 of Schedule 9 as the "Dry Weight").
 - (vi) The moisture content fraction (reported to four decimal places) will be calculated as follows:

moisture content fraction =
 (Wet Weight - Oven Dry Weight) / Wet Weight * 100; and

the dry matter fraction (reported to four decimal places) for each sample tray will be calculated as follows:

dry matter fraction =
 1 - moisture content fraction.
 - (vii) The mean dry matter fraction for a week for a Point of Sale is determined by averaging the results of the dry matter fraction calculated for the four sample trays.

SCHEDULE 9 (continued)

- (viii) Subject to Clause 1.7(x) of this Schedule 9 Gunns will sample for dry matter fraction at each Point of Sale receiving Plantation Pulpwood in the relevant week, and amalgamate the results of sampling based on a weighted mean of delivered quantities in green metric tonnes to determine a single dry matter fraction to apply to all Plantation Pulpwood purchases under this Contract for the relevant week (in this Clause 1 of Schedule 9 referred to as the “Weekly DMF”).
- (ix) The Weekly DMF results obtained for each month will be amalgamated based on a weighted mean of delivered quantities in green metric tonnes for the week to which the Weekly DMF results refer, to determine a single dry matter fraction to apply to all Plantation Pulpwood purchases under this Contract for the relevant month (in this Clause 1 of Schedule 9 referred to as the “Monthly DMF”).
- (x) If:
 - (A) a Point of Sale receives over 75 per cent of the deliveries of Plantation Pulpwood in a relevant week then the sampling for dry matter fraction for that Point of Sale will be used for all Plantation Pulpwood purchases under this Contract for the relevant week; or
 - (B) a Point of Sale receives less than 200 green metric tonnes of Plantation Pulpwood in a relevant week then dry matter sampling of that quantity is not required, and the sale of that quantity will use the dry matter fraction determined for the remainder of Plantation Pulpwood purchases under this Contract in that week; or
 - (C) a Point of Sale does not have chipping facilities then the Parties will meet and agree on a fair and reasonable basis for the determination of the dry matter fraction for deliveries to that Point of Sale; and
 - (D) if for any other reason a dry matter fraction is not determined for any Point of Sale for any week, then the last available determined dry matter fraction for that Point of Sale will apply for that week.
- 1.8 Clause 4.2 Adjusted Stumpage is the adjusted Stumpage determined in accordance with Clause 4.2 of this Schedule 9.
- 1.9 Clause 5.2 Adjusted Stumpage is the adjusted Stumpage determined in accordance with Clause 5.2 of this Schedule 9.
- 1.10 Clause 5.3 Adjusted Stumpage is the adjusted Stumpage determined in accordance with Clause 5.3 of this Schedule 9.

SCHEDULE 9 (continued)

- 1.11 Clause 5.4 Adjusted Stumpage is the adjusted Stumpage determined in accordance with Clause 5.4 of this Schedule 9.
- 1.12 “**DMF09**” means the average dry matter fraction for Plantation Pulpwood supplied under this Contract for the period 1 January 2008 to 30 June 2009 calculated using a weighted average of the Weekly DMF values for the specified period calculated in accordance with Clause 1.7 of this Schedule 9.
- 1.13 “**DMFam**” means the average dry matter fraction for Plantation Pulpwood applicable for a relevant month which will be equal to the Monthly DMF calculated for the previous month.

2. Native Forest Pulpwood from 1 January 2008 to 30 June 2009

- 2.1 The Stumpage for Native Forest Pulpwood to apply from 1 January 2008 to 30 June 2009, during each relevant six month period:
- (a) will take effect from the first day of the relevant six month period;
 - (b) will be determined in accordance with this Clause 2 of this Schedule 9; and
 - (c) will be calculated as soon as is reasonably practicable after the relevant date to which Clause 2.1(a) of this Schedule 9 refers.
- 2.2 The Native Forest Stumpage for the relevant six month period will be calculated from the Woodchip Export Price as follows.

$$AS = \blacksquare * WEP,$$

where AS is the Native Forest Stumpage and WEP is the Woodchip Export Price.

3. Plantation Pulpwood from 1 January 2008 to 30 June 2009

The Plantation Stumpage from 1 January 2008 to 30 June 2009 will be \$26.50 per green metric tonne.

4. Native Forest Pulpwood from 1 July 2009

The Stumpage for Native Forest Pulpwood sold under this Contract from 1 July 2009, will be determined in accordance with this Clause 4 of this Schedule 9.

4.1 Native Forest Floor Price

Subject to Clause 7 of Schedule 2, for the purposes of Clause 4.3 of this Schedule 9, the Native Forest Floor Price for each relevant period is as set out in this Clause 4.1 of this Schedule 9:

- (a) for the period 1 July 2009 to 31 December 2012, \$12.50 per green metric tonne;
- (b) for the period 1 January 2013 to 31 December 2017, \$14.00 per green metric tonne;

SCHEDULE 9 (continued)

- (c) for the period 1 January 2018 to 31 December 2022, \$15.63 per green metric tonne; and
- (d) for the period 1 January 2023 to 31 December 2027, \$17.50 per green metric tonne.

4.2 Clause 4.2 Adjusted Stumpage

- (a) The Clause 4.2 Adjusted Stumpage for each relevant six month period will be calculated as soon as is reasonably practicable after the first day of the relevant six month period.
- (b) The Clause 4.2 Adjusted Stumpage for each relevant six month period will be calculated as follows.

$$AS = \text{ } * (1 + F1 * F2 / 800) * (1 + F3 * (PPI - 900) / 900),$$

where:

- (i) AS is the Clause 4.2 Adjusted Stumpage;
- (ii) F1 is a factor determined as follows:
 - (A) if PPI is less than 800 then $F1 = 0.75$; and
 - (B) if PPI is equal to or greater than 800 then $F1 = 1.75$;
- (iii) F2 is a factor determined as follows:
 - (A) if PPI is greater than 900 then $F2 = 100$; and
 - (B) if PPI is not greater than 900 then $F2 = PPI - 800$; and
- (iv) F3 is a factor determined as follows:
 - (A) if PPI is greater than 900 then $F3 = 2.5$; and
 - (B) if PPI is not greater than 900 then $F3 = 0$.

4.3 Native Forest Stumpage

- (a) If the Clause 4.2 Adjusted Stumpage for the relevant six month period is less than the Native Forest Floor Price for the relevant period (referred to in this Clause 4.3 of this Schedule 9 as “the relevant floor price”), then the Native Forest Stumpage is equal to the relevant floor price.
- (b) If the Clause 4.2 Adjusted Stumpage for the relevant six month period is not less than the relevant floor price, then the Native Forest Stumpage is equal to the Clause 4.2 Adjusted Stumpage.

5. Plantation Pulpwood from 1 July 2009

The Stumpage for Plantation Pulpwood sold under this Contract from 1 July 2009 will be determined in accordance with this Clause 5 of this Schedule 9.

SCHEDULE 9 (continued)**5.1 Plantation Floor Price**

Subject to Clause 7 of Schedule 2, for the purposes of Clause 5.5 of this Schedule 9, the Plantation Floor Price for each relevant period is as set out in this Clause 5.1 of this Schedule 9:

- (a) for the period 1 July 2009 to 31 December 2012, \$27.00 per green metric tonne;
- (b) for the period 1 January 2013 to 31 December 2017, \$30.24 per green metric tonne;
- (c) for the period 1 January 2018 to 31 December 2022, \$33.75 per green metric tonne; and
- (d) for the period 1 January 2023 to 31 December 2027, \$37.80 per green metric tonne.

5.2 Clause 5.2 Adjusted Stumpage

- (a) The Clause 5.2 Adjusted Stumpage for each relevant six month period will be calculated as soon as is reasonably practicable after the first day of the relevant six month period.
- (b) The Clause 5.2 Adjusted Stumpage for each relevant six month period will be calculated as follows:

AS5.2 = * (1 + F1 * F2 / 800) * (1 + F3 * (PPI - 900) / 900),
where:

- (i) AS5.2 is the Clause 5.2 Adjusted Stumpage;
- (ii) F1 is a factor determined as follows:
 - (A) if PPI is less than 800 then F1 = 0.75; and
 - (B) if PPI is equal to or greater than 800 then F1 = 1.75;
- (iii) F2 is a factor determined as follows:
 - (A) if PPI is greater than 900 then F2 = 100; and
 - (B) if PPI is not greater than 900 then F2 = PPI – 800; and
- (iv) F3 is a factor determined as follows:
 - (A) if PPI is greater than 900 then F3 = 2.5; and
 - (B) if PPI is not greater than 900 then F3 = 0.

SCHEDULE 9 (continued)**5.3 Clause 5.3 Adjusted Stumpage**

- (a) For the period from 1 July 2009 to the second occurring 30 June following the conclusion of the Pulp Yield Calibration Period, the Clause 5.3 Adjusted Stumpage will be equal to the Clause 5.2 Adjusted Stumpage.
- (b) From the second occurring 1 July following the conclusion of the Pulp Yield Calibration Period, the Clause 5.3 Adjusted Stumpage for each relevant six month period will be:
 - (i) calculated as soon as is reasonably practicable after the first day of the relevant six month period; and
 - (ii) determined in accordance with the following:
 - (A) if the absolute value of the difference between the Actual Pulp Yield and the Base Pulp Yield is less than 1.0, then the Clause 5.3 Adjusted Stumpage will be equal to the Clause 5.2 Adjusted Stumpage for the relevant six month period; and
 - (B) if the absolute value of the difference between the Actual Pulp Yield and the Base Pulp Yield is greater than or equal to 1.0, then the Clause 5.3 Adjusted Stumpage will be determined in accordance with the following.

$$AS5.3 = AS5.2 + PYD * F4,$$

where:

AS5.3 is the Clause 5.3 Adjusted Stumpage;

AS5.2 is the Clause 5.2 Adjusted Stumpage for the relevant six month period;

$$PYD = INT (APY - BPY),$$

where PYD is the integer value of the amount calculated by subtracting the Base Pulp Yield from the Actual Pulp Yield; and

$$F4 = \$2.00 \text{ per green metric tonne.}$$

For the avoidance of doubt, and as an example of the application of this Clause 5.3(b)(iii)(B) of this Schedule 9:

- (I) if the value of (APY – BPY) was “1.0”, “1.1”, “1.2”, “1.3”, “1.4”, “1.5”, “1.6”, “1.7”, “1.8” or “1.9”, then the value of PYD would be “1”; and

SCHEDULE 9 (continued)

- (II) if the value of (APY – BPY) was “-1.0”, “-1.1”, “-1.2”, “-1.3”, “-1.4”, “-1.5”, “-1.6”, “-1.7”, “-1.8” or “-1.9”, then the value of PYD would be “-1”.

5.4 Clause 5.4 Adjusted Stumpage

- (a) The Clause 5.4 Adjusted Stumpage for each month will be calculated as soon as is reasonably practicable after the first day of the relevant month.
- (b) The Clause 5.4 Adjusted Stumpage for each month will be calculated as follows.

$$AS5.4 = AS5.3 / DMF09 * DMFam,$$

where:

AS5.4 is the Clause 5.4 Adjusted Stumpage for the relevant month; and

AS5.3 is the Clause 5.3 Adjusted Stumpage applicable for the relevant month.

5.5 Plantation Stumpage

- (a) The Plantation Stumpage for each month will be calculated as soon as is reasonably practicable after the first day of the relevant month.
- (b) The Plantation Stumpage for the relevant month will be calculated from the Clause 5.4 Adjusted Stumpage for the relevant month as follows:
- (i) if the Clause 5.4 Adjusted Stumpage is less than the Plantation Floor Price for the relevant month (referred to in this Clause 5.5 of this Schedule 9 as “the relevant floor price”), then the Plantation Stumpage is equal to the relevant floor price; and
 - (ii) if the Clause 5.4 Adjusted Stumpage is not less than the relevant floor price, then the Plantation Stumpage is equal to the Clause 5.4 Adjusted Stumpage.

6. Stumpage for additional quantity under Clause 4.3

If an additional quantity of Pulpwood is offered and accepted under Clause 4.3 of this Contract:

- 6.1 the relative value of that additional quantity will be agreed within the terms of this Contract by reference to its relative quality as Pulpwood and the relative costs of its harvest and delivery to Points of Sale; and
- 6.2 either or both the Native Forest Stumpage or the Plantation Stumpage, as the case requires, will be adjusted to reflect the impact of that additional quantity on the relative value to Gunns of Pulpwood supplied under this Contract.

SCHEDULE 10 (reference Clause 9)**Other components of price****1. Transparent Approach**

- 1.1 For Pulpwood delivered by Forestry Tasmania to a Point of Sale, the amount payable to Forestry Tasmania by Gunns will consist of:
- (a) the relevant stumpage;
 - (b) the relevant road toll, if any; and
 - (c) the combined total of the amount paid by Forestry Tasmania for the harvest and cartage of the relevant Pulpwood and the amount payable for supervision and administration referred to in Clause 3 of this Schedule 10.
- 1.2 The relevant rates from which any amount to which Clause 1.1 of this Schedule 10 refers is to be calculated will be notified to Gunns in writing, in accordance with the agreed protocol to which Clause 1.3 of this Schedule 10 refers.
- 1.3 A protocol will be developed by the Parties to ensure:
- (a) each delivery is supplied an operation number and delivery arrangement document; and
 - (b) where rates applicable to a delivery arrangement document are changed for any reason Forestry Tasmania will advise Gunns of the new rates applicable:
 - (i) within seven days of the date on which the relevant information to calculate the relevant component becomes available to Forestry Tasmania; and
 - (ii) in a format which is efficient for both Parties,
- for the avoidance of doubt the effect of Clause 1.3(b) of this Schedule 10 may be to require Forestry Tasmania to issue two separate amendments within one month, e.g. if both Stumpage and another component vary in that month.
- 1.4 Both Gunns and Forestry Tasmania use independent contractors with contracts which include but are not limited to periodic fuel adjustments, annual index based price reviews and periodic renegotiations or new contracts.
- 1.5 Forestry Tasmania will charge Gunns consistent with actual prices paid to harvesting and cartage contractors in accordance with those contracts.
- 1.6 Where Gunns is supplying other Forestry Tasmania customers from its harvesting operations under this Contract or the SOPSA Gunns will:
- (a) supply those customers with the two cost components of road toll and combined harvest/cartage/supervision for each delivery arrangement; and

SCHEDULE 10 (continued)

- (b) charge those other Forestry Tasmania customers consistent with actual prices paid to harvesting and cartage contractors including price adjustments from time to time in accordance with those contracts.

2. Road Tolls

The provisions of Appendix 1 of this Schedule 10 will apply with respect to Road Tolls.

3. Supervision/administration

- 3.1 Forestry Tasmania and Gunns agree to apply a charge of no more than \$2.20 per cubic metre for Milling Timber sold by cubic metres and \$1.00 per green metric tonne for other products, to be varied in accordance with Clause 3.2 of this Schedule 10, to be charged by each Party to cover supervision and administration charges in respect of wood they harvest and deliver from State Forest.
- 3.2 The maximum supervision and administration charge will be varied effective from 1 January 2013, 1 January 2018 and 1 January 2023 to the following:

Period	Milling Timber sold by cubic metres	Other products
1 January 2013 to 31 December 2017	\$2.46 per cubic metre	\$1.12 per green metric tonne
1 January 2018 to 31 December 2022	\$2.75 per cubic metre	\$1.25 per green metric tonne
1 January 2023 to 31 December 2027	\$3.08 per cubic metre	\$1.40 per green metric tonne

4. Harvesting and cartage cost

- 4.1 By 31 August in each year (except for 2008) each Party will provide to the other details of the harvesting and cartage components (excluding supervision and administration costs) of delivered costs for Pulpwood supplied under this Contract and Hardwood Joint Product (as defined in the SOPSA) supplied under the SOPSA (collectively referred to in this Schedule 10 as the “H&C data”) in the immediately past Planning Year (referred to in this Schedule 10 as the “relevant Planning Year”). The H&C data will be supplied in accordance with Appendix 2 of this Schedule 10.
- 4.2 Included in the H&C data will be Forestry Tasmania’s calculation of its weighted average harvest and cartage cost per green metric tonne (referred to in this Schedule 10 as the “FTHC”) for the relevant Planning Year. The calculation will be undertaken in accordance with Appendix 2 of this Schedule 10.

SCHEDULE 10 (continued)

- 4.3 Based on the H&C data, by 30 September of each year, Gunns will calculate its estimate of the equivalent weighted average harvest and cartage cost per green metric tonne for the relevant Planning Year assuming that it had undertaken the same harvesting and cartage task as had actually be undertaken by Forestry Tasmania (referred to in this Schedule 10 as the “GHC”). The calculation will be undertaken in accordance with Appendix 2 of this Schedule 10.
- 4.4 By 15 October of each year the Parties will calculate and agree on the cost differential fraction calculated to two decimal places for the relevant Planning Year (referred to in this Schedule 10 as the “HCDIFF”) using the equation:

$$\text{HCDIFF} = (\text{FTHC} / \text{GHC} - 1).$$

- 4.5 At the request of either Party, the H&C data and the calculations of the FTHC, the GHC and the HCDIFF will be submitted for third party audit by an auditor to be chosen by the Parties with the cost of the third party audit to be met equally by the Parties. The Parties agree to accept the findings of the third party audit.
- 4.6 If any calculation or information contemplated by this Clause 4 of Schedule 10 is disputed then it shall be referred to dispute resolution in accordance with Clause 13 of Schedule 13.

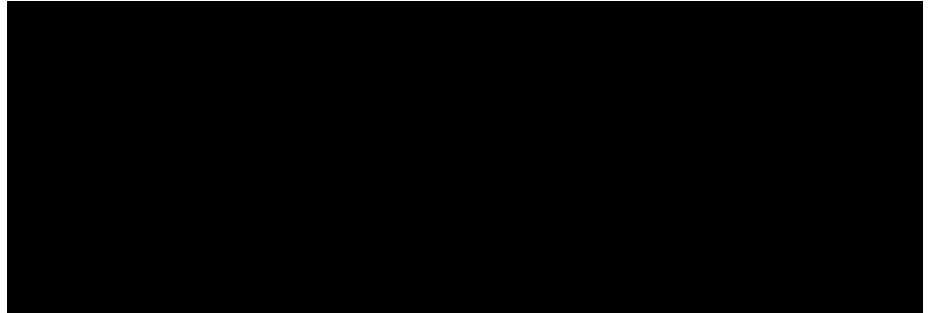
5. Action once HCDIFF is calculated for the relevant Planning Year

- 5.1 The Parties note that there will be variation around average harvest and cartage costs for a variety of reasons, and for the purposes of this Contract agree that if HCDIFF for the relevant Planning Year is less than or equal to [REDACTED] and greater than or equal to [REDACTED], the harvesting and cartage costs of Gunns and Forestry Tasmania will for all intents and purposes be considered equivalent, and no further action will be taken under this Clause 5 or Clause 6 of Schedule 10 in respect of the relevant Planning Year.
- 5.2 If, for the relevant Planning Year HCDIFF is greater than [REDACTED] or less than [REDACTED], then:
- (a) the Parties will be obliged to meet within 30 days of the calculation of HCDIFF being available to each of them, and formally consider whether there are justifiable reasons, related, inter alia, to different harvest or cartage conditions (referred to in this Clause 5.2 of Schedule 10 as the “justifiable reasons”) for the HCDIFF, and to determine whether the HCDIFF is material; and
 - (b) subject to Clause 5.2(c) of this Schedule 10, the HCDIFF will be considered material unless the Parties agree there are justifiable reasons for the HCDIFF; and
 - (c) if no agreement is reached on whether there are justifiable reasons and/or whether the HCDIFF is material, then either Party may refer the matter for dispute resolution in accordance with Clause 13 of Schedule 13.

