



Request for Tender Process:

**Firewood Logs
available for purchase**

RFT(FW) 2019_3

VicForests is seeking to sell firewood logs arising from its harvesting operations in eastern Victoria in supply years 2019/20 to 2021/22. VicForests is conducting this Request for Tender process (**RFT Process**) for this resource as described in this document.

This RFT Process is an open process. Potential Tenderers should note that the successful Tenderer/s will have appropriate safety management systems for unloading log trucks and or haulage and have satisfactory financial credentials or able to pay in advance.

VicForests is a State-owned business responsible for the sustainable harvest, regeneration and commercial sale of timber from Victoria's State forests. VicForests engages harvest and haulage contractors to carry out its harvest and haulage activities. The firewood logs available through this RFT will be produced by VicForests' contractors operating under conditions strictly controlled by VicForests. The firewood logs will either be delivered to the successful Tenderer by VicForests' haulage contractor/s (**Delivered sale**) or may be hauled by the successful Tenderer from a harvest site (**On-Truck sale**). Haulers used for On-Truck sales must be appropriately qualified and equipped to VicForests' standard.

This RFT Process is for Buyers of commercial quantities of firewood in log form. It is not relevant to domestic firewood users or small-scale community forestry type operations.

VicForests invites parties who meet its requirements to submit a tender to secure part of the available resource.

A. RFT Process Timetable

The proposed Timetable is as follows:

Stage	Time / Date
Release of Request for Tender [RFT(FW) 2019_3]	22 May 2019
** Closing date and time for submitting a Tender (Closing Time)	4 pm, 13 June 2019
Completion of Tender evaluation	Week of 1 July 2019
Award & Execution of Agreements	Week of 15 July 2019
Planned commencement of supply year	1 August 2019

B. Firewood Log Resource Description, Contract Tenure and Point of Sale

B (i) Firewood Log Resource Description and Contract Tenure

The timber resource available for tender is **green (not dry)** firewood logs of various species. The available resource is described in the following Table:

Lot No	VicForests' Region	Supply Area (Forest Management Area (FMA))	Species Group	Quantity Available* (tonne per annum)	Details
1	West Gippsland	Central Gippsland and Dandenong	AS, MS	Up to 1,500	Indicative species proportions : 60% ash, 40% mixed species
2	North East	Benalla-Mansfield and Central	MS	Up to 4,500	
3	North East	Central	AS	Up to 2,000	
4	North East	North East	AS	Up to 1,200	
5	East Gippsland	East Gippsland and Tambo	AS	Up to 300	Likely to come from TB FMA
6	East Gippsland		MS	Up to 17,000	

* "Up to" means that the quantity is subject to availability. VicForests intends to award Agreements for an "up to" quantity with a fixed minimum quantity that is subject to Take or Pay (refer Part C below). Tenderers may tender for all or part of a Lot, provided they meet or exceed the minimum 400 tonne per annum.

VicForests' Code of Procedure for Log Buyers: Log specifications defines species codes and sets out the firewood log specification. VicForests' Codes of Procedure are available on VicForests' website: <http://www.vicforests.com.au/customer-information>. Species will be typical of the species present on coupes on VicForests' current harvesting schedules. VicForests does not expect to have durable species available in this RFT. The following Table identifies the common species by FMA:

FMA	ASH species group (AS)	Mixed species group (MS)
CG & DD	E. delegatensis (alpine ash) E. regnans (mountain ash) E. nitens (shining gum)	E. obliqua (messmate) E. sieberi (silvertop) E. cypelloarpa (mountain grey gum) Various other non-ash eucalypt species
BM & CT	E. delegatensis (alpine ash) E. regnans (mountain ash) E. nitens (shining gum)	E. obliqua (messmate) E. cypelloarpa (mountain grey gum) Various other non-ash eucalypt species
NE	E. delegatensis (alpine ash)	na
EG & TB	E. delegatensis (alpine ash) E. regnans (mountain ash)	E. obliqua (messmate) E. sieberi (silvertop) E. cypelloarpa (mountain grey gum) E. fastigata (cut-tail) Various other non-ash eucalypt species

VicForests will not commit to supplying preferred