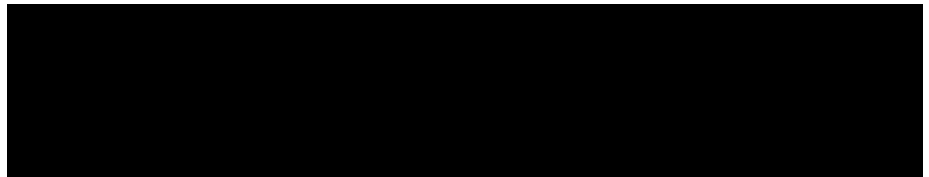
SCHEDULE 10 (continued)

5.3 Subject to Clause 6 of this Schedule 10, if, in accordance with Clause 5.2 of this Schedule 10, the HCDIFF is determined to be material then:

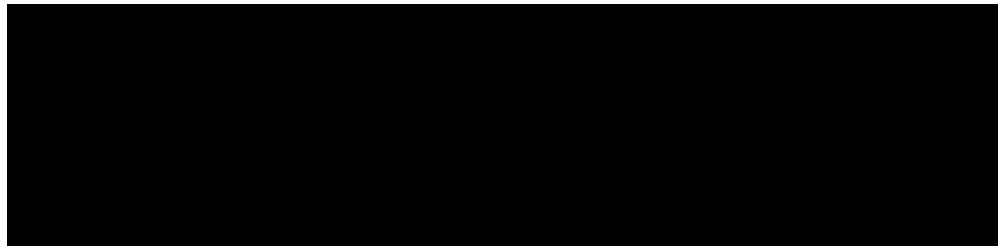
- (a) if the HCDIFF is [REDACTED] and [REDACTED], then Forestry Tasmania will make a payment to Gunns calculated in accordance with the formula:



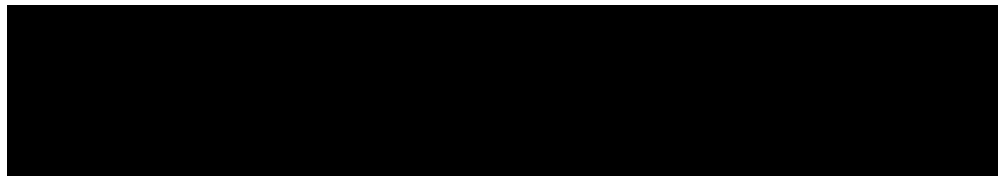
- (b) if HCDIFF is [REDACTED] (referred to in this Schedule 10 as a “5.3(b) event”), then Forestry Tasmania will make a payment (referred to in this Schedule 10 as a “5.3(b) payment”) to Gunns calculated in accordance with the formula:



- (c) if HCDIFF [REDACTED] and [REDACTED] Gunns will make a payment to Forestry Tasmania calculated in accordance with the formula:



- (d) if HCDIFF is [REDACTED], then Gunns will make a payment to Forestry Tasmania calculated in accordance with the formula:



SCHEDULE 10 (continued)**6. Action once a Clause 5.3(b) event occurs**

- 6.1 The provisions of this Clause 6 of Schedule 10 only apply once a 5.3(b) event occurs.
- 6.2 If a 5.3(b) event occurs, then Forestry Tasmania may offer in writing (referred to in this Schedule 10 as a “6.2 offer”) to transfer responsibility for harvesting and cartage in either one or both of the Mill Door Zones to Gunns. Both Parties acknowledge that this provision must not oblige Forestry Tasmania to breach any harvesting or cartage contract it has entered into, but may involve the assignment of contracts from Forestry Tasmania to Gunns. If Gunns accepts the offered transfer of responsibility then it must:
- (a) honour the contractual obligations of any harvest or cartage contract which is assigned by Forestry Tasmania to Gunns as part of that transfer of responsibility; and
 - (b) meet any supply obligations to other Forestry Tasmania customers that Forestry Tasmania was prevented from doing by the exercise of that transfer of responsibility to Gunns.
- 6.3 For the purposes of this Clause 6 of Schedule 10:
- (a) if Forestry Tasmania has not made a 6.2 offer within 30 days after the date of the meeting contemplated by Clause 5.2(a) of this Schedule 10, then Forestry Tasmania will be deemed to have not made such a 6.2 offer in regard to the relevant Planning Year; and
 - (b) if Gunns has not accepted a 6.2 offer within 60 days of it being made by Forestry Tasmania, then Gunns will be deemed to have declined to accept such an offer in regard to the relevant Planning Year.
- 6.4 Subject to Clause 6.3 of this Schedule 10, if Forestry Tasmania makes a 6.2 offer and Gunns accepts that 6.2 offer then:
- (a) Forestry Tasmania will make any 5.3(b) payment due for the Planning Year to which the 6.2 offer relates;
 - (b) the transfer of responsibilities will be effective from a date to be agreed (referred to in this Clause 6 of Schedule 10 as the “transfer date”) being, unless otherwise agreed, not less than three months from the date that the 6.2 offer was accepted by Gunns and no later than eighteen months after the end of the Planning Year to which the 6.2 offer relates; and
 - (c) if the Parties can not agree on the transfer date within 30 days of Gunns accepting the 6.2 offer then either Party may refer the matter to dispute resolution in accordance with Clause 13 of Schedule 13.
- 6.5 The Parties will use their reasonable commercial endeavours to achieve the transfer of responsibilities contemplated by Clause 6.4 of this Schedule 10 by the transfer date.

SCHEDULE 10 (continued)

6.6 If Gunns can reasonably demonstrate to Forestry Tasmania that, as a direct result of contracts assigned from Forestry Tasmania to Gunns, it is not possible to reduce harvesting and cartage costs immediately following the transfer date then:

- (a) the Parties will negotiate in good faith to agree on terms for the transfer of responsibility contemplated by Clause 6.4 of this Schedule 10; and
- (b) the Parties will enter into such negotiations on the basis that:
 - (i) they should only deal with the transferred responsibility;
 - (ii) the costs of harvesting and cartage incurred should be the same as Gunns may have reasonably been expected to achieve had Forestry Tasmania not assigned any contracts to it, but should also take into account the cost sharing provisions set out in Clause 5.3 of this Schedule 10;
 - (iii) Gunns should seek to renegotiate contracts assigned to it from Forestry Tasmania as soon as it is reasonably able to do so, and the period of any cost disadvantage is therefore limited; and
 - (iv) the maximum amount payable by Forestry Tasmania to Gunns under this Clause 6.6 of Schedule 10 is calculated in accordance with the formula:

[REDACTED]

where:

MP is the maximum amount payable by Forestry Tasmania to Gunns under this Clause 6.6 of Schedule 10;

HCDIFFr is the HCDIFF for the Planning Year to which the 6.2 offer refers;

GHC_r is GHC for the Planning Year to which the 6.2 offer refers;

FTMDD_r is FTMDD for the Planning Year to which the 6.2 offer refers; and

FTMDD has the meaning given to it in Clause 5.3(a) of this Schedule 10.

6.7 If the Parties can not reach agreement as contemplated by Clause 6.6 of this Schedule 10 within 60 days of a 6.2 offer being accepted by Gunns, then either Party may refer the matter to dispute resolution in accordance with Clause 13 of Schedule 13.

SCHEDULE 10 (continued)

6.8 Arrangements for payments due under Clause 5 of this Schedule 10 for the period between the end of the Planning Year to which the 6.2 offer refers and the transfer date will be as follows:

- (a) if the transfer date is within one year of the end of the Planning Year to which the 6.2 offer refers, then any payment due to either Party for the period between the end of the Planning Year to which the 6.2 offer refers and the transfer date will be calculated in accordance with Clause 5.3 of this Schedule 10 (except that the period over which the costs are calculated may be different to a full year, and the Parties must agree to calculate HCDIFF for the relevant period); and
- (b) if the transfer date is one year or more later than the end of the Planning Year to which the 6.2 offer refers then:
 - (i) any payment due to either Party for the Planning Year immediately following the Planning Year to which the 6.2 offer refers (referred to in this Clause 6 of Schedule 10 as the “next year”) will be calculated in accordance with Clause 5.3 of this Schedule 10; and
 - (ii) any payment due to either Party for the period between the end of the next year and the transfer date will be calculated in accordance with Clause 5.3 of this Schedule 10 (except that the period over which the costs are calculated may be different to a full year, and the Parties must agree to calculate HCDIFF for the relevant period).

6.9 Actions if Forestry Tasmania does not make a 6.2 offer

- (a) If a 5.3(b) event occurs in respect to a Planning Year (referred to in this Clause 6 of Schedule 10 as the “first year”) and Forestry Tasmania does not make a 6.2 offer then Forestry Tasmania will make a 5.3(b) payment in respect to the first year.
- (b) If a 5.3(b) event occurs in respect to the Planning Year immediately following the first year (referred to in this Clause 6 of Schedule 10 as the “second year”) and Forestry Tasmania does not make a 6.2 offer then Forestry Tasmania will make a 5.3(b) payment in respect to the second year.
- (c) If a 5.3(b) event occurs in respect to the Planning Year immediately following the second year (referred to in this Clause 6 of Schedule 10 as the “third year”) and Forestry Tasmania does not make a 6.2 offer then Forestry Tasmania will make a payment due in respect to the third year calculated in accordance with the formula:

[REDACTED]

where AP and FTMDD have the same meaning as in Clause 5.3(a) of this Schedule 10.

SCHEDULE 10 (continued)

- (d) If a 5.3(b) event occurs in respect to the Planning Year immediately following the third year (referred to in this Clause 6 of Schedule 10 as the “fourth year”) or in respect to any consecutive Planning Year after the fourth year (the “fourth plus years”) until Forestry Tasmania makes a 6.2 offer in respect to any of those years then Forestry Tasmania will make any payment due in respect to the fourth year or any fourth plus year calculated in accordance with the formula:



where AP and FTMDD have the same meaning as in Clause 5.3(a) of this Schedule 10.

6.10 Actions if Gunns declines a 6.2 offer

- (a) If a 5.3(b) event occurs in respect to the first year and Forestry Tasmania makes a 6.2 offer which Gunns declines then Forestry Tasmania will make a 5.3(b) payment in respect to the first year.
- (b) If a 5.3(b) event occurs in respect to the second year and Forestry Tasmania makes a 6.2 offer which Gunns declines, then Forestry Tasmania will make a 5.3(b) payment in respect to the second year calculated in accordance with Clause 5.3(b) of this Schedule 10 but, for the purposes of calculating any payment due under Clause 5.3 of this Schedule 10 for the third and fourth years, if HCDIFF for either of those years is calculated to be greater than zero then it will be deemed to have a value of zero.
- (c) If a 5.3(b) event occurs in respect to the third year and Forestry Tasmania makes a 6.2 offer which Gunns declines then, for the purposes of calculating any payment due under Clause 5.3 of this Schedule 10 for the five Planning Years immediately following the third year, if HCDIFF for any of those years is calculated to be greater than zero then it will be deemed to have a value of zero.

6.11 For the avoidance of doubt, for the purposes of this Clause 6 of Schedule 10:

- (a) if in any Planning Year the calculation of HCDIFF does not trigger a 5.3(b) event then the next occurring Planning Year to which a 5.3(b) event refers will become the first year; and
- (b) if a 6.2 offer is made, or accepted, in respect to only one of the Mill Door Zones then the provisions of this Clause 6 of Schedule 10 will apply, mutatis mutandis, and the Parties will agree to vary the calculation of HCDIFF and any other variables required to give that effect.

7. Mill door pricing from merchandising yards

- 7.1 Pricing for Timber from merchandising yards will be on a competitive basis in accordance with the principles in this Clause 7 of Schedule 10.

SCHEDULE 10 (continued)**7.2 North West Milldoor Supply Zone**

- (a) Subject to Clause 7.2(b) of this Schedule 10, the harvest, cartage, road toll and administration costs for Pulpwood delivered to any Point of Sale from Forestry Tasmania's merchandising yard in the North West Milldoor Supply Zone will be determined for each six month period (consistent with the time periods used for the determination of Stumpage in Schedule 9) based on the average harvest, cartage, road toll and administration costs payable for Pulpwood delivered to that Point of Sale by Forestry Tasmania directly from the forest from the North West Mill Door Supply Zone during the immediately preceding six months.
- (b) If the Timber delivered to Gunns from Forestry Tasmania's merchandising yard in the North West Milldoor Supply Zone is in the form of Woodchips then the costs payable by Gunns under Clause 7.2(a) of this Schedule 10 will be divided by 0.95 to reflect a standard chipping loss factor of five per cent and Gunns will pay an additional amount for chipping costs at a rate specified in Clause 7.4 of this Schedule 10. The chipping cost is to reflect the reasonable cost of chipping by Gunns at its woodchip mills.

7.3 Southern Milldoor Supply Zone

- (a) Subject to Clause 7.3(b) of this Schedule 10, the harvest, cartage, road toll and administration costs for Pulpwood delivered to any Point of Sale from Forestry Tasmania's merchandising yard in the Southern Milldoor Supply Zone will be determined for each six month period (consistent with the time periods used for the determination of Stumpage in Schedule 9) based on the weighted average harvest, cartage, road toll and administration costs payable for Pulpwood delivered to that Point of Sale by Forestry Tasmania directly from the forest from the Southern Milldoor Supply Zone (assuming that 25 per cent of that Pulpwood was supplied from Derwent District - West and 75 per cent from Huon District) during the immediately preceding six months.
- (b) If the Timber delivered to Gunns from Forestry Tasmania's merchandising yard in the Southern Milldoor Supply Zone is in the form of Woodchips then the costs payable by Gunns under Clause 7.2(a) of this Schedule 10 will be divided by 0.95 to reflect a standard chipping loss factor of five per cent and Gunns will pay an additional amount for chipping costs at a rate specified in Clause 7.4 of this Schedule 10. The chipping cost is to reflect the reasonable cost of chipping by Gunns at its woodchip mills.

SCHEDULE 10 (continued)**7.4 Chipping costs**

The rate for chipping costs to be used for the purposes of Clauses 7.2(b) and 7.3(b) of this Schedule 10 will be as set forth in the following table.

Period	Chipping cost per green metric tonne of Woodchips
1 January 2008 to 31 December 2012	
1 January 2013 to 31 December 2017	
1 January 2018 to 31 December 2022	
1 January 2023 to 31 December 2027	

8. Any payment due in accordance with Clauses 5 and 6 of this Schedule 10 shall be calculated as soon as practicable. Notwithstanding any other provision of this Schedule 10, payments due in accordance with Clauses 5 and 6 of this Schedule 10 shall be made by even payments in each of the remaining months (after the calculation has been completed) of the Planning Year in which the calculation is completed.
9. Notwithstanding any other provision of this Schedule 10, if the SOPS A terminates then references to the SOPS A in this Schedule 10 will be deemed deleted.

SCHEDULE 10 - Appendix 1**Road tolls****1. Definitions**

“Internal Road” means a Forest Road situated within the boundary of a Coupe.

“public street” has the meaning set forth in Section 3 of the *Traffic Act 1925 (Tas)*.

“System Road” means a Forest Road that provides access from a Coupe to any public street other than another Forest Road.

2. Subject to Clause 3 of this Appendix 1 of Schedule 10, from 1 July 2007 the road toll payable on Timber carted over FT Roads shall be:

2.1 Murchison District

System Road rate	\$3.60 per green metric tonne
Internal Road rate	\$3.60 per green metric tonne
Combined System Road and Internal Road rate	\$7.20 per green metric tonne

2.2 Mersey District, Bass District, Derwent District - Central Highlands and Derwent District - East

System Road rate	\$2.58 per green metric tonne
Internal Road rate	\$2.58 per green metric tonne
Combined System Road and Internal Road rate	\$5.16 per green metric tonne

2.3 Huon District and Derwent District - West

System Road rate	\$3.86 per green metric tonne
Internal Road rate	\$3.86 per green metric tonne
Combined System Road and Internal Road rate	\$7.72 per green metric tonne

SCHEDULE 10 – APPENDIX 1 (continued)

3. Subject to Clause 4 of this Appendix 1 of Schedule 10, the road tolls payable under Clauses 2 and 5 of this Appendix 1 of Schedule 10 will be varied (to the “New Rates”) effective from 1 July 2008, and on each subsequent 1 July, in accordance with the following formula:

$$\text{New Rates} = \text{Old Rates} * (1 + (0.7 * ((\text{CPIY} / \text{CPIYo}) - 1))),$$

where:

- Old Rates = the rates applying immediately prior to the application of the New Rates;
- CPIY = CPI for the March quarter immediately prior to the application of the New Rates;
- CPIYo = CPI for the penultimate March quarter immediately prior to the application of the New Rates.

4. In the six month period prior to 31 December 2008, the Parties shall conduct a review of the road toll rates including the structure and adjustment mechanism. That review will include consideration of whether it is appropriate to create a separate road toll for Timber from hardwood Plantations. Concurrent with that review the Parties shall negotiate in good faith with a view to agreeing on a new rate structure which will apply to the remaining term of the Contract. If the Parties fail to agree on a new rate structure by 31 December 2008, then either Party may refer the matter for dispute resolution under Clause 13 of Schedule 13.
5. Where Gunns constructs a portion of the System Road or the Internal Road then the road toll payable is calculated using the following formula:

$$C = (ST - SP) * SR / ST + (IT - IP) * IR / IT,$$

where:

- C = the road toll payable per green metric tonne; and
- ST = the length of the System Road serving the Coupe in kilometres; and
- SP = the length of that System Road constructed by Gunns in kilometres; and
- SR = the road toll per green metric tonne for System Roads in that Supply Zone;
and
- IT = the total length of the Internal Road in kilometres; and
- IP = the length of that Internal Road constructed by Gunns in kilometres; and
- IR = the road toll per green metric tonne for Internal Roads in that Supply Zone.

SCHEDULE 10 – APPENDIX 1 (continued)

6. For Timber from Private Land or from State Forest accessible to a road constructed or maintained by Forestry Tasmania but not qualifying as a Forest Road or part of a Forest Road system, such rate as shall have been agreed in advance in each such case between Forestry Tasmania and Gunns. If such rate shall not have been agreed in advance then the rate shall be such rate as Forestry Tasmania shall bona fide impose.
7. Where Timber from either Private Land or State Forest is carted over an FT Road that does not form part of the road system servicing the area in which the Timber was harvested, the road toll shall be 5.0 cents per green metric tonne per kilometre, according to the length of each such FT Road and until otherwise advised to Gunns by Forestry Tasmania.
8. Unless mutually agreed in writing by Forestry Tasmania and Gunns, where Timber is carted over a public street other than a Forest Road and then back onto an FT Road the road tolls shall be calculated separately and then aggregated.

SCHEDULE 10 - Appendix 2**Calculation of FTHC and GHC, Definition of H&C data**

1. FTHC and GHC are to be calculated using the following formulae:

$$1.1 \quad \text{FTHC} = \frac{(Q1 * W1 + Q2 * W2 + Q3 * W3 + Q4 * W4 + Q5 * W5)}{(Q1 + Q2 + Q3 + Q4 + Q5)}; \text{ and}$$

$$1.2 \quad \text{GHC} = \frac{(Q1 * (H1 + C1) + Q2 * (H2 + C2) + Q3 * (H3 + C3) + Q4 * (H4 + C4) + Q5 * (H5 + C5))}{(Q1 + Q2 + Q3 + Q4 + Q5)}.$$

2. H&C data means the necessary data to calculate the input variables for the formulae set forth in Clause 1 of this Appendix 2 of Schedule 10 as set out in this Clause 2 of Appendix 2 of Schedule 10. For the purposes of this Appendix 2 of Schedule 10 “Pulpwood” means Pulpwood supplied under this Contract and Hardwood Joint Product supplied under the SOPSA.

2.1 For Pulpwood logs delivered to Gunns by Forestry Tasmania from the Milldoor Supply Zones in the relevant Planning Year:

(a) subject to Clause 3 of this Appendix 2 of Schedule 10:

- (i) Q1 means the quantity supplied from cable harvesting operations in native forest;
- (ii) Q2 means the quantity supplied from ground based, thinning harvesting operations in native forest;
- (iii) Q3 means the quantity supplied from ground based, final crop harvesting operations in native forest;
- (iv) Q4 means the quantity supplied from thinning harvesting operations in Plantations;
- (v) Q5 means the quantity supplied from final crop harvesting operations in Plantations;

(b) subject to Clause 4 of this Appendix 2 of Schedule 10:

- (i) W1 means the weighted average cost of harvesting and carting for the quantity supplied from cable harvesting operations in native forest;
- (ii) W2 means the weighted average cost of harvesting and carting for the quantity supplied from ground based, thinning harvesting operations in native forest;
- (iii) W3 means the weighted average cost of harvesting and carting for the quantity supplied from ground based, final crop harvesting operations in native forest;

SCHEDULE 10 – APPENDIX 2 (continued)

- (iv) W4 means the weighted average cost of harvesting and carting for the quantity supplied from thinning harvesting operations in Plantations; and
 - (v) W5 means the weighted average cost of harvesting and carting for the quantity supplied from final crop harvesting operations in Plantations; and
- (c) subject to Clause 5 of this Appendix 2 of Schedule 10:
 - (i) D1 means the weighted average cart distance for the quantity supplied from cable harvesting operations in native forest;
 - (ii) D2 means the weighted average cart distance for the quantity supplied from ground based, thinning harvesting operations in native forest;
 - (iii) D3 means the weighted average cart distance for the quantity supplied from ground based, final crop harvesting operations in native forest;
 - (iv) D4 means the weighted average cost cart distance for the quantity supplied from thinning harvesting operations in Plantations; and
 - (v) D5 means the weighted average cost cart distance for the quantity supplied from final crop harvesting operations in Plantations.
- 2.2 For Pulpwood logs obtained by Gunns from the Stumpage Supply Zone in the relevant Planning Year:
 - (a) R1 means the quantity supplied from cable harvesting operations in native forest;
 - (b) R2 means the quantity supplied from ground based, thinning harvesting operations in native forest;
 - (c) R3 means the quantity supplied from ground based, final crop harvesting operations in native forest;
 - (d) R4 means the quantity supplied from thinning harvesting operations in Plantations;
 - (e) R5 means the quantity supplied from final crop harvesting operations in Plantations; and
 - (f) subject to Clause 6 of this Appendix 2 of Schedule 10:
 - (i) H1 means the weighted average cost of harvesting for the quantity supplied from cable harvesting operations in native forest;
 - (ii) H2 means the weighted average cost of harvesting for the quantity supplied from ground based, thinning harvesting operations in native forest;

SCHEDULE 10 – APPENDIX 2 (continued)

- (iii) H3 means the weighted average cost of harvesting for the quantity supplied from ground based, final crop harvesting operations in native forest;
 - (iv) H4 means the weighted average cost of harvesting for the quantity supplied from thinning harvesting operations in Plantations;
 - (v) H5 means the weighted average cost of harvesting for the quantity supplied from final crop harvesting operations in Plantations; and
 - (g) the linear trend line (with gradient of “LFG”, and y intercept of “LFY”) that delivers the “line of best fit” for the relationship between:
 - (i) the distance from each relevant Coupe to each Point of Sale to which Pulpwood from that Coupe was delivered (referred to as “x” in the equation in Clause 2.2(g) of this Appendix 2 of Schedule 10); and
 - (ii) the cost of cartage from each relevant Coupe to each Point of Sale to which Pulpwood from that Coupe was delivered,
 is expressed in the form “ $y = LFGx + LFY$ ”.
 - (h) $C1 = LFY + D1 * LFG$;
 - (j) $C2 = LFY + D2 * LFG$;
 - (k) $C3 = LFY + D3 * LFG$;
 - (l) $C4 = LFY + D4 * LFG$; and
 - (m) $C5 = LFY + D5 * LFG$.
3. If any one or more of the values of R1, R2, R3, R4 and R5 for the relevant Planning Year is or are equal to zero, then the corresponding value or values as the case may be for Q1, Q2, Q3, Q4 and Q5 for that Planning Year will be deemed to be zero for the purposes of this Appendix 2 of Schedule 10
4. For the purposes of this Appendix 2 of Schedule 10, a reference to “weighted average harvest and cart cost” is a reference to the sum of the products of:
- 4.1 the quantities of Pulpwood supplied from each Coupe within the relevant class of harvesting to the relevant Point of Sale; and
 - 4.2 the cost of harvesting and carting the Pulpwood from each such Coupe within the relevant class of harvesting to the relevant Point of Sale,
- divided by the sum of the quantities of Pulpwood supplied from each Coupe within the relevant class of harvesting.

SCHEDULE 10 – APPENDIX 2 (continued)

5. For the purposes of this Appendix 2 of Schedule 10, a reference to “weighted average cart distance” is a reference to the sum of the products of:
 - 5.1 the quantities of Pulpwood supplied from each Coupe within the relevant class of harvesting to the relevant Point of Sale; and
 - 5.2 the cart distance from each such Coupe within the relevant class of harvesting to the relevant Point of Sale,divided by the sum of the quantities of Pulpwood supplied from each Coupe within the relevant class of harvesting.
6. For the purposes of this Appendix 2 of Schedule 10, a reference to “weighted average harvest cost” is a reference to the sum of the products of:
 - 6.1 the quantities of Pulpwood obtained from each Coupe within the relevant class of harvesting; and
 - 6.2 the cost of harvesting the Pulpwood from each such Coupe within the relevant class of harvesting,divided by the sum of the quantities of Pulpwood supplied from each Coupe within the relevant class of harvesting.

SCHEDULE 10 - APPENDIX 3**DEFECT AND OVERLOAD PENALTIES FOR MILL DOOR DELIVERIES****1. Gunns / Forestry Tasmania Overload Procedures**

- 1.1 Contractors engaged by Forestry Tasmania for the cartage of pulpwood to Gunns are required to operate within the Traffic regulations. All loads should comply with the Gross Vehicle Mass (GVM) for their truck/trailer configuration under the general provision of the regulations, or where contractors have mass accreditation, within the limits set by that process.
- 1.2 The cartage operator is required to endorse the weighbridge docket with their permitted GVM. If the actual GVM exceeds the permitted GVM by more than 0.25 green metric tonnes then Gunns will pay Forestry Tasmania for actual Pulpwood quantity at the agreed milldoor rate less a financial penalty on cartage calculated as follows:
- (a) Penalty quantity shall be the quantity in excess of permitted GVM + 0.25 green metric tonnes.
 - (b) Penalty payment shall be calculated by multiplying the penalty quantity by the average cartage rate to the specified Point of Sale.
 - (c) The average cartage rate is deemed to be \$24 per green metric tonne for the period from the Commencement Date until 30 June 2009.
 - (d) The rate specified in Clause 1.2(c) of this Appendix 3 of Schedule 10 will be varied effective from 1 January 2013, 1 January 2018 and 1 January 2023 to the following:

Period	Average cartage rate
1 January 2013 to 31 December 2017	\$26.88 per green metric tonne
1 January 2018 to 31 December 2022	\$30.00 per green metric tonne
1 January 2023 to 31 December 2027	\$33.60 per green metric tonne

2. Gunns / Forestry Tasmania Defect Procedures

- 2.1 The following procedure has been agreed between Gunns and Forestry Tasmania to deal with Pulpwood delivered from Forestry Tasmania operations which does not comply with the specifications established under this Contract.
- 2.2 If Gunns identify, at any Point of Sale apart from the Hampshire Mill, Timber which fails to comply with specifications for Pulpwood, then:

SCHEDULE 10 – APPENDIX 3 (continued)

- (a) Gunns will advise the appropriate district office of Forestry Tasmania (with a copy to Forestry Tasmania's Harvesting Unit) within 48 hours;
 - (b) Forestry Tasmania has three days from receipt of this advice to arrange inspection of the Timber in question and if Forestry Tasmania arranges inspection within that period but the Timber is not available for inspection for any reason then the Timber will be deemed compliant;
 - (c) If the Timber is inspected and found to be non compliant or not inspected within the specified time or other arrangements are not made to inspect the Timber in question then the Timber will be deemed non compliant in accordance with the initial notice.
 - (d) Gunns will pay Forestry Tasmania for actual Pulpwood quantity at the agreed milldoor rate less a financial penalty on Timber deemed non compliant with the specifications for Pulpwood calculated as follows:
 - (i) the penalty will be applied to one green metric tonne or the weight of the log deemed non compliant which ever is the greater amount unless non compliance is for the occurrence of charcoal in which case the penalty will be applied to five green metric tonnes for each log with charcoal as advised on the initial notice; and
 - (ii) the penalty will use the relevant harvest and cartage rates determined in accordance with Clause 1 of Schedule 10;
 - (e) Gunns will retain the ownership of the Timber and no further processing by Forestry Tasmania will be permitted once the load has been received at the Point of Sale.
- 2.3 At the Hampshire Mill Point of Sale if Timber is identified as failing to comply with specifications for Pulpwood then the truck containing that Timber will be refused entry to the Hampshire Mill and asked to re-present the load with appropriate attention paid to rectify the non compliance. For the avoidance of doubt, no penalty will apply in the circumstances contemplated by this Clause 2.3 of Appendix 3 of Schedule 10.

SCHEDULE 11 (reference Clause 7)**Planning the Annual Supply****1. DETERMINATION OF THE ANNUAL SUPPLY**

- 1.1 The Annual Supply shall include Pulpwood to be delivered to a Point of Sale by Forestry Tasmania and Pulpwood to be Made Available at stump. For the purposes of determining the Annual Supply, Gunns will nominate the total quantity of Pulpwood which it plans to source from each Supply Zone for supply to each Point of Sale.
- 1.2 Subject to this Clause 1 of this Schedule 11 and to Clause 7, the Annual Supply for each Planning Year following the Commencement Date shall be the quantity of Pulpwood nominated for supply to each Point of Sale from each Supply Zone set forth in the Annual Notice.
- 1.3 At no later time than 31 March immediately preceding the commencement of each Planning Year (referred to in this Clause 1 of this Schedule 11 as “the relevant Planning Year”) Gunns may give Forestry Tasmania an Annual Notice setting forth Gunns’ proposal for the Annual Supply for the relevant Planning Year.
- 1.4 At no later time than 30 April immediately preceding the commencement of the relevant Planning Year Forestry Tasmania may:
 - (a) if the Annual Notice has been given in accordance with Clause 1.3 of this Schedule 11, deliver to Gunns notice in writing disputing the Annual Notice and setting forth Forestry Tasmania’s proposal for the Annual Supply for the relevant Planning Year; or
 - (b) if the Annual Notice has not been given in accordance with Clause 1.3 of this Schedule 11, deliver to Gunns notice in writing setting forth Forestry Tasmania’s proposal for the Annual Supply for the relevant Planning Year.
- 1.5 If a notice setting forth the proposal of Forestry Tasmania for the Annual Supply has been given to Gunns, as provided for in Clause 1.4(b) of this Schedule 11, the Annual Supply for the relevant Planning Year shall be as set forth in that notice.
- 1.6 If an Annual Notice has been given in accordance with Clause 1.3 of this Schedule 11 and Forestry Tasmania has delivered to Gunns a notice as provided for in Clause 1.4(a) of this Schedule 11, the Annual Supply for the relevant Planning Year shall be a fair and reasonable quantity as negotiated between the Parties in good faith, and if the Annual Supply for the relevant Planning Year has not been determined or agreed on or before 30 May immediately preceding the commencement of the relevant Planning Year then either Party may refer the matter to dispute resolution as provided for in Clause 13 of Schedule 13.
- 1.7 If, under Clause 1.6 of this Schedule 11, the Annual Supply for the relevant Planning Year is to be determined in accordance with Clause 13 of Schedule 13 and has not been so determined prior to the commencement of the relevant Planning Year then:

SCHEDULE 11 (continued)

- (a) the Annual Supply for the relevant Planning Year shall be the Annual Supply for the immediately preceding Planning Year until it has been determined as provided for in Clause 13 of Schedule 13; and
- (b) the arbitrators or experts as the case may be shall consider making such amendment or adjustment to the Annual Supply as may be required and practicable to restore the position of the Parties to that which would have applied if the Annual Supply had been determined prior to the commencement of the relevant Planning Year.

2. VARIATION IN THE QUANTITY OF THE ANNUAL SUPPLY

- 2.1 At any time and from time to time during any Planning Year Gunns may give to Forestry Tasmania notice in writing (referred to in this Clause 2 of this Schedule 11 as “the variation notice”) seeking variation of the quantity or the quantity and source of Pulpwood comprised in the Annual Supply.
- 2.2 The variation notice must set forth particulars of:
 - (a) the variation or variations sought including the date or dates upon which the variation or variations is or are to become effective; and
 - (b) the circumstances relied upon to justify each variation.
- 2.3 Within 30 days of receipt of the variation notice Forestry Tasmania must notify Gunns in writing of:
 - (a) any variation or variations accepted by Forestry Tasmania; and
 - (b) any variation or variations rejected by Forestry Tasmania, together with the circumstances relied upon to justify each rejection.
- 2.4 If Forestry Tasmania fails to give the notice contemplated by Clause 2.3 of this Schedule 11 or if Gunns is dissatisfied with the determination made by Forestry Tasmania and notified under Clause 2.3 of this Schedule 11 then Gunns may refer the matter to dispute resolution as provided for in Clause 13 of Schedule 13.
- 2.5 No variation of the quantity or the quantity and source of the Annual Supply shall be made unless the variation is accepted or otherwise agreed in writing.

3. JOINT PLANNING PROTOCOL

- 3.1 The Parties agree to comply with their respective obligations under the Joint Planning Protocol.
- 3.2 The Parties agree that the Joint Planning Protocol may be amended from time to time by agreement between them.

SCHEDULE 11 (continued)

- 3.3 The Parties agree to conduct a review of the Joint Planning Protocol, with the intention of concluding that review and agreeing to any amendments to the Joint Planning Protocol by 31 December 2008.
- 3.4 The review of the Joint Planning Protocol will consider any matter raised by either Party but will specifically consider:
- (a) the most efficient means, including the allocation of tasks between the Parties, of planning for Coupes to be logged by cable machinery;
 - (b) an appropriate approach to roads not required for Timber harvesting for a period and their maintenance, the access requirements of members of the public on roads maintained by Gunns, and road maintenance standards for heavily used roads leading to tourism sites such as Forest Reserves;
 - (c) the joint studies referred to in Clause 4.1(b) and any related provisions which should be included in the revised Joint Planning Protocol; and
 - (d) the implications for the production of Milling Timber of the planned harvest of Pulpwood under this Contract and of HJP under the SOPSA.

4. WOOD PRODUCTION PLANS

- 4.1 In each Planning Year (referred to in this Clause 4.1 of this Schedule 11 as “the relevant Planning Year”) on or prior to the date set forth for such event in the Joint Planning Protocol, Forestry Tasmania must provide to Gunns a Wood Production Plan for the relevant Planning Year and for each of the two Planning Years commencing upon the expiration of the relevant Planning Year at least:
- (a) setting forth the schedule of Coupes on which there is estimated to be Pulpwood standing the total quantity of which is no less than the Annual Supply for the relevant Planning Year and from which schedule Gunns and Forestry Tasmania will agree to the Coupes to which Gunns may have or obtain access for the purposes of obtaining so much of the Annual Supply as is required by Gunns during the relevant Planning Year; and
 - (b) specifying the location of each Coupe and the quantity of Pulpwood and Milling Timber estimated to be standing on each Coupe; and
 - (c) setting forth any proposal of Forestry Tasmania for road making for access to each Coupe,

to the intent that each such Wood Production Plan will set forth particulars of Coupes planned to be harvested during the Planning Years covered by that plan (referred to in this Clause 4.1 of this Schedule 11 as “those Planning Years”) on the assumption only for the purposes of this Clause 4 of this Schedule 11 that the Annual Supply will not change during those Planning Years and will be an amount equal to the Annual Supply for the relevant Planning Year.

- 4.2 It is agreed and acknowledged that Gunns may rely upon the Wood Production Plans for the purposes of planning Forest Operations and, to the extent that:

SCHEDULE 11 (continued)

- (a) there is a material alteration or difference between plans covering the same period or a material alteration or difference between the Coupes cut and the Coupes planned to be cut under the Wood Production Plan in any Planning Year; and
- (b) the material alteration or difference has not been caused by Gunns and does not result from a change in demand for Pulpwood by Gunns; and
- (c) the material alteration or difference has been caused by any failure of Forestry Tasmania to efficiently perform its duty as manager and controller of State Forest in Tasmania excepting always when the material alteration or difference arises principally from obligations that Forestry Tasmania has to its other customers; and
- (d) the material alteration or difference causes Gunns to suffer loss (referred to in this Clause 4.2 of this Schedule 11 as “the loss”) whether by reason of cost and expense thrown away or otherwise (but always excluding consequential loss incorporating but not being limited to loss of profits) in circumstances where Gunns is unable to mitigate its loss by normal commercial action; and
- (e) the loss was to an element of Gunns’ operations that Gunns had undertaken or had agreed to undertake after consultation with and in agreement with Forestry Tasmania,

Gunns may recover the loss from Forestry Tasmania or, where the loss has been contributed to by Gunns, the loss reduced by the proportion to which it has been contributed by Gunns.

4.3 In determining the schedules of Coupes under this Contract and in managing and controlling State Forest in Tasmania Forestry Tasmania must act reasonably and consider:

- (a) the desirability of minimising the cost involved in obtaining the Pulpwood and Milling Timber at mill; and
- (b) the desirability of facilitating the efficient logging and removal of Pulpwood and Milling Timber standing upon the Coupes,

having regard generally to its obligations and responsibilities under law and otherwise.

4.4 Forestry Tasmania must use its best endeavours to provide to Gunns such information that relates to Wood Production Plans, or to other matters relevant to this Clause 4 of this Schedule 11, as Gunns may reasonably require from time to time, on the understanding that:

- (a) it is not currently practicable for Forestry Tasmania to identify individual Coupes available for the purposes of this Contract more than three years in advance; and

SCHEDULE 11 (continued)

- (b) the accuracy of planning decreases significantly as the planning horizon increases, in particular by reason of variation in the demand for Pulpwood and thus information for periods further than three years ahead can only be provided in terms of the areas within which Coupes are to be located; and
- (c) where so requested by Forestry Tasmania, and wherever practicable, Gunns will keep confidential such information supplied to it under Clause 4.4 of this Schedule 11.

4.5 In exercising its rights under this Contract, Gunns acknowledges that:

- (a) it is by far the largest buyer of Pulpwood from Forestry Tasmania;
- (b) the resource estimates, upon which the supply commitment in this Contract is based, are based on assumptions regarding the area of forest to be available for harvesting; and
- (c) Pulpwood on any Coupe which:
 - (i) is within an area for which Gunns is responsible for harvesting; and
 - (ii) is nominated for a particular Planning Year by Forestry Tasmania in accordance with Clause 4.1 of this Schedule 11; and
 - (iii) Gunns advises it will not harvest (for any reason) within the next two succeeding Planning Years, or, in the absence of such advice and without the agreement of Forestry Tasmania, Gunns has not harvested within the next two succeeding Planning Years,

will be deemed as Pulpwood which Forestry Tasmania has Made Available and which Gunns does not intend to purchase for the purposes of Clause 4.6(a).

5. PLANNING

- 5.1 All harvesting and other Forest Operations of Gunns will be in accordance with such Forest Management Plans, Wood Production Plans and other management plans as may be prepared from time to time and approved by Forestry Tasmania, which has the responsibility for all planning on State Forest, including the preparation of Forest Practices Plans.

SCHEDULE 11 (continued)

- 5.2 For the purposes of preparing plans that relate to the sale of Pulpwood under this Contract, including but not limited to Forest Management Plans and Wood Production Plans, either Party (the first Party) shall, within such reasonable time as is agreed between the Parties, supply to the other Party (the second Party) such information in its possession as shall reasonably be required by the first Party. Where so requested by the second Party, and wherever practicable, the first Party will keep confidential such information supplied to it under this Clause 5.2 of this Schedule 11. The Parties acknowledge that in the planning of Coupes to be logged by Gunns using cable logging techniques:
- (a) a high level of cooperation is required; and
 - (b) Gunns are responsible for the relevant engineering studies.

6. MONTHLY AND WEEKLY ORDERING PROCEDURES FOR MILLDOOR DELIVERIES

- 6.1 The Annual Supply determined in accordance with Clause 1 of this Schedule 11 will be used to create a monthly and weekly supply schedule (in this Schedule 11 referred to as the "Monthly Supply Table") to each Point of Sale from each of the North West Milldoor Supply Zone and the Southern Milldoor Supply Zone, for the purposes of assisting Forestry Tasmania to plan to meet its supply obligations from those two zones.
- 6.2 Forestry Tasmania will supply to Gunns a list of its contractors and their weekly quotas calculated from the Monthly Supply Table and will plan to supply to this advice spread over the number of working days in each week.
- 6.3 At no time later than 10.00am on the Friday of each week Gunns may submit to Forestry Tasmania a supply variation for the following week and if this will affect the advised supply under the Monthly Supply Table, Gunns will submit an amended planned Monthly Supply Table.
- 6.4 Forestry Tasmania will vary contractor's quotas to meet variations sought by Gunns under Clause 6.3 of this Schedule 11 and will advise Gunns accordingly.

SCHEDULE 11 - APPENDIX 1
JOINT PLANNING PROTOCOL

Joint Working Party on Wood Production Planning
(North Forest Products / Forestry Tasmania)

Final report

03 May 1999

Following is an extract from the report entitled:

“Summary – recommended joint process for tactical/operational planning”

SCHEDULE 11 – Appendix 1 (continued)

Periodic District review	DEC	By 11 December By 18 December	Executives meet to exchange strategic objectives Businesses present strategic objectives to relevant staff
Periodic District review	JAN		Prepare first 18 months of Tactical Plan, with emphasis on major capital expenditure, including provision of relevant maps and data
Periodic District review	FEB	By 14 February By 28 February	Consult about tactical plan / capital expenditure Develop draft budget.
Periodic District review	MAR	By 15 March By 31 March	Confirm first 18 months of Tactical Plan, with emphasis on major capital expenditure Complete draft Tactical Plan. Confirm budget
Periodic District review	APR		
Periodic District review	MAY	By 31 May	Confirm Tactical Plan. Provide remaining data and maps.
Periodic District review	JUN	By 30 June	FT Executive to approve Tactical Plan.
Periodic District review	JUL		Prepare roading plans for the coming roading season, based on priorities agreed at the July periodic review meeting. This stage may be ongoing throughout the year
Periodic District review	AUG		
Periodic District review	SEP		
Periodic District review	OCT		Prepare Coupe plans for the coming year, based on priorities agreed at the October periodic review meeting. This stage will be ongoing throughout the year.
Periodic District review	NOV		

SCHEDULE 11 – Appendix 1 (continued)**1. Prepare strategic objectives****Task**

North Forest Products and Forestry Tasmania to prepare notice of their respective strategic objectives for the coming period.

The strategic objectives are to be exchanged and discussed at a senior meeting of the participants, for subsequent dissemination to relevant personnel from both businesses.

Participants**NORTH FOREST PRODUCTS**

Export Manager

Manager (Burnie)

Manager (Tamar)

Manager (Triabunna)

FORESTRY TASMANIA

General Manager (Marketing)

Senior Manager (Customer Service)

Regional Forester (North)

Regional Forester (South)

Manager (Planning)

Inputs

North Forest Products' demand estimates (base case and planning range).

Identified objectives by each business, e.g.:

- (i) quality expectations;
- (ii) related operational imperatives (e.g. thinning and Plantation establishment);
- (iii) abnormal budget circumstances;
- (iv) significant tactical objectives / constraints (e.g. develop access to Counsel / Beech); and
- (v) non confidential information about other sales commitments with a bearing on tactical / operational planning.

Outputs

Summarised information for presentation at a joint meeting of relevant personnel from each business (see below).

Timeframe

Annually in early December, with the required meeting to take place no later than fourteen days before Christmas.

Notes

Nil.

SCHEDULE 11 – Appendix 1 (continued)**2. Present strategic objectives****Task**

Present strategic objectives to relevant personnel from each business at regional meetings, to establish a common context for tactical / operational planning for the coming period.

Participants

NORTH FOREST PRODUCTS

Managers (Burnie / Tamar / Triabunna)

Functional Managers

Area Managers

FORESTRY TASMANIA

Senior Manager (Customer Service)

Regional Foresters (North / South)

Manager (Planning)

District Foresters and / or their nominees

Deputy District Foresters (Sales and Planning)

Inputs

Prepared material based on Stage 1 consultation.

Outputs

Written record of any matters of importance raised by those present in response to the presentation.

Timeframe

Annually, no less than seven days prior to Christmas.

Notes

This timeframe and the subsequent stages effectively mean that Forestry Tasmania will be distributing its annual Guidelines for the Three Year Wood Production Plan to its field planners before Christmas and will be distributing preliminary guidelines for budget preparation to its field managers early in January.

SCHEDULE 11 – Appendix 1 (continued)**3. Prepare “budget critical” elements of tactical plan****Task**

Prepare relevant data and maps for coupes and roading operations that have significant implications for capital expenditure in the first planning year.

Participants

NORTH FOREST PRODUCTS

FORESTRY TASMANIA

Functional Managers

Regional Foresters (North and South)

Area Managers

Deputy District Foresters (Planning)

Inputs

Relevant strategic objectives and tactical planning guidelines.

Wood production plans for the previous year.

Preliminary budget guidelines.

Outputs

Forestry Tasmania internal

- estimates of capital expenditure requirements, based on schedules of coupes and roading operations

Forestry Tasmania for provision to North Forest Products

- agreed information in text form and in map form, pertaining to those coupes on State Forest that will involve capital expenditure by or on behalf of North Forest Products for the forthcoming year

North Forest Products internal

- estimates of capital expenditure requirements, based on schedules of coupes and roading operations

North Forest Products for provision to Forestry Tasmania

- nil

Timeframe

Annually, to be completed by end January.

Notes

This stage should be based on confirmation of information that will have been supplied in the previous year.

Both parties recognise that the relatively early provision of this information may detract from its accuracy. This is because a number of external factors will affect the ability to complete planned operations during the remaining five months of the current planning year and because any variation over this period can have implications for capital expenditure requirements in the following year.

SCHEDULE 11 – Appendix 1 (continued)**4. Prepare budgets****Task**

Prepare budgets for submission to respective executives.

Participants

NORTH FOREST PRODUCTS

FORESTRY TASMANIA

Managers (Burnie, Tamar and Triabunna)

Regional Foresters (North and South)

Functional Managers

District Foresters

Area Managers

Inputs

Relevant strategic objectives and tactical planning guidelines.

Confirmed budget guidelines.

Outputs

Budget proposals for submission to the respective executives.

Timeframe

Annually:

- draft to be completed by end February; and
- final to be confirmed by end March.

Notes

This timeframe and the subsequent stages effectively mean that Forestry Tasmania will be distributing confirmed budget guidelines in early February.

SCHEDULE 11 – Appendix 1 (continued)**5. Complete draft tactical plan****Task**

Complete schedule of coupes for the three coming planning years, and confirm associated data and maps for the first two planning years.

Participants

NORTH FOREST PRODUCTS

FORESTRY TASMANIA

Functional Managers

Regional Foresters (North and South)

Area Managers

Deputy District Foresters

Inputs

Relevant strategic objectives and tactical planning guidelines.

Wood production plans for the previous year.

Outputs

Forestry Tasmania internal

- draft Three Year Wood Production Plan for State Forest

Forestry Tasmania for provision to North Forest Products

- confirmation of budget critical elements of the tactical plan, including agreed information in text form and in map form for all relevant harvesting operations (coupes or roadlines)
- advice of coupes and locations relevant to significant tactical objectives / constraints, in particular where these reflect targets that are to be achieved over a period of more than three years (e.g. cable harvesting schedules, thinning schedules and developing access to new supply areas such as Counsel / Beech)
- where applicable, advice of locations where operations planned by Forestry Tasmania on State Forest may complement or be in conflict with operations planned by North Forest Products on private property

North Forest Products internal

- draft three year wood production plan for private property

North Forest Products for provision to Forestry Tasmania

- forecast monthly sawlog flow from private property to be harvested by or on behalf of North Forest Products
- where applicable, advice of locations where operations planned by North Forest Products on private property may complement or be in conflict with operations planned by Forestry Tasmania on State Forest

Timeframe

Annually:

- budget critical aspects of tactical plan to be confirmed by 15 March; and

SCHEDULE 11 – Appendix 1 (continued)

- draft tactical plan to be completed by end March.

Notes

This stage is expected to become more simple in post RFA years than in pre RFA years, largely because of the anticipated stability of the relevant plans from one year to the next. It is anticipated that the major new work each year will be to introduce the coupes for the third year of the new plan, with coupes for the first and second years simply being confirmed from the previous plan.

SCHEDULE 11 – Appendix 1 (continued)**6. Confirm tactical plan****Task**

Confirm schedule of coupes for the three coming planning years, having resolved any issues arising from the draft plans.

Identify “contingency coupes” for the first planning year.

Prepare associated data and maps for coupes scheduled in the third planning year.

Commence field checking of special values for coupes scheduled in the third planning year, including the exchange of relevant information collected or held by either organisation relating to areas that may be of interest to the other organisation.

Participants

NORTH FOREST PRODUCTS

FORESTRY TASMANIA

Functional Managers

Regional Foresters (North and South)

Area Managers

Deputy District Foresters (Planning)

Inputs

Draft tactical plans (see Stage 5).

Outputs

Forestry Tasmania

- final Three Year Wood Production Plan for State Forest (for public release)

Forestry Tasmania for provision to North Forest Products

- agreed information in text form and in map form, pertaining to all coupes on State Forest to be harvested by or on behalf of North Forest Products in the third of the three forthcoming planning years
- confirmation of coupes and locations relevant to significant tactical objectives / constraints, in particular where these reflect targets that are to be achieved over a period of more than three years (e.g. cable harvesting schedules, thinning schedules and developing access to new supply areas such as Counsel / Beech)
- where applicable, confirmation of locations where operations planned by Forestry Tasmania on State Forest may complement or be in conflict with operations planned by North Forest Products on private property

North Forest Products internal

- final three year wood production plan for private property

North Forest Products for provision to Forestry Tasmania

- confirmed forecast monthly sawlog flow from private property to be harvested by or on behalf of North Forest Products
- where applicable, confirmation of locations where operations planned by North Forest Products on private property may complement or be in conflict with operations planned by Forestry Tasmania on State Forest

SCHEDULE 11 – Appendix 1 (continued)**Timeframe**

Annually, to be completed by end May.

Notes

In Forestry Tasmania's case, this stage incorporates approval of the Three Year Wood Production Plan by its Executive, although formal approval is to occur by end June.

SCHEDULE 11 – Appendix 1 (continued)**7. Prepare roading plans****Task**

Establish road alignments in the field, for access to coupes scheduled for harvesting in the third year of the three year wood production plan.

Prepare roading plans, for access to coupes scheduled for harvesting in the third year of the three year wood production plan.

Participants

NORTH FOREST PRODUCTS

FORESTRY TASMANIA

Area Managers

Field operations foresters

Inputs

Final tactical plans (see Stage 6).

Outputs

Roading plans.

Timeframe

Annually from early July, with agreed high priority plans to be completed by end September.

This stage may be ongoing, throughout the year, for roading plans that are agreed to be of a lower priority.

Planning will also be scheduled to meet agreed targets for lead times between the completion of each roading plan and the commencement of the relevant harvesting operation.

Notes

In the case of specific projects (e.g. opening up Counsel / Beech) and in the case of cable and thinning schedules, this stage may extend into coupes planned for the fourth and subsequent years.

SCHEDULE 11 – Appendix 1 (continued)**8. Prepare coupe plans****Task**

Prepare operational plans for all coupes.

Investigate and resolve specific issues related to each coupe.

In the case of specific projects (e.g. coordinating scheduled thinning and clearfelling operations within a continuous area over several years), this stage may be required to consider scheduling issues for coupes planned for the fourth and subsequent years.

Participants

NORTH FOREST PRODUCTS

FORESTRY TASMANIA

Area Managers

Field operations foresters

Inputs

Final tactical plans (see Stage 6).

Outputs

Coupe plans.

Timeframe

Annually:

- from early October, according to agreed priorities; and
- according to agreed targets for lead times between the completion of each coupe plan and the commencement of the relevant harvesting operation.

Notes

This stage will be ongoing, throughout the year. However, October / November provides an opportunity to focus on those coupe plans with an agreed high priority.

SCHEDULE 11 – Appendix 1 (continued)**9. Periodic review****Task**

Review performance and agree on action to address any shortcomings.

Participants

NORTH FOREST PRODUCTS

FORESTRY TASMANIA

Area Managers

Field operations foresters

Inputs

Final tactical plans (see Stage 6).

Roading plans (see Stage 7).

Coupe plans (see Stage 8).

Performance reports.

Outputs

Brief report, summarising performance relative to plans and schedules.

Revised plans and schedules (where necessary).

Timeframe

Monthly, on a District by District basis (but see the next comment about optional and regular meetings).

Of the monthly meetings:

- some may be considered to be optional, to be held at the request of either party;
and
- others will be regular, based on important milestones in the annual timetable, i.e.

mid December	to include the presentation of strategic objectives
January	to include consultation about “budget critical” aspects
early April	to include discussion about the draft tactical plan
early July	to include consultation about priorities and target lead times for roading plans
early October	to include consultation about priorities and target lead times for coupe plans

Notes

The July monthly meeting could logically be incorporated as a roading forum, thereby meeting the requirements of Clause 25.1.1 of Contract of Sale 563.

An important item on the agenda for each such meeting will be a status review for roading plans and coupe plans, including planning requirements for special values.

SCHEDULE 12 (reference Clause 14)**Conduct of Forest Operations****1. FOREST ROADS****1.1 Principles to be applied when planning the construction of Forest Roads**

The Parties acknowledge and agree that harvesting costs can be significantly affected by the standard and location of Forest Roads and that as such it is imperative that, where responsibility for Forest Roads is held by a different party to that responsible for harvesting, those parties should consult closely with the aim of creating greater efficiency in their total operation.

1.2 Logging access

- (a) Subject to Clause 1.2(b) of this Schedule 12, if Forestry Tasmania is responsible for or has agreed to undertake the construction of a Forest Road, then:
 - (i) Forestry Tasmania is responsible for and must undertake at its own expense the construction of the Forest Road to the Landing; and
 - (ii) the Party responsible for harvesting is responsible for and must at its own expense build the Landing.
- (b) If Forestry Tasmania is responsible for or has agreed to undertake the construction of a Forest Road and Gunns has, pursuant to and in accordance with this Clause 1 of this Schedule 12, agreed to the standard, location and specification for that construction of that Forest Road, or having had a reasonable opportunity to comment or agree, has failed to do so, and if Gunns subsequently decides that any of its Forest Operations for which that construction of that Forest Road was intended require additional road construction, then any such additional road construction must be at Gunns' own expense and any additional Forest Roads so constructed will not be taken into account for the purposes of determining road tolls under Appendix 1 of Schedule 10.
- (c) For the purposes of carting Forest Products Gunns may, at its own expense and with the approval of Forestry Tasmania (which shall not be unreasonably withheld) construct, improve, repair and maintain Forest Roads (consistent with sound harvesting and environmental principles) along such routes as Gunns reasonably considers necessary provided that all such routes shall be in accordance with the appropriate Wood Production Plan.
- (d) Where Gunns utilises a Forest Road other than one constructed and maintained by Gunns, it shall comply with the reasonable requests of the party which either or both constructed and maintains that Forest Road provided that those requests are aimed at maintaining such Forest Road, and its surrounds, in good condition.

SCHEDULE 12 (continued)**1.3 Forest Roads no longer required by Gunns**

- (a) Subject to Clause 1.8 of this Schedule 12, if Gunns no longer intends to maintain a Forest Road that it has constructed or is responsible for maintaining (referred to in this Clause 1.3 of this Schedule 12 as “that road”) either because Gunns no longer requires that road or because it does not plan to use that road for some years, then Gunns must advise Forestry Tasmania of its intentions with respect to that road, being either:
 - (i) to deliver up possession of that road for the time being on the basis that it be maintained by Forestry Tasmania on a care and maintenance basis; or
 - (ii) to place that road on a care and maintenance basis and to undertake such restoration work as is as required by the Forest Practices Code for roads which, at the completion of harvesting, are to be retained for fire control and Forest Management; or
 - (iii) to abandon that road, and to undertake such restoration work as is required by the Forest Practices Code for roads which, at the completion of harvesting, are decided to be of no further use.
- (b) When advised by Gunns under Clause 1.3(a) of this Schedule 12 Forestry Tasmania may:
 - (i) elect to maintain that road, in which case Gunns will undertake such repair work as is necessary to leave that road in a reasonable condition for the purposes of Forest Management and fire protection; or
 - (ii) unless that advice has been given under Clause 1.3(a)(ii) of this Schedule 12, advise Gunns that Forestry Tasmania does not intend to maintain that road in which case Gunns will proceed expeditiously to undertake such restoration work as is required by the Forest Practices Code for roads which, at the completion of harvesting, are decided to be of no further use.

1.4 Forest Roads identified by Forestry Tasmania as requiring maintenance

- (a) Subject to Clause 1.8 of this Schedule 12, at any time Forestry Tasmania may provide a notice to Gunns regarding a Forest Road constructed and / or maintained by Gunns (referred to in this Clause 1.4 of this Schedule 12 as a “that road”) specifying that in its reasonable opinion that road is in need of maintenance to:
 - (i) allow safe passage of vehicles;
 - (ii) minimise the risk of environmental damage;
 - (iii) allow public access; or
 - (iv) allow access for forest protection or other valid forest management purposes.

SCHEDULE 12 (continued)

- (b) Within 30 days of receipt of a notice issued under Clause 1.4(a) of this Schedule 12 Gunns must advise Forestry Tasmania of its intentions with respect to that road, being either:
 - (i) to deliver up possession of that road for the time being on the basis that it be maintained by Forestry Tasmania on a care and maintenance basis; or
 - (ii) to place that road on a care and maintenance basis and to undertake such restoration work as is as required by the Forest Practices Code for roads which, at the completion of harvesting, are to be retained for fire control and Forest Management; or
 - (iii) to abandon that road, and to undertake such restoration work as is required by the Forest Practices Code for roads which, at the completion of harvesting, are decided to be of no further use.
- (c) When advised by Gunns under Clause 1.4(b) of this Schedule 12 Forestry Tasmania may:
 - (i) elect to maintain that road, in which case Gunns will undertake such repair work as is necessary to leave that road in a reasonable condition for the purposes of Forest Management and fire protection; or
 - (ii) unless that advice has been given under Clause 1.3(a)(ii) of this Schedule 12, advise Gunns that Forestry Tasmania does not intend to maintain that road in which case Gunns will proceed expeditiously to undertake such restoration work as is required by the Forest Practices Code.
- (d) If Gunns has not responded within the time frame specified in Clause 1.4(b) of this Schedule 12 then it will be deemed to have advised Forestry Tasmania that it has abandoned that road in accordance with Clause 1.4(b)(iii) of this Schedule 12.

1.5 Timely action to maintain Forest Roads

- (a) If in accordance with either Clauses 1.3, 1.4 or 1.8 of this Schedule 12 Gunns is required to undertake maintenance of a Forest Road (in this Clause 1.5 of Schedule 12 referred to as the “required maintenance”) then it shall conduct the required maintenance within a reasonable time frame as agreed between the Parties considering the work required and the urgency of the task. If the Parties cannot agree on a time frame to complete the required maintenance within 30 days from the first date they attempted to do so then either party may refer the matter to dispute resolution in accordance with Clause 13 of Schedule 13.

SCHEDULE 12 (continued)

- (b) If Gunns has not completed the required maintenance within the time frame determined in accordance with Clause 1.5(a) of this Schedule 12 then Forestry Tasmania may at its absolute discretion carry out, or complete, the required maintenance and Forestry Tasmania shall be entitled to recover the costs incurred in the same manner as is contemplated by Clause 11.3 of Schedule 13.

1.6 Road Signage on Forest Roads

- (a) Gunns will ensure that adequate road signage is provided on the completion of constructions of Forest Roads by Gunns in accordance with a naming convention agreed with Forestry Tasmania.
- (b) Existing Forest Roads which Gunns are responsible for maintaining which do not have adequate signage will have it gradually installed by Gunns over the next four years, with the program completed by 31 December 2011.
- (c) The question of adequate road signage will be addressed by the Parties as part of the plan to review road responsibilities contemplated by Clause 11.

1.7 Right of way for Forestry Tasmania over Private Land

- (a) Clause 1.7(b) of Schedule 12 applies where Gunns constructs or maintains a road over Private Land (referred to in this Clause 1.7 of Schedule 12 as the “relevant road”) which also provides access to State Forest, but does not apply if Forestry Tasmania is responsible for planning of the relevant road.
- (b) Prior to, or as soon as practicable after, Gunns constructs or maintains the relevant road Gunns agrees to use its best endeavours to obtain a right of way, registrable on title, over the relevant road in favour of Forestry Tasmania for ongoing Forest Management and Forest Operations purposes.

1.8 Responsibility to maintain Forest Roads providing continuing access for log cartage

- (a) If Gunns is responsible for the maintenance of Class 1 or Class 2 Forest Roads (as defined in the Forest Practices Code) or other Forest Roads which provide access for the continuing cartage of Forest Products (referred to in this Clause 1.8 of Schedule 12 as a “relevant road”) then Gunns must maintain the relevant road to the design standard of the relevant road.
- (b) At any time Forestry Tasmania may provide a notice to Gunns regarding a relevant road specifying that in its reasonable opinion that road is in need of maintenance to comply with the requirements of Clause 1.8(a) of this Schedule 12.
- (c) The provisions of Clause 1.5 of this Schedule 12 will apply with respect to timely action to conduct maintenance under this Clause 1.8 of Schedule 12.
- (d) The provisions of Clause 1.3 and 1.4 of this Schedule 12 do not apply to a relevant road.

SCHEDULE 12 (continued)**1.9 Protection for Gunns from road tolls on Forest Roads built by Gunns**

- (a) In this Clause 1.9 of this Schedule 12, “abandoned” means:
 - (i) that Gunns has formally advised Forestry Tasmania that it is abandoning the Forest Road; or
 - (ii) that Gunns has been fully compensated for its costs associated with the Forest Road; or
 - (iii) that neither Gunns nor Forestry Tasmania has performed any maintenance on the Forest Road for a period of twelve years.
- (b) Unless Gunns has abandoned a Forest Road, neither Forestry Tasmania nor any customer of Forestry Tasmania shall be entitled to charge Gunns any road toll for the use by Gunns at any time, whether during the term of this Contract or at any later time, of a Forest Road constructed by Gunns, save for the recovery of any maintenance or repair charge incurred by Forestry Tasmania or by another customer of Forestry Tasmania which may be fairly attributed as a result of the use by Gunns of that Forest Road.

1.10 Payment of road tolls by other parties to Gunns

- (a) Subject to Clause 1.11 of this Schedule 12, Gunns shall be entitled to payment by other customers of Forestry Tasmania of road tolls in respect of any Forest Produce taken by such parties and carted over a Forest Road either or both constructed and maintained by Gunns (referred to in this Clause 1.10(a) of this Schedule 12 as “that road”) or for the use made of that road for the purposes of a trade or business. The amount of such road tolls will be a matter of determination between Gunns and such parties, and will be calculated:
 - (i) on the basis of the costs and expenses reasonably incurred by Gunns in either or both constructing and maintaining that road and on the quantity of Forest Products carried, or estimated as likely to be carried, over that road; or
 - (ii) at the rate that Forestry Tasmania would have charged if that road had been an FT Road,

as Gunns may determine. Where apportionment is necessary either because part of that road is an FT Road or for some other reason the apportionment shall be that which is fair and reasonable in the circumstances.
- (b) Forestry Tasmania must take such steps as are reasonably required by Gunns to collect on behalf of and promptly remit to Gunns road tolls payable under this Clause 1.10 of this Schedule 12 in respect of such roads as may be nominated by Gunns, acting reasonably, to Forestry Tasmania from time to time in consideration of which Forestry Tasmania shall be entitled to commission at the rate of five per cent on all amounts collected payable by deduction from those amounts.

SCHEDULE 12 (continued)**1.11 Resolution of disputes as to Forest Road costs**

- (a) If a dispute arises between another customer of Forestry Tasmania and Gunns (other than in a case in which Clause 5.3 of this Schedule 12 applies) with respect to the amount to be paid by Gunns to that other customer for the use of a Forest Road constructed by that other customer (referred to in this Clause 1.11(a) of this Schedule 12 as “that road”), Forestry Tasmania shall resolve the amount to be paid on an equitable basis, provided that such other customer agrees to be bound by such a determination, having regard to:
 - (i) the costs of the construction and maintenance of that road including allowance for overheads and the quantity of Forest Products carried, or estimated by Forestry Tasmania as likely to be carried, over that road during such period as Forestry Tasmania may consider appropriate; and
 - (ii) the rate that Forestry Tasmania would have charged if that road had been an FT Road.
- (b) If a dispute arises with respect to the amount paid by other customers for the use of roads constructed and maintained by Gunns such dispute will be resolved by Forestry Tasmania on a similar basis to the basis for Clause 1.11(a) of this Schedule 12.

1.12 Damage to FT Roads

- (a) Gunns must make good damage, fair wear and tear excepted, to any FT Road resulting from its logging operations, as determined by Forestry Tasmania, or it shall pay to Forestry Tasmania the reasonable cost of such repair work (referred to in this Clause 1.12(a) of this Schedule 12 as “those costs”) if carried out by Forestry Tasmania after notice to Gunns. Recognising the usual necessity for prompt action in the circumstances contemplated by this Clause 1.12(a) of this Schedule 12 and provided always that a minimum period of notice has been given to Gunns that allows Gunns sufficient time to inspect the damage, Forestry Tasmania shall be entitled to recover those costs in the same manner as is contemplated by Clause 11.3 of Schedule 13. The Parties acknowledge that 24 hours will often be an appropriate minimum period of notice for the purposes of this Clause 1.12(a) of this Schedule 12.
- (b) Gunns may by notice in writing dispute any determination made by Forestry Tasmania under Clause 1.12(a) of this Schedule 12, and if the matter is not resolved by negotiation within fourteen days of the service of notice contemplated by this Clause 1.12(b) of this Schedule 12 either Party may refer the matter to dispute resolution as provided for in Clause 13 of Schedule 13.

SCHEDULE 12 (continued)

- (c) Notwithstanding Clause 1.12(b) of this Schedule 12 in the event that Forestry Tasmania determines that unacceptable damage may be caused to a Forest Road during the period required to refer a matter to dispute resolution as contemplated by Clause 1.12(b) of this Schedule 12 then it may at its discretion, after notifying Gunns, carry out such repair work as it reasonably determines necessary in which case the reference to dispute resolution under Clause 1.12(b) of this Schedule 12 will be to determine which Party is responsible for the cost, or some part of the cost, of the repair work undertaken.

1.13 Damage to roads constructed and maintained by Gunns

- (a) Forestry Tasmania must make good damage, fair wear and tear excepted, to any road constructed and maintained by Gunns resulting from logging operations by Forestry Tasmania or its Agents, as determined by Gunns, or it shall pay to Gunns the reasonable cost of such repair work if carried out by Gunns after reasonable notice to Forestry Tasmania. Recognising the usual necessity for prompt action in the circumstances contemplated by this Clause 1.13(a) of this Schedule 12 and provided always that a minimum period of notice has been given to Forestry Tasmania that allows Forestry Tasmania sufficient time to inspect the damage, Gunns shall be entitled to recover those costs in the same manner as is contemplated by Clause 11.3 of Schedule 13. The Parties acknowledge that 24 hours will often be an appropriate minimum period of notice for the purposes of this Clause 1.13(a) of this Schedule 12.
- (b) Forestry Tasmania may by notice in writing to Gunns dispute any determination made by Gunns under Clause 1.13(a) of this Schedule 12 and where the matter is not settled by negotiation within fourteen days of service of the notice contemplated by this Clause 1.13(b) of this Schedule 12 either Party may refer the matter to dispute resolution as provided for in Clause 13 of Schedule 13.
- (c) Notwithstanding Clause 1.13(b) of this Schedule 12 in the event that Gunns determines that unacceptable damage may be caused to a Forest Road during the period required to refer a matter to dispute resolution as contemplated by Clause 1.13(b) of this Schedule 12 then it may at its discretion, after notifying Forestry Tasmania, carry out such repair work as it reasonably determines necessary in which case the reference to dispute resolution under Clause 1.13(b) of this Schedule 12 will be to determine which Party is responsible for the cost, or some part of the cost, of the repair work undertaken.

2. FIRE MANAGEMENT

- 2.1 Gunns shall, on its own initiative, take prompt action, and use all reasonable endeavours, to suppress any fire occurring within, or threatening, land referred to in a Forest Practices Plan pursuant to which it is currently carrying out Forest Operations.

SCHEDULE 12 (continued)

- 2.2 Fire suppression on the land referred to in a Forest Practices Plan pursuant to which Gunns is currently carrying out Forest Operations will be the responsibility of Gunns and the costs thereof shall be borne by Gunns.
- 2.3 Gunns will also provide full assistance to Forestry Tasmania in taking action to suppress any fires in areas outside the land referred to in a Forest Practices Plan pursuant to which Gunns is currently carrying out Forest Operations, at the cost of Forestry Tasmania.
- 2.4 No burning shall be carried out by Gunns or its employees or its Agents, on areas approved for logging under this Contract except with the written approval of Forestry Tasmania.
- 2.5 Notwithstanding the above provisions:
 - (a) excepting for the liability arising under Clause 2.2 of this Schedule 12, Gunns shall not be liable in damages by virtue of this Clause 2 of this Schedule 12, but will retain the liability, if any, which by virtue of applicable statute or common law it would have in consequence of the outbreak of fire on property occupied by it; and
 - (b) Clause 11 of Schedule 13 shall apply in respect of any breach by Gunns of its obligations under this Clause 2 of this Schedule 12, provided that:
 - (i) no costs or expenses may be recovered by Forestry Tasmania from Gunns under Clause 11.3 of Schedule 13 in respect or as a result of rectifying any such breach; and
 - (ii) if Forestry Tasmania terminates this Contract, no amount shall be recoverable by Forestry Tasmania under Clause 11.7(b) of Schedule 13 for or in respect of any breach by Gunns of its obligations under this Clause 2 of this Schedule 12.
 - (c) Gunns shall at all times, comply with such of the provisions of the Fire Service Act as are applicable to it; and
 - (d) the fire management plans of Forestry Tasmania shall at all times be pre-eminent.
- 2.6 Subject to Clause 2.7 of this Schedule 12, Gunns will ensure that any Forest Operations it conducts comply with general Tasmanian forest industry standards with respect to:
 - (a) fire preparedness and equipment availability; and
 - (b) fire prevention at Forest Operations, including obligations to shut down Forest Operations under specified high risk conditions.

SCHEDULE 12 (continued)

- 2.7 If Forestry Tasmania determines that there is not a satisfactory general Tasmanian forest industry standard as contemplated by Clause 2.6 of this Schedule 12 then Forestry Tasmania will request a meeting with Gunns and the Parties will negotiate in good faith with the aim of developing a suitable mutually acceptable standard. If the Parties do not reach agreement within 60 days of Forestry Tasmania so requesting a meeting then either Party may refer the matter to dispute resolution in accordance with Clause 13 of Schedule 13. Gunns will comply with any standard developed in accordance with this Clause 2.7 of Schedule 12.

3. PROCEDURES FOR THE SUPPLY OF FOREST PRODUCE**3.1 Forestry Tasmania Timber Harvesting Procedures**

From time to time Forestry Tasmania will advise Gunns of procedures to be followed relating to matters such as care of log delivery books, numbering of sawlogs and associated matters. The current version of these procedures is included as Appendix 2 of this Schedule 12. Forestry Tasmania will consult with Gunns, and provide it with a reasonable period to provide comments, prior to changing these procedures.

3.2 Compliance with Forestry Tasmania Timber Harvesting Procedures

Each Party shall comply with Forestry Tasmania's Timber Harvesting Procedures as determined in Clause 3.1 of this Schedule 12.

3.3 Gunns' Possession of the Site

- (a) For the purposes of this Clause 3.3 of Schedule 12:

"Site" means the area, locality, Coupe or compartment where Gunns is undertaking Forest Operations in accordance with this Contract and where applicable that area as specified within the relevant Forest Practices Plan; and

"safety and operational requirements of Gunns" means a safety policy and safety prescription which complies with the *Workplace Health and Safety Act 1995 (Tas)* for the carrying out of Forest Operations.

- (b) Subject to Clause 6.2 of Schedule 13, Forestry Tasmania grants to Gunns exclusive possession of the Site for the duration of the carrying out of Forest Operations. This grant is subject to any other rights extant at the time of the commencement of Forest Operations.
- (c) If Forestry Tasmania meets the safety and operational requirements of Gunns then Gunns may give permission to Forestry Tasmania, and to any person authorised by Forestry Tasmania, to access the Site.
- (c) Gunns must not unreasonably withhold or delay giving its permission under Clause 3.3(c) of this Schedule 12.

SCHEDULE 12 (continued)

- (d) A Forest Practices Officer pursuant to Section 40 of the Forest Practices Act may at any time, subject to meeting the safety and operational requirements of Gunns enter the Site.
- (e) Notwithstanding Clause 3.3(b) of this Schedule 12, any valuable minerals, fossils, articles, objects of antiquity, objects of anthropological or archaeological interest, coins or articles of value found at the Site during the carrying out of Forest Operations and Forest Products (other than Forest Products Made Available to Gunns under this Contract) on or from the Site are and remain the property of Forestry Tasmania. Gunns must immediately notify Forestry Tasmania of any such discovery. Gunns must take all reasonable precautions to prevent the loss, removal or damage to any articles or property of that type.
- (f) Nothing in this Clause 3.3 of Schedule 12 provides a right to Gunns to deal with the Site, or anything thereon, except as otherwise stated within this Contract.
- (g) Forestry Tasmania may, at its discretion, revoke the grant to which this Clause 3.3 of Schedule 12 refers in the event of interruption, likely or actual, to Forest Operations by third parties or events, including but not limited to protest action and wild fires.

3.4 Right to enter

- (a) Subject to Clause 3.4(b) of this Schedule 12, Forestry Tasmania shall have the right at all times to enter a Point of Sale for the purpose of monitoring and ensuring compliance with this Contract.
- (b) Before exercising its right under Clause 3.4(a) of this Schedule 12, Forestry Tasmania must:
 - (i) request, from Gunns' Responsible Officer (being a person appointed as a responsible officer under Section 10 of the *Workplace Health and Safety Act 1995 (Tas)*) for the relevant Point of Sale or his nominee, permission for Forestry Tasmania's nominee to access the relevant Point of Sale, which permission will not be unreasonably withheld; and
 - (ii) ensure that Forestry Tasmania's nominee has met Gunns' reasonable requirements for induction to the relevant Point of Sale; and
 - (iii) ensure that Forestry Tasmania's nominee complies with any and all of Gunns' reasonable requirements for access to the relevant Point of Sale; and
 - (iv) if Gunns' so requests, acting reasonably, ensure that Forestry Tasmania's nominee is accompanied by a Gunns' nominee during the relevant period of access.

SCHEDULE 12 (continued)

- (c) Subject to Clause 3.4(d) of this Schedule 12, Forestry Tasmania shall have the right at all times to enter a Landing or Coupe at which a third party is conducting harvesting operations related to the supply of Pulpwood to Gunns under this Contract, for the purpose of monitoring and ensuring compliance with this Contract.
- (d) Before exercising its right under Clause 3.4(c) of this Schedule 12, Forestry Tasmania must:
 - (i) request, from the relevant third party for the relevant Landing or Coupe or his nominee, permission for Forestry Tasmania's nominee to access the relevant Landing or Coupe; and
 - (ii) ensure that Forestry Tasmania's nominee has met the relevant third party's reasonable requirements for induction to the relevant Landing or Coupe; and
 - (iii) ensure that Forestry Tasmania's nominee complies with any and all of the relevant third party's reasonable requirements for access to the relevant Landing or Coupe; and
 - (iv) if the relevant third party so requests, ensure that Forestry Tasmania's nominee is accompanied by the relevant third party's nominee during the relevant period of access.

4. HARVESTING OPERATIONS**4.1 Standards**

All Forest Operations carried out by Gunns shall meet Forestry Tasmania's reasonable standards for such operations.

4.2 Harvesting approvals

Gunns shall not commence, nor authorise the commencement of, logging operations on any Coupe prior to the approval of the relevant Forest Practices Plan and the issue by Forestry Tasmania of a formal approval for cutting and operating in respect of that Coupe and Gunns shall in all respects conform to the terms of such approvals and ensure that all work is carried out in accordance with the relevant Forest Practices Plan and formal approval for cutting and operating.

4.3 Conditions of logging

- (a) Forestry Tasmania may from time to time prescribe and notify to Gunns reasonable conditions to apply in the areas from which Forest Produce is being obtained including conditions relating to proper road usage, removal of debris from logging operations, suspension of logging due to fire danger, ground conditions, or other exigencies and action to suppress fire outbreak or precautions against fires. Gunns shall comply with and take all steps necessary to ensure that those conditions are satisfied.

SCHEDULE 12 (continued)

- (b) In any of its Forest Operations, Gunns must ensure that Logging Debris is removed from firebreaks, firelines and tracks to the reasonable satisfaction of Forestry Tasmania, or Gunns shall pay to Forestry Tasmania the reasonable cost of such removal if it is carried out by Forestry Tasmania after notice to Gunns.
- (c) For the avoidance of doubt, Clause 4.3(b) of this Schedule 12 does not oblige Gunns to construct firebreaks, firelines or tracks on any land on which it is conducting Forest Operations pursuant to this Contract.

4.4 Seasonal logging variation

- (a) The Parties acknowledge the benefits of conducting Forest Operations during those periods of the year when the hours of daylight are longer and the moisture content of the soil is generally lower. Accordingly, the Parties agree that the rate at which logs are harvested pursuant to this Contract should, wherever practicable, be appreciably higher during the summer period of the year than during the remainder of the year.
- (b) Forestry Tasmania will from time to time after consultation with Gunns determine arrangements consistent with the Forest Practices Code to limit harvesting during periods when the soils in the area to be harvested are wet.

4.5 Disruption to Forest Operations

If by reason of any action by a third party a Forest Operation by Gunns or by any of its Agents is disrupted so as to cause, or potentially cause, a loss to Gunns or to any of its Agents, then the Parties shall meet to discuss and agree on an appropriate approach concerning that disruption, taking into account the possible effect of that approach on any potential future disruption to that Forest Operation or to any other Forest Operation.

4.6 Logging residue assessment

- (a) All Coupes on which Gunns or its Agents carry out logging operations will be jointly inspected by Forestry Tasmania and Gunns and visually assessed for logging residue after logging has been completed. Either Party may request a logging residue assessment if the total residue is considered to be in excess of five cubic metres per hectare or such higher quantity as may be agreed or determined pursuant to Clause 2 of Appendix 1 of this Schedule 12.
- (b) Gunns shall provide to Forestry Tasmania such assistance as shall be reasonable and appropriate in the carrying out of logging residue assessments.
- (c) Logging residue assessments will be carried out in accordance with the "Instructions for Assessing Logging Residue" as issued by Forestry Tasmania from time to time.

SCHEDULE 12 (continued)**4.7 Restriction on open Coupes**

- (a) Forestry Tasmania may, after consultation with Gunns, set a reasonable time for harvesting to be completed on any Coupe being harvested by Gunns or by its Agents to the extent that markets exist for Forest Products.
- (b) If harvesting on any Coupe is not completed during the time established pursuant to Clause 4.7(a) of this Schedule 12, or within such further time as is reasonable in the circumstances, then:
 - (i) Forestry Tasmania shall determine in accordance with the procedures set out in Clause 6 of this Schedule 12 the quantity of Timber remaining on the Coupe, having regard to the availability of markets for Timber; and
 - (ii) the quantity of Timber determined in accordance with Clause 4.7(b)(i) of this Schedule 12 shall be deemed to have been avoidably wasted by Gunns for the purposes of Clause 5.1 of Schedule 13; and
 - (iii) the quantity of Pulpwood included in the quantity of Timber determined in accordance with Clause 4.7(b)(i) of this Schedule 12 shall be deemed to have been Made Available and supplied to Gunns under this Contract in respect of and during the Planning Year in which determination is made.
- (c) For the avoidance of doubt, the Parties distinguish between harvesting of a Coupe and harvesting that represents the clearing of a roadline. The provisions of Clause 4.7(b) of this Schedule 12 do not apply to any harvesting that represents the clearing of a roadline.

5. SEGREGATION OF MILLING TIMBER AND OTHER FOREST PRODUCTS**5.1 Obligation to segregate**

- (a) This Clause 5.1 of this Schedule 12 only applies where Gunns or its Agents are responsible for harvesting.
- (b) Where Gunns or its Agents are responsible for harvesting, unless otherwise directed by Forestry Tasmania, Gunns shall carry out harvesting operations in accordance with this Clause 5.1 of this Schedule 12.
- (c) Gunns shall:
 - (i) cut Pulpwood and other Forest Products as are specified by Forestry Tasmania on the State Forest the subject of the harvesting operation; and
 - (ii) remove from that land any Pulpwood and other Forest Products so cut.

SCHEDULE 12 (continued)

- (d) With respect to the Forest Products cut and removed pursuant to Clause 5.1(c) of this Schedule 12, on a Landing or at such other place as is specified by Forestry Tasmania, Gunns shall separate, each from the other, such categories of Milling Timber, Pulpwood and other Forest Products as are specified by Forestry Tasmania.
- (e) Where, pursuant to this Clause 5 of this Schedule 12, Gunns cuts and removes Forest Products, other than Pulpwood Made Available to Gunns, it shall, subject to Clause 5.1(f) of this Schedule 12, make those Forest Products available at a Landing or other place approved by Forestry Tasmania to such person or persons as Forestry Tasmania may nominate. In making such a nomination Forestry Tasmania acknowledges Gunns preference on efficiency and other practical grounds to make those Forest Products available at the mill gate.
- (f) Notwithstanding any other provision of this Clause 5.1 of this Schedule 12, Gunns is not obliged to Make Available Forest Products to any person nominated by Forestry Tasmania unless and until such nominated person has made arrangements, to the satisfaction of Forestry Tasmania and Gunns, for reimbursement to Gunns of its costs incurred in harvesting and delivering such Forest Products (referred to in this Clause 5 of this Schedule 12 as “operational costs”).
- (g) If Gunns fails, for a period of two weeks or more, to comply with Forestry Tasmania’s directions under this Clause 5.1 of this Schedule 12, Forestry Tasmania may itself do all such acts and things as it may consider necessary and practicable to ensure the continuity of supplies of Milling Timber and other Forest Products.
- (h) Nothing in Clause 5.1(g) of this Schedule 12 relieves Gunns from the consequences of failure to comply with any requirements of this Clause 5.1 of this Schedule 12.

5.2 Segregation of Milling Timber at Point of Sale

- (a) Gunns must ensure that its management systems and quality assurance procedures or manuals require sufficient inspections to ensure that Pulpwood which it is to receive under this Contract does not contain Milling Timber.
- (b) Gunns must make its management systems and quality assurance procedures and manuals which relate to the inspection of Pulpwood available for Forestry Tasmania to inspect, on reasonable notice.
- (c) Gunns is to review with Forestry Tasmania and discuss any management, system or quality assurance procedure or manual relating to the inspection of Pulpwood under this Clause 5.2 of Schedule 12.

SCHEDULE 12 (continued)

- (d) If a load of Timber received at a Point of Sale under this Contract by Gunns contains Timber which is capable of yielding Milling Timber, Gunns must:
 - (i) segregate the Milling Timber;
 - (ii) weigh, measure and store the Milling Timber;
 - (iii) notify Forestry Tasmania of the amount of Milling Timber segregated; and
 - (iv) redirect the Milling Timber to a processing centre as directed by Forestry Tasmania as soon as practicable after receiving those directions.
- (e) All reasonable costs incurred under Clause 5.2(d) of this Schedule 12 will be the responsibility of:
 - (i) Gunns if the harvesting contractor involved is primarily responsible to Gunns; or
 - (ii) Forestry Tasmania if the harvesting contractor involved is primarily responsible to Forestry Tasmania.
- (f) Subject to Clause 5.2(g) of this Schedule 12, where Gunns fails to correctly segregate Milling Timber in accordance with its obligations under this Contract it shall pay to Forestry Tasmania penalty stumpage under Clause 5.2 of Schedule 13 on the basis that the quantity deemed to be incorrectly segregated is equal to the quantity of Timber incorrectly segregated multiplied by a factor of five.
- (g) No penalty shall apply where:
 - (i) the incorrectly segregated Timber has been classified and branded as Pulpwood by Forestry Tasmania; or
 - (ii) the incorrect segregation of the Timber has resulted from the action of a harvesting contractor not primarily responsible to Gunns.

5.3 Determination of operational costs for Forest Products

- (a) If Gunns and a person nominated by Forestry Tasmania pursuant to Clause 5.1(e) of this Schedule 12 fail to agree as to the amount of operational costs in respect of Forest Products in any case, Forestry Tasmania shall determine the amount of those costs provided that such person agrees to be bound by such a determination.
- (b) Any such operational costs shall be exclusive of any stumpage payable, in respect of such Forest Products, to Forestry Tasmania by the nominated person.

SCHEDULE 12 (continued)**5.4 Gunns to act as Forestry Tasmania's contractor**

Whenever reasonably required by Forestry Tasmania, Gunns shall act as contractor to Forestry Tasmania for the conduct of Forest Operations. In such cases, reasonable conditions and a reasonable price for work performed by Gunns or by its Agents shall be agreed with Forestry Tasmania, and that price shall be paid by Forestry Tasmania.

5.5 Disposal of other Forest Products

In addition to the foregoing, and as often as reasonably requested by Forestry Tasmania, Gunns will undertake discussions with other parties nominated by Forestry Tasmania in an endeavour to achieve mutually satisfactory agreements for the sale of Forest Products produced from Forest Operations by Gunns on State Forest, with a view to achieving the best practical utilisation of Timber available therefrom.

6. UTILISATION STANDARDS

- 6.1 All harvesting of Timber pursuant to this Contract conducted by Gunns shall be in accordance with utilisation standards established by Forestry Tasmania from time to time in accordance with this Clause 6 of this Schedule 12 and Gunns shall stipulate to its Agents that at all times they shall observe and comply with such standards.
- 6.2 Forestry Tasmania's utilisation standards established at the date of this Contract for the purposes of Clause 6.1 of this Schedule 12 are set out in Appendix 1 of this Schedule 12.
- 6.3 Forestry Tasmania may at any time after consultation with Gunns vary, add to or replace at its discretion the utilisation standards set out in Appendix 1 of this Schedule 12, provided that:
 - (a) it shall give not less than two years prior notice of any such proposed change to Gunns; and
 - (b) any such change shall not create a more onerous utilisation standard than will be generally applicable to other harvesting contractors conducting Forest Operations in Tasmania; and
 - (c) any such change must be reasonable in the circumstances and must be justified by Forestry Tasmania; and
 - (d) no change may in any way prejudice or deleteriously affect the fitness for purpose or merchantability of Pulpwood for the purposes of production of Woodchips for the manufacture of pulp and paper.

SCHEDULE 12 (continued)

- 6.4 In the event of non-compliance by Gunns or by any of its Agents with the said utilisation standards:
- (a) Forestry Tasmania shall determine, based on such non-compliance, the quantity of Timber avoidably wasted for the purposes of Clause 5.1 of Schedule 13, having regard to the availability of markets for Timber; and
 - (b) the quantity of Pulpwood meeting the specification for any part of the Annual Supply determined by Forestry Tasmania to be avoidably wasted shall be deemed to have been Made Available and supplied to Gunns under this Contract in respect of and during the Planning Year in which determination is made.

SCHEDULE 12 - APPENDIX 1**UTILISATION STANDARDS****1. MINIMUM QUANTITIES OF LOGGING RESIDUES**

- 1.1 The quantity of logging residues meeting the minimum specifications for Pulpwood in this Appendix 1 should not normally exceed five cubic metres per hectare for conditions of moderate topography and terrain for conventional wheeled and tracked logging machinery. In such cases, if as a result of a logging residue assessment residual Pulpwood meeting such specifications:
- 1.1.1 falls between five and ten cubic metres per hectare, then Gunns has the option of having the full assessed quantity of such residue deemed to be avoidably wasted for the purposes of Clause 6.4(a) of Schedule 12 or of undertaking further logging to reduce the residual Pulpwood; or
 - 1.1.2 exceeds ten cubic metres per hectare, then Gunns shall undertake further logging to reduce the residual Pulpwood.

2. HIGHER QUANTITIES OF LOGGING RESIDUES

- 2.1 Subject to Clauses 2.2, 2.3 and 2.4 of this Appendix 1 of Schedule 12, a higher level (where that level is x cubic metres per hectare) of logging residues than set out in Clause 1 of this Appendix 1 of Schedule 12 may be agreed by Forestry Tasmania for areas identified in the relevant Forest Practices Plan or otherwise agreed to in writing by Forestry Tasmania as having extreme logging difficulties or a proportion of Non Preferred Pulpwood, as defined in Clause 5 of Schedule 3, in excess of 25 per cent of the total quantity of Pulpwood in those areas. In such cases, if as a result of a logging residue assessment residual Pulpwood meeting such specifications:
- 2.1.1 falls between x and $(x + 5)$ cubic metres per hectare, then Gunns has the option either of having the full assessed quantity of such residue deemed to be avoidably wasted for the purposes of Clause 6.4(a) of Schedule 12 or of undertaking further logging to reduce the residual Pulpwood; or
 - 2.1.2 exceeds $(x + 5)$ cubic metres per hectare, then Gunns shall undertake further logging to reduce the residual Pulpwood.
- 2.2 Gunns may request from Forestry Tasmania a higher level of logging residues for an area in accordance with Clause 2.1 of this Appendix 1 of Schedule 12. Within fourteen days of the receipt of such a request Forestry Tasmania must notify Gunns in writing of its decision with respect to that request.

SCHEDULE 12 - APPENDIX 1 (continued)

- 2.3 If Forestry Tasmania fails to give the notice contemplated by Clause 2.2 of this Appendix 1 of Schedule 12, or if the Parties are unable to agree to a decision with respect to that request within 30 days of the request, then either Party may refer the matter to dispute resolution as provided for in Clause 13 of Schedule 13 and, if the matter is so referred to dispute resolution, then the arbitrators or experts as the case may be must determine the matter on a reasonable basis having regard to the matters referred to in Clause 2.1 of this Appendix 1 of Schedule 12.
- 2.4 If Forestry Tasmania has agreed to a higher level of logging residues for an area in accordance with Clause 2.1 of this Appendix 1 of Schedule 12, due to a change in marketable Pulpwood standards, then Gunns will take all reasonable steps to facilitate regeneration, fire management and other Forest Management requirements, taking due consideration of custom and practice with respect to the utilisation of Non Preferred Pulpwood within each Supply Zone at the date of commencement of this Contract.

3. FELLING, SNIGGING AND CROSSCUTTING PRACTICES

- 3.1 During the production of Pulpwood to meet the specifications set forth in Schedule 3:
- (a) the height of any stump shall not exceed half the diameter of the tree at that height (measured over bark), unless external defects or practical considerations force it to be felled at a greater height; and
 - (b) pieces of Pulpwood that are shorter than the minimum length set forth in Schedule 3 which result from avoidable damage or carelessness during felling, snigging or crosscutting shall be designated as Pulpwood at the discretion of Forestry Tasmania.

4. SPECIFICATIONS FOR LOGGING RESIDUES

Notwithstanding any other provision of this Appendix 1 of Schedule 12, the only logging residues deemed to meet the minimum specifications for Pulpwood set out above will be those logging residues which meet the specifications for any one, or more, of the Forest Products which Gunns is obliged to segregate pursuant to Clause 5.1 of Schedule 12.

SCHEDULE 12 - APPENDIX 2



Forestry Tasmania Timber Harvesting Procedures

1. Purpose and Intent of this manual
2. Timber Classification Officers
3. Log Volume Electronic Dockets
4. Log Volume Paper Dockets
5. Weighbridge dockets for sawlogs
6. Weighbridge dockets for pulpwood
7. Split Logs
8. Procedures for out-of-spec pulp wood
9. Feedback dockets

SCHEDULE 12 APPENDIX 2 (continued)**1. Purpose and Intent of this manual**

This document lists the policies and procedures that must be followed when classifying and delivering wood products from State forest.

It is intended that Timber Harvesting Contractors, their employees and particularly the Timber Classification Officers use this document.

2. Timber Classification Officers**2.1 Role**

The Timber Classification Officer (TCO) is appointed under the Forestry Act, after successfully completing a Log Grading Course and practical assessment.

The TCOs duties relate to the classification of all forest products, prior to those products leaving a landing and a clear understanding of the obligations placed upon the TCO is essential.

2.2 Duties

The TCO must ensure the following before forest product is dispatched from the landing:

2.2.1 All logs are to be segregated in the proper sequence of product value: VQ (Veneer), cat-1/3 sawlogs, hydro poles, cat-4 special species sawlog, cat 2 and 8 sawlog, peelers, merchwood, pulpwood and at times other forest product as specified by Forestry Tasmania.

2.2.2 Identify on the end of the log in orange paint the appropriate category number ie VQ1, VQ2,1,3,4,2,8, including split pulplog sections but excluding obvious pulpwood (round logs).

2.2.3 Where appropriate imprint your timber classification hammer number on all products before they leave the landing. This is proof that the log has been classified by an approved TCO and is therefore authorised to leave the site. It also identifies the TCO in the event the classification is queried by a customer using the feedback docket process. Note this requirement also applies to merchwood. The exception to the aforementioned is the minimum branding standards referred to under the split pulplog policy – see section 7 of this document.

Note: Other principal company requirements may be additional to this minimum standard in 2.2.3.

2.2.4 Staple a barcoded Log Tag to the end of each sawlog. This represents the unique log number to track sawlog from the forest landing to the customer.

2.2.5 The last 4 digits of the bar code number MUST appear on the end of the log.

2.3 Non compliance

SCHEDULE 12 APPENDIX 2 (continued)

2.3.1 Failing to comply with steps 1 to 5 for products leaving the landing could result in the customer not accepting the load until proper documentation is presented.

2.3.2 Unauthorised removal of timber from State Forest is considered being theft.

2.3.3 Consequences on Harvesting Contractor and / or TCO – as per contract and agreed procedures for state forest.

2.4 Contract of Supply Conditions

In addition to the previously listed tasks, the following customer requirements **MUST** also be met, as they may not be unloaded:

2.4.1 Logs, which are of “Construction grade” due to species or excessive gum vein etc, must have the square marked around the category indicator.

2.4.2 All logs must have appropriate overcut.

2.4.3 All category 8’s must have species identification.

2.4.4 All logs other than veneer, pulpwood and merchwood must be end greased.

3. Log Volume Electronic Dockets

ELDS is an industry initiative in which all contractors producing sawlogs must participate. Contractors are required to purchase the relevant equipment including a handheld computer as specified by the ELDS service provider.

All contractors must receive training and supporting documentation from the Principal Harvesting Company Supervisor prior to using the system.

The documentation of loads **Must** be completed prior to the load leaving the landing.

The following procedures are currently used for veneer and sawlogs, which are sold by measurement, and include hydro poles.

3.1 The Electronic Log Docket System (ELDS) is a system which through the use of a hand held computer:

3.1.1 records information about forest products produced on landings and allows docket creation for the dispatch of those products to customers;

3.1.2 stores details of a contractor’s assigned operations and active delivery arrangements; and

3.1.3 when the hand held computer is synchronised (via telephone line sync-in) into the central database system it transfers this information to the Principal Harvesting Company thereby allowing payment to the Harvesting & Transport Contractors and invoicing of the customers.

3.2 Grading Data Entry into the handheld computer

The following information is required to be entered into the handheld computer preferably by the TCO but it can be delegated to another employee at the landing site:

3.2.1 The log number – this is the 6 digit barcode on the "Log Tag"

SCHEDULE 12 APPENDIX 2 (continued)

- 3.2.2 The category of each log as classified, i.e. VQ1, VQ2, Cat 1,2,3,4, Hydro and Telstra poles and piles
- 3.2.3 The ACTUAL length of the log (including overcut)
- 3.2.4 The diameter of the log
- 3.2.5 The species of the log
- 3.2.6 Whether the log is split (ie quarter, third, slabbed)
- 3.2.7 The TCO number of whoever classified the log
- 3.2.8 Whether the log has bark on or bark off.
- 3.3 Dispatch Procedure from the handheld computer
 - 3.3.1 Select the CURRENT coupe from the list.
 - 3.3.2 Select the Destination the logs are going to.
 - 3.3.3 Select the transport contractor from the list
 - 3.3.4 Enter the Truck registration number.
 - 3.3.5 Select “Next” to add logs to the load
 - 3.3.6 From the screen choose the logs that will make up the load.
 - 3.3.7 Select “Next” to review the load before printing.
 - 3.3.8 Once all logs are entered, select the “Print” option to save the docket and print the hard copies. Make sure the printer is plugged into the cigarette lighter and is connected before selecting “Print”. Make sure the correct number of paper dockets is printed (5 on State forest, 4 on Private Property). Note: Dockets are not saved unless the correct number of copies are printed. Unsaved dockets are not uploaded during the sync process and therefore cannot be paid. Where a docket fails to save it must be recreated, see 3.4.2.
 - 3.3.9 The contractor or representative MUST sign the printed docket before the load leaves the landing.
 - 3.3.10 The docket is to accompany the load in transit and the transport contractor must ensure that the customer signs all copies of the printed docket – this is confirmation that the load has been accepted (proof of delivery).
 - 3.3.11 The copies of the printed docket are to be distributed to the relevant parties; Customer, Principal Company (eg Gunns, FT), and to FT District. All FT copies are to be sent each week to the District Office or as directed by the District Forest Manager or his representative.
- 3.4 Problem Solving
 - 3.4.1 If the required Destination is not available for the coupe, Sync-in the machine to update the available destinations. If after Syncing the machine, the required Destination is still not displayed, contact your Principal Harvesting Company Supervisor. Please note that selecting another Destination and adjusting the hard copy docket will not be accepted and penalties may apply – see adjustment fee below.
 - 3.4.2 If all copies aren’t printed correctly, the system will cancel the docket. The contractor is then required to create a new docket and print the correct number of copies.

SCHEDULE 12 APPENDIX 2 (continued)

3.4.3 Where an error has been detected after a docket has been printed, a 'Request to change eDocket' form must be completed. The Principal Company must receive the form within 24 hours of the docket being created. Abuse of these forms will not be tolerated and penalties may be applied for deliberate mis-use.

3.4.4 A Docket Adjustment Fee of up to \$100 exc GST is liable for each docket altered without authority. Note that this form does not replace the feedback docket system.

3.5 Lodgement of Electronic Dockets

3.5.1 Contractors are required to "Sync-In" their hand held computer with the central database at least once per week. Daily "Syncing In" is recommended. This not only allows dockets to be uploaded but also downloads the latest operational Distribution Authority (DA) details and any new eDocket software releases.

3.5.2 It is mandatory to "Sync-In" at the end of month. This ensures any dockets on the E docket device will be processed for the month in which they were generated, ie. contractors paid and customers invoiced.

3.5.3 End of Month Syncing Deadlines (Gunns and FT principals)

3.5.3.1 **Gunns** close-off is 12 noon on last working day of the month. Gunns contractors must sync **prior** to this time.

3.5.3.2 **FT** close-off is 3 working days following the end of month and **ALL** contractors must sync in **after** the end of month and by the 2nd day of the following month.

Note: Please sync early to allow time for dockets to be processed

3.5.4 A Late Docket Processing fee of up to \$1,100 excl GST is liable for each docket that is lodged in the central database on or after the 3rd day of the month following the month in which the dockets were generated.

3.6 Responsibility & Ownership of Equipment

Contractors are required to use equipment that has been certified by the ELDS Steering Committee as being suitable for use with the Electronic Log Docket System. While the Principal Harvesting Company Supervisor will provide training and advice, the hardware remains the property of contractors who accordingly are responsible for the maintenance and replacement of the equipment.

3.7 Issues

The Principal Harvesting Company Supervisor is the first point of contact for all issues relating to the Electronic Log Docket System. This includes enquires regarding repairing or purchasing equipment and consumables.

SCHEDULE 12 APPENDIX 2 (continued)**4. Log Volume Paper Dockets**

The following procedures only apply when contractors are authorised in writing to use paper docket books for products sold by measurement and MUST accompany any load.

4.1 Information for paper docket

The following information must be recorded on the docket:

- 4.1.1 The log number for each log.
- 4.1.2 The category of each log as classified, i.e. VQ1, VQ2, Cat 1,2,3,4, Hydro and Telstra poles and piles
- 4.1.3 The ACTUAL length of the log (including overcut)
- 4.1.4 The diameter of the log (MID - VQ and sawlog, SED – poles and piles)
- 4.1.5 The volume of the log
- 4.1.6 The species of the log
- 4.1.7 Whether the log is split (ie , quarter, third, slabbed) –enter this in the remark column.
- 4.1.8 The TCO number of the classifier
- 4.1.9 Whether the log is barked or unbarked
- 4.1.10 The Coupe name
- 4.1.11 The customer/destination information (obtained from the authorised delivery schedule)
- 4.1.12 The date
- 4.1.13 The Authorisation No. to use a paper docket (record above the Docket No.)
- 4.1.14 The transport contractor
- 4.1.15 The Truck registration number
- 4.1.16 Where indicated, the truck scaled weight.
- 4.1.17 Contractors signature

Failure to comply with these requirements may result in the customer not accepting the load until proper documentation is presented.

Note: Unauthorised removal of timber from State Forest is theft.

4.2 Processes

- 4.2.1 The contractor or representative must sign the docket before the load leaves the landing.
- 4.2.3 The two white copies of the docket are taken by the cartage contractor and must be signed by the customer – this is confirmation that the load has been accepted (proof of delivery).

SCHEDULE 12 APPENDIX 2 (continued)

4.2.4 The 1st white copy is to be retained by the customer. The 2nd white copy is to be forwarded to the Principal Company

4.2.5 Docket books must remain with contractors on the landing.

4.3 Responsibility regarding docket books

Contractors are responsible for safe keeping of docket books. An Administrative fee of up to \$1,100 exc of GST is liable for each lost docket.

4.4 Administration fee for use of paper dockets

Contractors are liable for a Paper Docket Administration Fee of \$100 exc of GST per docket unless prior agreement has been received by Forestry Tasmania to submit paper dockets.

4.4.1 Control of Log Docket Usage in Absence of Data Logger

4.4.1.1 It has become a matter of particular urgency regarding the distribution of Data Loggers to have a back up process available for contractors when the machines fail.

4.4.1.2 To this end the following is to be implemented as a monitor on control of docket book distribution, use, collection of dockets and maintenance of books.

4.4.1.3 A distribution of 1 docket book to each contractor as per the standard procedure.

4.4.1.4 Dockets will be authorised for use by district supervisors only. Giving the number of their crown hammer plus a numerical number of the last issued authority ie C171 (being crown number of supervisor) no's 5-8 (being numerical numbers issued).

4.4.1.5 Specifying a start and finish date to the authorisation. Depending on the number of loads it may be deemed necessary to cover the period of machine inaction.

4.4.1.6 Authorisation details consisting of:

4.4.1.6.1 Authorisation number

4.4.1.6.2 Start date

4.4.1.6.3 End date

4.4.1.6.4 Contractor

4.4.1.6.5 Operation number

4.4.1.6.6 Docket book number

4.4.1.6.7 Reason for docket issue must be sent to the district administrative section to be entered in the "SCMS Docket Entry" system on the screen dedicated for this purpose.

4.4.1.7 The contractor will write a number on the top of each docket using a separate consecutive number allocated for each docket up to the maximum consecutive numbers issued. Any dockets used without authority will incur the penalties outlined in the "Forestry Tasmania Timber Harvesting Procedures".

SCHEDULE 12 APPENDIX 2 (continued)

4.4.1.8 Collection of dockets will be ensured, as the supervisor will know what numbers, when and to whom they have been issued. Part of this practice is to see there has been no misuse of privileges.

4.4.1.9 It will be the responsibility of each supervisor to maintain a record of each authorisation.

4.4.1.10 Contractors will still be required to maintain their book as in the past, as all conditions for docket book use will be retained as stipulated in the latest "Forestry Tasmania Timber Harvesting Procedures"

Note: This process is to be implemented as a last resort only and is not to be treated as the normal practice.

4.5 Issues

Forestry Tasmania Forestry Supervisors are the first points of contact for all issues relating to log volume docket books.

SCHEDULE 12 APPENDIX 2 (continued)**5. Weighbridge dockets for sawlogs**

Only to be used where loads are sold by weight

5.1 Information for weighbridge dockets

The following information must be recorded on the docket:

5.1.1 The category of the load

5.1.2 The Coupe name

5.1.3 The TCO number of the classifier

5.1.4 The customer/destination information (obtained from the authorised delivery schedule)

5.1.5 Ensure the customer destination has been filled out correctly to determine the “Delivered to” (being the customer) and “AT” (being the destination)

5.1.6 The transport contractor name

5.1.7 The Truck registration number

5.1.8 The driver name

5.1.9 The Date

5.1.10 The number of logs

5.1.11 Where truck scales are being used, gross weight must be entered on the docket prior to the load leaving the landing. The customer must witness tare weight entry and MUST sign the docket.

Note: Unauthorised removal of timber from State Forest is theft and would result in the customer not accepting the load until proper documentation is presented.

5.2 Processes

5.2.1. The contractor or representative must sign the docket before the load leaves the landing.

5.1.2 The copies (excluding the Audit / Book copy) are to be taken by the cartage contractor and MUST be signed by the customer - this is confirmation the load has been accepted. (failure to comply will result in load not being accepted and non-payment for load)

5.1.3 Docket books must remain with contractors at the Landing unless negotiated otherwise.

5.3 Responsibility regarding weighbridge docket books

Contractors are responsible for safe keeping of docket books. An administrative fee of up to \$1,100 exc of GST is liable for each lost docket.

6. Weighbridge dockets for pulpwood

Used for the supply of pulpwood or merchwood products

6.1 Information for weighbridge dockets

The following information MUST be recorded on the docket:

6.1.1 The category of the load

SCHEDULE 12 APPENDIX 2 (continued)

- 6.1.2 The Coupe name
- 6.1.3 The operation number
- 6.1.4 The customer/destination information (obtained from the authorised delivery schedule)
- 6.1.5 The transport contractor name
- 6.1.6 The Truck registration number
- 6.1.7 The driver name
- 6.1.8 The Date
- 6.1.9 Truck scaled gross weight must be entered on the docket (somewhere) prior to the load leaving the landing to justify the relationship of that docket to the load, this can also be used in case of dispute.
- 6.2 Processes
 - 6.2.1 The docket (excluding the Audit / Book copy), is taken by the transport contractor. Gross, tare and nett weight details are entered on the docket at the customer's weighbridge. Forestry Tasmania will advise the harvesting contractor of docket distribution procedures depending on customer sales agreements.
 - 6.2.2 Docket books must remain with the contractor at landing unless negotiated otherwise.
- 6.3 Responsibility regarding weighbridge docket books

Contractors are responsible for safe keeping of docket books. An administrative fee of up to \$570 exc of GST is liable for each lost docket.

7. Split Logs

- 7.1 Procedure
 - 7.1.1 Splitting of sawlog is prohibited.
 - 7.1.2 Pulp logs may be split for quality reasons where evidence of rot is present on split pieces, provided the diameter is less than 85 cm (Gunns), 72 cm (Artec and Tas Fibre) and 65 cm (Norske). Pulp logs may be split where the diameter is greater than 85 cm (Gunns), 72 cm (Artec and Tas Fibre) and 65 cm (Norske).
 - 7.1.3 All split pieces Must be reclassified to ensure material suitable for milling is recovered.
 - 7.1.4 Split pieces that do not contain rot must be branded by a TCO and highlighted with orange paint prior to loading on the truck.
 - 7.1.5 Unbranded split pieces without evidence of rot, which are detected at the weighbridge, will be assumed to be split sawlogs and attract an automatic 5 time's sawlog-stumpage penalty.

SCHEDULE 12 APPENDIX 2 (continued)

- 7.1.6 Branded split pieces or round logs which on subsequent inspection at the weighbridge, prove to conform to sawlog specifications will attract a 5 times sawlog stumpage penalty.
- 7.2 Monitoring
 - 7.2.1 Loads will be inspected at weighbridges.
 - 7.2.2 Penalties outlined in the Timber Classification procedures will apply for non-compliance.
 - 7.2.3 If non compliance reaches a stage where the Timber Classification Officer's warrant is withdrawn; the contractor's authority to operate on State Forest will be revoked for one week.
 - 7.2.4 Continued poor performance in log segregation will result in the review of a contractor's ability to operate on State Forest.
- 7.3 Split Logs sections suitable for Sawlog
 - 7.3.1 The specification for eucalypt Category 1 & 3 sawlogs includes split sections of logs, provided that, each such section can reasonably be expected to yield a minimum sawn flitch with a 150mm x 150mm end section that is free of heartwood, sapwood and end defect and be a minimum of 2.5 metres in length.

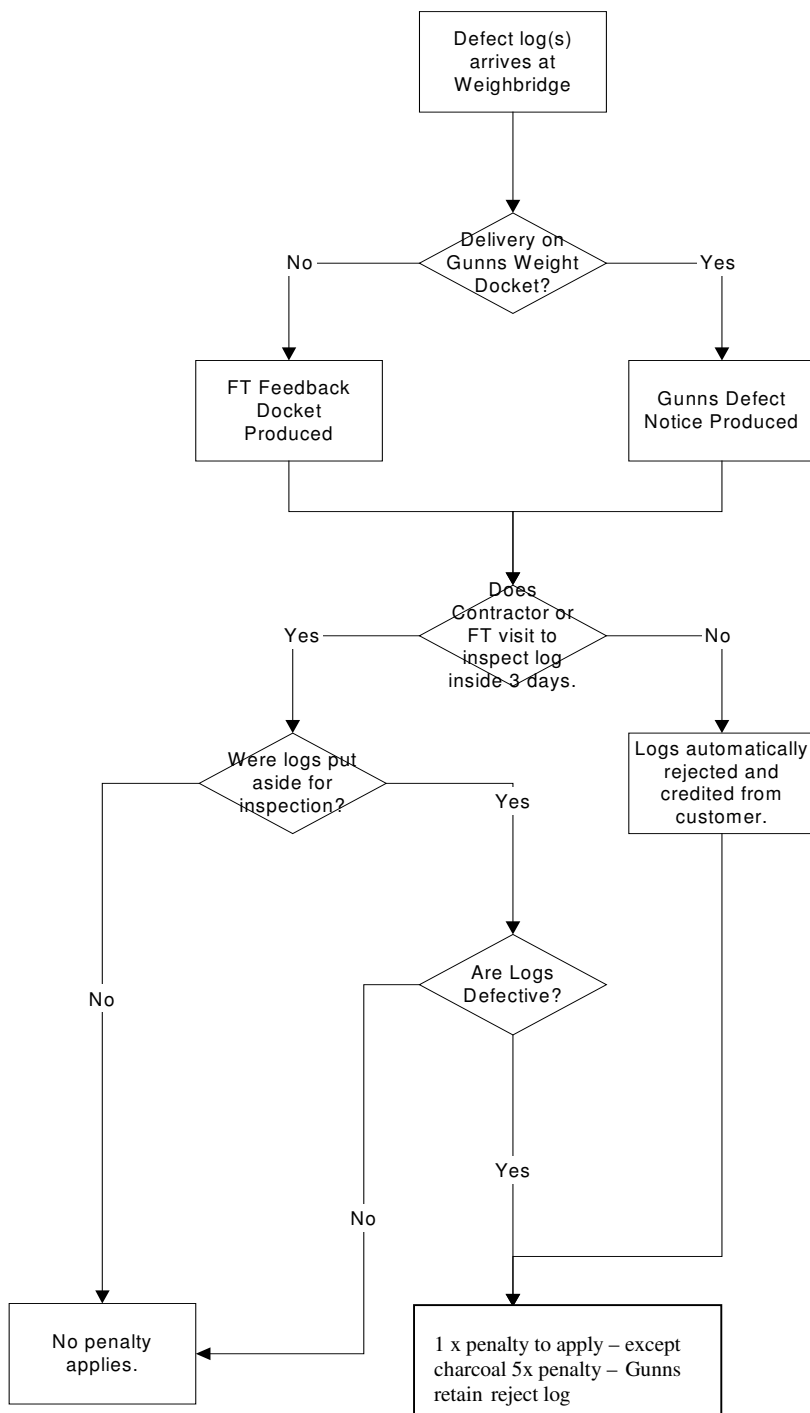
8. Procedures for out-of-spec pulp wood.**Overview**

The following applies to mill door supply of pulpwood delivered on either a Forestry Tasmania Forest Produce Weighbridge Docket or a Gunns Pulpwood Delivery Docket.

- 8.1.1 On the arrival at a chipmill the customer will inspect the load for classification against its contract specifications and if outside specification, will put aside the logs in question. The customer will advise FT, via a Feedback docket using the process specified in section 9.
- 8.1.2 If the customer is Gunns, they will advise FT via a Gunns Defect notice, to the appropriate Forestry Tasmania district office (with a copy to Forestry Tasmania's Harvesting Unit) within 48 hours.
- 8.1.3 Forestry Tasmania has 3 working days from receipt of this advice to arrange inspection of the logs. If three working days have elapsed with no inspection, or there has been an inspection by Forestry Tasmania and agreement reached that the logs are outside specification, then the logs will be deemed non-compliant in accordance with the initial notification.
- 8.1.4 The customer will be credited for all charges, in accordance with contract terms, associated with that part of the load agreed defective.
- 8.1.5 Forestry Tasmania may pass additional penalties on to the Contractor, up to five times the contractor rates for that docket.
- 8.2 Delivery Procedures
 - 8.2.1 With the exception of the Hampshire mill, if the load was delivered on a Gunns weight docket, then the customer (Gunns) will fill out a Gunns Defect Notice, a copy of which will be given to the contractor and a copy of which will be faxed to the relevant Forestry Tasmania District (with a copy to Forestry Tasmania's Harvesting Unit) within 48 hours.

SCHEDULE 12 APPENDIX 2 (continued)

- 8.2.2 If the load was delivered to the Hampshire mill and has logs identified as failing to comply with the specifications of pulpwood, then the truck containing the logs will be refused entry to the Hampshire mill and requested to represent the load with appropriate attention paid to rectify the non-compliance.
- 8.2.3 If the load was delivered to a customer (not including Gunns) on a Forestry Tasmania Weight Docket, then the customer will fill out a Feedback docket and immediately distribute as per the directions on the feedback docket.
- 8.2.4 In either situation, the default weight credit will assume that one log equals a minimum of one tonne, or the weight of the log deemed non-compliant whichever is the greater amount, with the exception of any occurrence of charcoal, in which case the penalty of five (5) tonnes for each log with charcoal will be applied.
- 8.3 Inspection
 - 8.3.1 Forestry Tasmania have three working days from the receipt of the defect advice in which to inspect the logs.
 - 8.3.2 If the log(s) are not inspected in that period, then the defect is deemed to be accepted.
 - 8.3.3 Gunns will retain the ownership of the log(s) and no further processing by Forestry Tasmania will be permitted once the load has been received at the point of sale.
 - 8.3.4 On joint inspection by Forestry Tasmania and Gunns, a determination of the actual loss will be agreed.
- 8.4 Deductions
 - 8.4.1 Determined deductions will be recorded on the outcome section of the feedback docket or Gunns Defect Notice and distributed as per directions on docket book.
 - 8.4.2 For feedback dockets this will be used to make the appropriate deductions to the customer and charges to the contractor.
 - 8.4.3 For Gunns Defect Notices, Gunns will enter the agreed credit against the log and send this to Forestry Tasmania in the normal end-of-month mill door transaction file. Forestry Tasmania will credit this part of the load from the docket and pass the penalty on to the contractor.
 - 8.4.4 Any penalties applying from loads with out-of-spec pulpwood will be applied in accordance with each customer's contractual terms.
 - 8.4.5 Forestry Tasmania may apply their own penalties to their contractors as required.

SCHEDULE 12 APPENDIX 2 (continued)

SCHEDULE 12 APPENDIX 2 (continued)**9. Feedback dockets**

- 9.1 Feedback dockets are used by Forestry Tasmania to register complaints against the products supplied being:
 - 9.1.1 out of specification or
 - 9.1.2 incorrectly classified or
 - 9.1.3 not meeting the required standards under contract.
- 9.2 The following conditions are a summary of the requirements under the Feedback docket system (available in full on request from your local supervisor) for contractors:
 - 9.2.1 The initiate (Part 1) section must be filled out within three days of the date of the volume /weight docket (by the customer) and faxed to the Principal, Contractor and Forestry Tasmania.
 - 9.2.2 Log inspection by the branding TCO or nominee must be completed for volumes greater than 0.5m³
 - 9.2.3 Failure to inspect will result in the customer making the decision regarding the logs' outcome.
 - 9.2.4 Penalties will apply for non-inspection of logs greater than 0.5 m³. Which consist of a minimum Administration Fee of \$100 and the recovery in stumpage costs of log/s back to the original log from the feedback docket.
 - 9.2.5 Forestry Tasmania will not accept reductions in stumpage where contractors have failed in following proper protocols. The harvesting contractor and TCO,s is pivotal for the maintenance of and continued improvement of the learning outcomes within this system.
 - 9.2.6 Where logs have been inspected and agreement has been reached between the contractor and customer and an outcome has been recorded, the feedback docket must be signed by both parties. Forestry Tasmania will not accept the documentation if not signed correctly.
 - 9.2.7 If in the case of a dispute where the contractor and customer do not agree, an arbiter will be appointed after agreement between both parties. A fee may be charged to cover the arbiter's services. The arbiter's decision is final.

Note: Procedural non-compliance by the customer will result in feedback dockets not being processed.

SCHEDULE 13 (reference Clause 15)**Legal management****1. RIGHTS OF GUNNS AND OF OTHERS**

- 1.1 Except as otherwise provided in this Contract and except so far as may be necessary for the proper enjoyment of the rights conferred on Gunns by this Contract, nothing in this Contract affects or shall affect any right of a person to obtain Forest Products pursuant to any licence, permit or other authority granted under the Forestry Act or the powers of Forestry Tasmania to grant any such rights.
- 1.2 Gunns shall ensure that the rights of the holder of any lease under the *Crown Lands Act 1976 (Tas)* or the Forestry Act are respected at all times during the conduct of any logging operation by Gunns or its employees or its Agents. Any damage to fences, gates or cattle grids erected or maintained by the lessee resulting from operations carried out by Gunns or its employees or its Agents under the authority of this Contract shall be restored immediately by Gunns and Gunns shall ensure that any gate provided by the lessee and used by Gunns or its employees or its Agents shall be closed immediately after entry or exit unless otherwise directed by the lessee.

2. TITLE TO PRODUCTS SOLD UNDER THIS CONTRACT

Title to any product sold under this Contract passes to Gunns upon that product being weighed at the certified weighbridge at the relevant Point of Sale.

3. INVOICING AND PAYMENTS

- 3.1 Within seven days after the end of each Accounting Period (referred to in this Clause 3 of this Schedule 13 as the “Relevant Accounting Period”), Gunns will provide Forestry Tasmania with a return specifying the quantity of Pulpwood delivered to Gunns pursuant to this Contract during that Accounting Period. Each such return will be transferred electronically in a form agreed by the Parties from time to time and will include the following:
- (a) the identification number, date, point of delivery and relevant product description for each relevant Weighbridge Docket; and
 - (b) the nett quantity recorded on each Weighbridge Docket.
- 3.2 Following receipt of each return to which Clause 3.1 of this Schedule 13 refers, Forestry Tasmania will invoice Gunns the amount of the charges calculated in accordance with the provisions of Clause 9, and any other provisions of this Contract (the total of which is referred to in this Clause 3 of this Schedule 13 as the “Amount Due”).

SCHEDULE 13 (continued)

- 3.3 The Amount Due in respect of the Relevant Accounting Period will be paid by Gunns to Forestry Tasmania by the later to occur of:
- (a) the end of the Accounting Period next succeeding the Relevant Accounting Period; or
 - (b) three days after receipt by Gunns of the invoice for the Relevant Accounting Period,
- unless otherwise approved by Forestry Tasmania.
- 3.4 If either or both the stumpage rates and any other rates required for calculating the charges specified in Clause 3.1 of this Schedule 13 for the Relevant Accounting Period have not been established by the time the relevant invoice has been prepared then the Amount Due will be calculated in accordance with either or both the stumpage rates and any other rates as applying last before the Relevant Accounting Period. Once either or both the stumpage rates and any other rates required for the Relevant Accounting Period are established, the Amount Due on the next invoice will be adjusted to ensure that the total of the payments by Gunns to Forestry Tasmania for the Accounting Periods concerned is the same as if either or both the stumpage rates and any other rates to apply for the Relevant Accounting Period had been used to calculate the Amount Due for the Relevant Accounting Period.
- 3.5 If any Amount Due payable to Forestry Tasmania by Gunns is not paid within the time specified for payment thereof, then:
- (a) Forestry Tasmania may invoice Gunns for an amount of interest calculated using the rate determined by the equation

$$IR = ODR + 2,$$

where: IR is the interest rate expressed as a percentage per year; and

ODR is the overdraft index rate (monthly) as published by the Commonwealth Bank,

with such interest to be computed from the date on which the moneys in question became due and payable to the date on which they are fully paid to Forestry Tasmania; and
 - (b) Gunns shall, in addition to the relevant Amount Due, pay the amount of any invoice pursuant to Clause 3.5(a) of this Schedule 13 on the terms set forth in that invoice.
- 3.6 The interest rate payable under Clause 3.5 of this Schedule 13 may be varied by Forestry Tasmania after the giving of 30 days notice to Gunns. If, for any reason, the value of ODR can not be calculated as contemplated, then Forestry Tasmania will, acting reasonably, substitute an alternative basis for its calculation.

SCHEDULE 13 (continued)

- 3.7 Forestry Tasmania may sue for and recover as a debt due and unpaid in any Court of competent jurisdiction the amount any unpaid Amount Due and interest to which Clause 3.5 of this Schedule 13 refers.
- 3.8 The charging of the Amount Due by Forestry Tasmania and the charging of interest on amounts overdue will not affect Forestry Tasmania's ability to take further action against Gunns under the Forestry Act for late payment of stumpages and charges.
- 3.9 Without limiting the generality of Clause 3.5 of this Schedule 13, if Gunns fails to pay the Amount Due by the time specified for payment of the Amount Due and if any estimated Amount Due payable is later shown to be different to what the Amount Due would have been if the required data for its calculation was available to Forestry Tasmania at the appropriate time, then future payments by Gunns shall be adjusted so as to ensure that Gunns' total payments to Forestry Tasmania are as they would have been if the data had been available when required.
- 3.10 Without limiting the generality of Clauses 3.8 or 3.9 of this Schedule 13, if Gunns fails to pay the Amount Due and if such failure is not rectified within a period of 30 days from the date specified for payment, then:
- (a) Forestry Tasmania shall be entitled to suspend forthwith the supply of Pulpwood from State Forest to Gunns; and
 - (b) where such failure continues for a period in excess of 90 days from the relevant date specified for payment, Forestry Tasmania shall be entitled to terminate this Contract in accordance with the provisions of Clause 11 of this Schedule 13 provided that for the purposes of that Clause Forestry Tasmania has given a breach notice to Gunns specifying a period of not less than fourteen days for the breach to be rectified.

4. GOODS AND SERVICES TAX**4.1 Definitions**

Words defined in *A New Tax System (Goods and Services) Act 1999 (Cwlth)* have the same meaning in this Clause 4 of Schedule 13.

4.2 GST exclusive

Except under this Clause 4 of Schedule 13, the consideration for a supply made under or in connection with this Contract does not include GST.

4.3 Taxable Supply

If a supply made under or in connection with this Contract is a taxable supply, then at or before the time the consideration for the supply is payable:

- (a) the recipient must pay the supplier an amount equal to the GST for the supply (in addition to the consideration otherwise payable under this Contract for that supply); and

SCHEDULE 13 (continued)

- (b) the supplier must give the recipient a tax invoice for the supply.

4.4 Reimbursement or indemnity

If either Party has the right under this Contract to be reimbursed or indemnified by another Party for a cost incurred in connection with this Contract, that reimbursement or indemnity excludes any GST component of that cost for which an input tax credit may be claimed by the Party being reimbursed or indemnified, or by its representative member, joint venture operator or other similar person entitled to the input tax credit (if any).

5. ADDITIONAL STUMPAGE PAYMENTS**5.1 Payment for Forest Products avoidably wasted**

For Forest Products determined by Forestry Tasmania to have been avoidably wasted pursuant to Clauses 4.7(b)(ii) or 6.4(a) of Schedule 12, Gunns will pay to Forestry Tasmania an amount which, unless reduced at the absolute discretion of Forestry Tasmania, will be equal to the best price Forestry Tasmania determines it would reasonably have expected to obtain if that Forest Produce had been made available for sale on the date of such determination.

5.2 Payment for incorrectly segregated Milling Timber

Where pursuant to Clause 5.2 of Schedule 12, Gunns is responsible for the incorrect segregation and delivery of Milling Timber, Gunns will pay to Forestry Tasmania for the quantity deemed to be incorrectly segregated in accordance with that Clause 5.2 of Schedule 12 an amount equal to that which Forestry Tasmania reasonably could have expected to obtain if that deemed quantity of Milling Timber had been offered for sale to sawmillers. Such price shall be no less than that payable for the same quantity of Pulpwood by Gunns under this Contract.

6. OBLIGATIONS REGARDING GUNNS' AGENTS

- 6.1 The Parties to this Contract recognise that Gunns will contract out the performance of certain of its obligations. Forestry Tasmania accordingly approves Gunns' contracting performance of this Contract or any part of this Contract, provided that:

- (a) Gunns exercises its discretion in selecting its Agents, to ensure that each such Agent is reputable and has sound operating practices; and
- (b) Gunns shall remain liable to Forestry Tasmania to the extent that any act, default or neglect by any of Gunns' Agents constitutes a breach of this Contract by Gunns provided always that where an Act casts a personal obligation to perform or penalty for failure to observe, comply with, etc. prescribed standards of conduct Gunns shall not be liable for the failure by any of its Agents to observe, comply with, perform, etc. statutory requirements and Gunns' non-responsibility shall extend to penalty.

SCHEDULE 13 (continued)

- 6.2 Where Gunns has contracted out obligations as contemplated by Clause 6.1 of this Schedule 13, then references in this Contract to Gunns will be taken to mean either or both of Gunns and its Agent which has been so contracted, as the case requires.
- 6.3 Subject to Clauses 6.4 of this Schedule 13, Gunns must take such action as is reasonable in the circumstances to ensure that its Agents are aware of and comply with the Forest Practices Act and the Forest Practices Code.
- 6.4 Notwithstanding Clause 6.3 of this Schedule 13, Gunns shall not be liable at common law or in equity in damages or otherwise for failing to comply with Clause 6.3 of this Schedule 13 but will retain the liability, if any, which by virtue of applicable statute or common law it has in respect of any failure by its Agents to comply with the Forest Practices Act or the Forest Practices Code.
- 6.5 Gunns shall make sufficient provision in its agreements, contracts or arrangements with each of its Agents made on or after the date of this Contract to ensure that the Agent is bound in contract to do and cause to be done all acts, matters and things reasonably required to ensure compliance by the Agent with all applicable covenants and obligations of Gunns.
- 6.6 The Parties shall agree on an appropriate level of monitoring by Gunns of Forest Operations conducted by Gunns, or by its Agents, pursuant to this Contract and Gunns shall provide that agreed level of monitoring.
- 6.7 Forestry Tasmania may not terminate this Contract under Clause 11 of this Schedule 13 where any breach of this Contract is committed by an Agent contracted to perform either or both Forest Management and Forest Operations obligations on behalf of Gunns. However, in all other respects Clause 11 of this Schedule 13 shall apply as if the breach had been committed by Gunns including the requirement that Gunns be given any notices contemplated by Clause 11 of this Schedule 13 to be given by Forestry Tasmania. Where such a breach occurs on a particular Coupe Forestry Tasmania may, after notification to Gunns, withdraw its formal approval for cutting and operating in respect of that Coupe.

7. RECORDS

Gunns shall:

- 7.1 retain available for Forestry Tasmania inspection all log receipt and payment documents (referred to in this Clause 7 of this Schedule 13 as “the records”) for a period of at least two years; and
- 7.2 on notice by Forestry Tasmania produce the records in an orderly state as reasonably required by Forestry Tasmania for inspection by Forestry Tasmania within five working days and if so required for copying by Forestry Tasmania at any time during ordinary business hours thereafter.

SCHEDULE 13 (continued)**8. INDEMNITY**

- 8.1 Gunns shall indemnify, and shall at all times keep indemnified, Forestry Tasmania and its employees and its Agents from and against any loss incurred by Forestry Tasmania which arises from any claim, demand, action, suit or proceeding that may be made or brought by any person against Forestry Tasmania or its employees or its Agents for any loss or action in respect of personal injury to or the death of any person, or any loss of, or damage to, any property or any other loss whatsoever caused by any wilful, unlawful or negligent act or omission on the part of Gunns or its employees or its Agents in the performance of this Contract.
- 8.2 Forestry Tasmania shall indemnify, and shall at all times keep indemnified, Gunns and its employees and its Agents from and against any loss incurred by Gunns which arises from any claim, demand, action, suit or proceeding that may be made or brought by any person against Gunns or its employees or its Agents for any loss or action in respect of personal injury to or the death of any person, or any loss of, or damage to, any property or any other loss whatsoever caused by any wilful, unlawful or negligent act or omission on the part of Forestry Tasmania or its employees or its Agents in the performance of this Contract.
- 8.3 The liability of either Party to indemnify the other Party under this Clause 8 of this Schedule 13 shall be reduced proportionally to the extent that any wilful, unlawful or negligent act or omission of the other Party or its employees or its Agents contributed to the loss, damage, death or injury.

9. VARIATION OF CONTRACT

- 9.1 The Parties may from time to time by written agreement add to or substitute or cancel or vary all or any of the provisions of this Contract for the purpose of more efficiently or satisfactorily implementing or facilitating any of the objects of this Contract.
- 9.2 Without limiting the generality of Clause 9.1 of this Schedule 13, the Parties may from time to time enter into agreements or arrangements for better giving effect to the provisions of this Contract.

10. INSURANCE

Gunns must take out and maintain such policy or policies of insurance as are reasonably required to indemnify it against its liability for public risk, employers liability (including any liability arising under the *Workers Rehabilitation and Compensation Act 1988 (Tas)*) and third party claims as may reasonably be expected to arise out of or be suffered by Gunns in the course of the performance of this Contract.

SCHEDULE 13 (continued)**11. DEFAULT - OPPORTUNITY TO RECTIFY AND TERMINATION**

- 11.1 If Gunns commits any breach or default (together referred to in this Clause 11 of this Schedule 13 as “the breach”) in the due and punctual observance of any of its obligations under this Contract or under any relevant Act applying to the Parties under this Contract and if the rectification of the breach is either or both possible and practicable, then Forestry Tasmania may give Gunns a notice in writing (referred to in this Clause 11 of this Schedule 13 as “the breach notice”) specifying the breach and requiring it to be rectified within the notice period specified therein (referred to in this Clause 11 of this Schedule 13 as “the Cure Period”) which notice period shall be of sufficient duration in all the circumstances to allow for the rectification of the breach.
- 11.2 If the breach has not been rectified to the satisfaction of Forestry Tasmania by the expiry of the Cure Period or if active steps have not been commenced within the Cure Period which in the reasonable opinion of Forestry Tasmania will ensure the breach is capable of being rectified by Gunns within the Cure Period, then Forestry Tasmania may at its option, either:
- (a) give Gunns a suspension notice (referred to in this Clause 11 of this Schedule 13 as “the suspension notice”) under which Forestry Tasmania shall be entitled to suspend performance of all or any of its obligations performed under this Contract, including, inter alia, the supply of Timber for a period or periods as specified in the suspension notice; or
 - (b) give to Gunns a termination notice under which this Contract shall terminate without prejudice to any other action or remedy which Forestry Tasmania has or might otherwise have had in respect of the breach or in respect of any prior breaches of this Contract or damages as a result thereof.
- 11.3 At any time after the expiry of the Cure Period or at any time where the circumstances covered by Clause 11.4 of this Schedule 13 are present, Forestry Tasmania shall be entitled, as an alternative or in addition (whether in conjunction or otherwise with its rights to give notice under Clauses 11.1 or 11.2 of this Schedule 13) to itself rectify the breach or cause the breach to be rectified and the actual costs and expenses incurred by Forestry Tasmania in so rectifying the breach shall be a debt due and payable by Gunns to Forestry Tasmania on demand. For the purposes of giving effect to this Clause 11.3 of this Schedule 13, Forestry Tasmania by its employees or by its Agents or otherwise without prejudice to its rights pursuant to Clause 3.4 of Schedule 12, shall have full power to enter upon State Forest and premises thereon which may be occupied by Gunns under this Contract and to make use of all plant, machinery, equipment and installations thereon.

SCHEDULE 13 (continued)

- 11.4 Notwithstanding that there is or is not at the relevant time a Cure Period operating under Clause 11.1 of this Schedule 13, if material harm to any forest or to any road or to any Landing would or could, in the opinion of Forestry Tasmania, be caused by allowing the breach to continue and if Forestry Tasmania considers that Gunns has not provided sufficient assurances of its willingness or ability to rectify the breach within a period or under conditions acceptable to Forestry Tasmania, then Forestry Tasmania may at its option exercise its rights under Clause 11.3 of this Schedule 13 at the cost of Gunns and otherwise in accordance with that Clause 11.3 of this Schedule 13.
- 11.5 Notwithstanding Clause 11.1 of this Schedule 13, Forestry Tasmania may terminate this Contract immediately by notice in writing to Gunns upon the happening of any of the following events:
- (a) if distress or execution be levied against any of the property of Gunns and not paid out within seven days; or
 - (b) if an order be made or a resolution be passed winding up Gunns; or
 - (c) if a receiver or a receiver and manager shall be appointed of Gunns' assets or any part thereof; or
 - (d) if any scheme of arrangement is submitted for approval by any Court by Gunns; or
 - (e) if Gunns becomes bankrupt or unable to pay its debts as and when they become due.
- 11.6 If Forestry Tasmania has given Gunns a suspension notice under Clause 11.2(a) of this Schedule 13 and thereafter considers that a suspension of Forestry Tasmania's obligations is no longer appropriate for any reason whatsoever, then it shall be entitled to issue a termination notice to replace the suspension notice which termination notice shall operate as provided for in this Clause 11 of this Schedule 13.
- 11.7 If notice is given to Gunns to terminate this Contract, Forestry Tasmania may in addition to pursuing its remedy under Clause 11.3 of this Schedule 13:
- (a) recover any sums paid to Gunns on any account for services which have not been fulfilled or performed together with interest on such sums due which interest shall be calculated at such rate, and shall accrue in the same manner, as determined in Clause 3.5 of this Schedule 13, from the date such sums were paid to Gunns to the date of refund; and
 - (b) recover from Gunns the amount of any loss or damage sustained as a result of the termination; and
 - (c) be regarded as discharged from any further obligations under this Contract; and
 - (d) pursue any additional or alternative remedies provided by law.

SCHEDULE 13 (continued)

- 11.8 If Gunns commits any breach or default in the due and punctual observance of any of its obligations under this Contract or under any relevant Act applying to the Parties under this Contract (together referred to in this Clause 11.8 of this Schedule 13 as “that breach or default”) in cases where rectification is in the opinion of Forestry Tasmania either impossible or impracticable, then Forestry Tasmania may at its option require Gunns, as an alternative to Forestry Tasmania exercising its rights to suspend or to terminate Gunns’ contractual rights, to pay to Forestry Tasmania reasonable compensation for that breach or default.
- 11.9 If Forestry Tasmania commits any breach or default in the due and punctual observance of any of its obligations under this Contract (together referred to in this Clause 11.9 of this Schedule 13 as “that breach or default”), then Gunns may give to Forestry Tasmania a notice in writing specifying that breach or default and requiring it to be rectified within the notice period specified therein, which notice period shall be of sufficient duration in all the circumstances to allow for rectification. Gunns shall in this event have the same rights and obligations, mutatis mutandis, as Forestry Tasmania under this Clause 11 of this Schedule 13 in respect of the consequences of any such breach or default, which rights shall be executed in the same manner and within the same times as by Forestry Tasmania hereunder.
- 11.10 Nothing in this Clause 11 of this Schedule 13 shall limit or fetter any right at common law or in equity in respect of any breach or default of this Contract.

12. SUPERVENING EVENTS

- 12.1 The definitions contained in this Clause 12.1 of Schedule 13 apply in this Clause 12 of Schedule 13:
- “**government**” includes any arm or authority of government;
- “**law**” means legislation, subordinate legislation, ministerial charter, rules, statutory rules, regulations, directions, orders and orders-in-council with which a Party is legally required to comply; and
- “**suspension period**” has the meaning given in Clause 12.6 of this Schedule 13.
- 12.2 To the extent set out in this Clause 12 of Schedule 13 only, a Party (referred to in this Clause 12 of Schedule 13 as the “affected Party”) shall be relieved of its non-financial obligations to perform under this Contract if prevented from performing by a supervening event described in Clause 12.3 of this Schedule 13.
- 12.3 A supervening event is an event which:
- (a) is beyond the affected Party’s control provided that a Party is not hereby required to settle any strikes, lockouts and other industrial disputes or disturbances on terms contrary to its interest (as to which it shall be the sole judge);
 - (b) is not caused by the affected Party’s fault or negligence;
 - (c) is not caused by a lack of funds;

SCHEDULE 13 (continued)

- (d) if an act of government, may include making of a new law, the amendment or repeal of any law and administrative action which is taken pursuant to any law or otherwise than in accordance with any law; and
- (e) is directly or indirectly the cause of the affected Party's failure to perform an obligation (in whole or in part) other than an obligation to make a money payment.

12.4 If a supervening event occurs then the affected Party may:

- (a) give the other Party written notice of the event with reasonable particulars;
- (b) declare in the notice that it is relieved of its relevant obligations, in whole or in part, during such time as the supervening event continues to prevent their performance; and
- (c) give supplementary written notices modifying any previous notice.

12.5 If a supervening event occurs the obligations of the affected Party are suspended, without incurring any penalty or disadvantage, in accordance with any declaration given in a notice under Clauses 12.4(a) or 12.4(b) of this Schedule 13.

12.6 A suspension under Clause 12.5 of this Schedule 13 shall continue while the supervening event continues to prevent performance of the obligations (in this Clause 12 of Schedule 13 referred to as a "suspension period") but, subject to Clause 12.7 of this Schedule 13, the term of this Contract shall not be extended or shortened by the suspension period and a shortfall in supply caused by a supervening event shall be excised from the quantity of Pulpwood to be Made Available under this Contract.

12.7 If the obligations of the affected Party remain suspended under this Clause 12 of this Schedule 13 for more than eighteen months in respect of an average of 50 per cent or more of the quantity of Pulpwood to be Made Available under this Contract during that period then either Party may by three months' written notice to the other terminate this Contract without prejudice to the affected Party's relief from performance during the suspension period but preserving any claims that arose out of events other than supervening events.

12.8 A suspension period under this Clause 12 of this Schedule 13 is ended for all purposes of this Contract by the expiry or termination of this Contract.

13. DISPUTE RESOLUTION

13.1 In this Clause 13 of this Schedule 13 and in Clause 14 of this Schedule 13, any reference to "matter" means "matter, question, difference, failure to agree, absence of agreement or dispute".

13.2 If any matter arises at any time during the currency of this Contract between Forestry Tasmania and Gunns concerning:

- (a) any provision of this Contract or the meaning or construction of any matter or thing in any way connected with this Contract; or

SCHEDULE 13 (continued)

- (b) the rights, duties or liabilities of Forestry Tasmania or Gunns under or in pursuance of the provisions of this Contract (including without limitation any question as to whether Forestry Tasmania or Gunns is or are in default under any provisions of this Contract); or
- (c) any matter whatsoever which could be, or is herein required to be, referred to an independent expert for determination,

it shall be dealt with as provided for in this Clause 13 of this Schedule 13.

13.3 Upon such a matter arising, either Gunns or Forestry Tasmania may serve a notice (referred to in this Clause 13 of this Schedule 13 as “the notice”) on the other Party. The notice shall specify:

- (a) the matter concerned; and
- (b) that it is a notice pursuant to this Clause 13 of this Schedule 13.

13.4 Unless both Parties agree otherwise upon service of the notice, the Parties shall be required within fourteen days of service of the notice to nominate one representative each to meet in an attempt to resolve the matter. The representatives may seek the assistance of an expert or experts acceptable to both Parties to assist them in that attempt. The meeting between representatives is required to take place within 21 days of service of the notice. Failure to agree on a resolution of the matter within 28 days of service of the notice shall:

- (a) in the case of a failure to agree or absence of agreement relating to a subject about which the reaching of agreement is contemplated by a provision of this Contract, or where both Parties agree to do so, entitle either Party to refer the matter to an independent expert as provided for in Clause 14 of this Schedule 13; and, in every other case,
- (b) entitle either Party to refer the matter to arbitration as provided for in this Clause 13 of this Schedule 13.

13.5 References to arbitration shall be to such person having relevant professional qualifications that may be agreed upon between the Parties. Failing agreement within fourteen days of one Party first proposing in writing to the other Party each Party may appoint one arbitrator with the two arbitrators appointing an umpire before proceeding. The single arbitrator or the two arbitrators and umpire as the case may be are in this Clause 13 of this Schedule 13 referred to as “the arbitrators”.

13.6 Except as provided in this Clause 13 of this Schedule 13, every arbitration of an arbitrable matter shall be held in Tasmania and be conducted in accordance with and at all times subject to the provisions of the Arbitration Act.

13.7 Gunns and Forestry Tasmania shall be entitled to be represented by a duly qualified legal practitioner admitted to practise in any State of Australia or Territory thereof. The costs of the practitioner shall be recoverable to the same extent as if the practitioner were admitted to practice in Tasmania.

SCHEDULE 13 (continued)

13.8 The arbitration shall be by way of:

- (a) written submissions and replies by both Parties without a hearing but with oral explanation by the Parties if the arbitrators deem it necessary; or
- (b) pleadings, discovery and oral evidence on oath at a hearing convened for that purpose,

provided that evidence may be given before the arbitrators and the arbitrators shall have a discretion to receive evidence in any manner and in any circumstances in which evidence may be received or given during the trial of an action before the Supreme Court of Tasmania.

13.9 The arbitrators shall have power to allow either Party to the arbitration to raise by way of set-off defence or cross-claim any question, difference or dispute relating to an arbitrable matter.

13.10 The arbitrators after hearing the representations of all Parties directly involved in the matter shall make their decision according to law after having fully considered the respective question, difference or dispute.

13.11 The arbitrators shall include in the arbitrators' award their material findings of fact and law.

13.12 The award of the arbitrator shall not take effect until seven days after delivery thereof to the Parties. If either Party forms the view that the award contains demonstrable material mistake or error of fact or law, then such Party may, within the seven day period, notify the arbitrators and the other Party in writing of the said mistake or error with detailed particulars thereof and request correction thereof by the arbitrators. The arbitrators shall forthwith review the award taking into account the matters raised in writing by that Party and may, in their sole and absolute discretion, amend the award to the extent that they are satisfied that such a mistake or error has been reasonably demonstrated. If so, they shall there upon cause the award to be corrected and republished to the Parties at which time the award shall have final and binding effect. If the arbitrators form the opinion that no mistake or error has been found, then the award shall take effect without amendment forthwith upon receipt of written notice to the Parties from the arbitrators accordingly.

13.13 Where any matter is referred to dispute resolution as provided for in this Clause 13 of this Schedule 13 and there is agreement or a determination to refer it to arbitration, the matter in question may be referred to arbitration within 60 days of the date on which the notice was first given.

13.14 The arbitrators shall be entitled, in their own discretion, to take advice from any other person as to the matters in issue before them but in so doing shall afford the opportunity to the Parties to the arbitration:

- (a) to make submissions as to the manner in which the advice should be taken; and

SCHEDULE 13 (continued)

- (b) to make submissions as to the identity of the person from whom the advice should be taken; and
- (c) make submissions as to the advice received by the arbitrators before they make any decision with respect thereto.

13.15 Subject to the provisions of Sections 35 and 36 of the Arbitration Act the arbitrators may award such interest as they consider reasonable (which may include compound interest) on such terms as they consider fit.

13.16 An appeal shall lie to the Supreme Court of Tasmania (referred to in this Contract as “the Supreme Court”) on a point of law arising out of an award made under this Clause 13 of this Schedule 13 without the leave of the Supreme Court. The Parties to the arbitration shall give any consent (for the purposes of Section 38(4) of the Arbitration Act) to an appeal to the Supreme Court on any question of law arising out of an award made under this Clause 13 of this Schedule 13.

13.17 Notwithstanding anything contained in Section 38 of the Arbitration Act, Section 38(7)(b) shall not apply to an appeal to the Full Court of the Supreme Court from a decision of the Supreme Court on an appeal under Section 38(2) of the Arbitration Act.

13.18 In all cases where this Contract allows either Party to be the sole judge or to make a final determination on any matter or combination of matters affecting the Parties’ respective rights or obligations then that judgement or determination may be made by the Party responsible for making the judgement or determination as it considers, in its absolute discretion, to be appropriate and will not be arbitrable under this Clause 13 of this Schedule 13.

14. INDEPENDENT EXPERT

14.1 If any matter whatsoever is by this Contract required to be referred to an independent expert for determination, then and in every such case such matter shall be referred to an independent expert being a person who is, by virtue of his knowledge and experience with respect to the matter for determination qualified to determine the matter, as hereinafter provided.

14.2 References to an independent expert hereunder shall be to a single independent expert to be agreed between Gunns and Forestry Tasmania and in the absence of such agreement within two days of the first attempt to reach such agreement shall be to two independent experts, one to be appointed by Gunns and the other by Forestry Tasmania. The two independent experts shall appoint an umpire before proceeding with the reference. If the two experts cannot agree on the appointment of an umpire within 30 days of their appointment, then the umpire shall be appointed by the President of the Law Society of Tasmania. A single independent expert or two independent experts and an umpire (as the case may be) are collectively referred to in this Clause 14 of this Schedule 13 as “the experts”, unless the umpire is separately identified.

SCHEDULE 13 (continued)

- 14.3 Within 30 days of the date upon which the last of the experts is notified to each Party pursuant to Clause 14.2 of this Schedule 13 each Party shall provide a written submission to the experts and a copy of such submission shall be provided to the other Party. There shall accompany such submission any supporting information communicated by the relevant Party to the other Party during negotiations upon the matter for determination. No information which is new or additional so far as the other Party is concerned may be presented to the experts unless the occurrence giving rise to such information took place or became generally known after the relevant negotiations had concluded provided that the experts may consider such new or additional information as they, in their discretion, determine to be relevant to the question, difference or dispute requiring determination.
- 14.4 The other Party shall have 30 days from receipt thereof within which to respond in writing to the experts and to the relevant Party to such new information.
- 14.5 Except as provided in this Clause 14 of this Schedule 13 neither Party shall communicate with the experts pending their determination, save only to provide any clarification sought by the experts in respect of a submission provided pursuant to Clause 14.3 of this Schedule 13. Any such clarification shall be provided by the Party from whom it is sought within fourteen days of the date on which the request for such clarification is made.
- 14.6 The experts shall consider only the submissions provided by each Party and shall exclude from consideration information or data which, in their opinion, ought not to be taken into account.
- 14.7 Within 30 days of receipt by the experts of the submission or clarification last received from the Parties, the experts shall use their best efforts to confirm or reject the information included in the respective submissions by any appropriate means available to them and shall make a determination upon the matter before them, provided that if a Party fails to comply in a material way with the procedures contained in this Clause 14 of this Schedule 13 and, in particular, fails to provide a written submission in accordance with Clause 14.5 of this Schedule 13, then the experts shall notwithstanding such failure to comply make a determination as herein provided.
- 14.8 If the experts are unable to agree upon a decision pursuant to Clause 14.7 of this Schedule 13, then they shall refer the question to the umpire for a decision and the umpire shall make that decision within 30 days of the question being referred to him.
- 14.9 Subject to the other provisions of this Contract, the costs of determination including the reasonable legal fees of any duly qualified legal practitioner admitted to practise in any State or Territory of Australia and other costs and disbursements shall be borne as determined by the experts and, in the absence of such determination, by the Party against whom the decision has been made pursuant to Clauses 14.7 or 14.8 of this Schedule 13.

SCHEDULE 13 (continued)

- 14.10 The experts acting pursuant to this Clause 14 of this Schedule 13 shall act as an expert or an umpire, as the case may be, and not as an arbitrator within the meaning of the Arbitration Act.
- 14.11 The decision of the experts shall be notified in writing to the Parties as soon as practicable and shall be final and binding upon the Parties except for manifest error on the face of the report.
- 14.12 The experts shall be required to keep confidential all information made available to them and any and all submissions made to them to enable them to make their determination or decision (as the case may be) under Clauses 14.7 or 14.8 of this Schedule 13.

15. ASSIGNMENT OF GUNNS' RIGHTS OR OBLIGATIONS

- 15.1 Gunns may assign any or all of its benefits under this Contract provided that the prior written consent of Forestry Tasmania has been obtained, which consent shall not be unreasonably withheld.
- 15.2 Without limiting the generality of Clause 15.1 of this Schedule 13, Forestry Tasmania will:
- (a) require the proposed assign to demonstrate its technical and financial ability to assume the obligations of Gunns hereunder; and
 - (b) give consideration to the employment implications of such assignment,
- and such matters are included in grounds upon which it is not unreasonable to withhold consent.

16. CONSEQUENCE OF TERMINATION

- 16.1 If this Contract expires, or is terminated and is not replaced and subject to any agreement between Gunns and Forestry Tasmania:
- (a) title to all improvements, including, without limitation, roads and bridges fixed to land under the ownership or control of Forestry Tasmania (referred to in this Clause 16 of this Schedule 13 as "FT Lands") by Gunns shall vest in Forestry Tasmania without compensation to Gunns provided that Gunns may remove its improvements which are capable of removal in such manner as not to damage FT Lands or other improvements within 45 days of such expiration or termination; and
 - (b) property in Timber harvested by or on behalf of Gunns from FT Lands and not delivered to Gunns shall pass to Forestry Tasmania without compensation to Gunns.

SCHEDULE 13 (continued)**17. EXTENSION OF TIME**

Notwithstanding any provision of this Contract Forestry Tasmania may by agreement with Gunns, from time to time extend or further extend any period or vary or further vary any date referred to in this Contract for such longer period or to such later date as the Parties may agree whether or not the period to be extended has expired or the date to be varied has passed.

18. SEVERABILITY

If any provision of this Contract is held invalid, unenforceable or illegal for any reason, this Contract shall remain otherwise in full force apart from such provision which shall be deemed deleted.

19. CONDITIONS TO APPROVAL

Where under any provision of this Contract the approval of Forestry Tasmania is required, such approval may be granted on such terms and conditions as Forestry Tasmania, in its absolute discretion thinks fit subject to any express provisions to the contrary in this Contract.

20. LAWS OF THE STATE TO PREVAIL

This Contract shall be governed by and interpreted in accordance with the laws for the time being in force in the State of Tasmania and the Parties consent and submit (where matters are under this Contract referable to the courts) to the jurisdiction of the Courts of that State and to all courts having jurisdiction and being competent to hear appeals from them.

21. ENTIRE AGREEMENT

This Contract constitutes the entire contract between the Parties for the subject matter to which it refers. Any prior arrangements, agreements, representations or undertakings are hereby superseded. No modification of, or alteration to, any Clause of this Contract will be valid unless in writing signed by each Party.

22. WAIVER

22.1 No right under this Contract shall be deemed to be waived unless by notice in writing signed by each Party.

22.2 A waiver by Forestry Tasmania or Gunns pursuant to Clause 22.1 of this Schedule 13 will not prejudice that Party's rights in respect of any subsequent breach of this Contract by the other Party.

SCHEDULE 13 (continued)

22.3 Subject to Clause 22.1 of this Schedule 13, any failure by Forestry Tasmania or Gunns to enforce any Clause of this Contract, or any forbearance, delay or indulgence granted by Forestry Tasmania to Gunns, will not be construed as a waiver of rights under this Contract.

23. WARRANTY BY GUNNS

Gunns warrants that it has not relied upon any representation made by Forestry Tasmania which has not been stated expressly in this Contract nor upon any descriptions or illustrations or specifications contained in any document produced by Forestry Tasmania.

24. NOTICES

24.1 Subject to Clause 24.3 of this Schedule 13, all notices, requests, demands and other communications between Forestry Tasmania and Gunns arising under this Contract shall be in writing and shall be deemed to have been duly given if delivered in person or sent by facsimile to the Party concerned at its address shown in this Contract.

24.2 A notice sent by facsimile (provided the sending facsimile machine produces a printout of the time, date and uninterrupted transmission record of the sending of the notice and the original of the notice is despatched immediately by properly prepaid post) shall be deemed served immediately upon completion of sending if such completion is within business hours in the place where the addressee's facsimile machine is located, but if not, then at 9:00 a.m. on the next following business day in such place.

24.3 A Party may at any time by notice in writing to the other Party designate a substitute address in Tasmania to that shown in this Contract.

24.4 A notice sent by facsimile shall be deemed given in the form transmitted unless the message is not fully received in a legible form and the addressee immediately notifies the sender of that fact.

SCHEDULE 13 (continued)**25. REGULAR NOTICES AND AUDIT REQUIREMENT**

For the purposes of aiding the administration of this Contract, of keeping Forestry Tasmania reasonably informed about matters likely to affect its commercial performance and of providing information required by Forestry Tasmania for the purposes of monitoring performance under this Contract, throughout this Contract Gunns are required to supply to Forestry Tasmania with various data at specified intervals, together with such audit certification as specified. Set out below is a list of certain key information to assist the Parties in complying with their obligations.

Reference	Issue	Date
Clause 3.3(a)	Conditions subsequent	various as specified
Clause 4.2(a)	Notification regarding rotary veneer mill	not specified
Schedule 9, Clause 1.2	Woodchip Export Price and associated information	no later than fourteen days after the end of each six month period
Schedule 9, Clause 1.3	Pulp Price Index	no later than fourteen days after the end of each six month period
Schedule 9, Clause 1.5	Base Pulp Yield for Plantation Pulpwood	no later than 30 days after the Pulp Yield Calibration Period
Schedule 9, Clause 1.6	Actual Pulp Yield for Plantation Pulpwood for year to 31 March	no later than 30 days after the end of the relevant year
Schedule 9, Clause 1.7	Dry matter fraction for the month and related information	no later than seven days from the end of the relevant month
Schedule 11, Clause 1	Annual Supply Notice	by 31 March each year

SCHEDULE 14

Map of Supply Zones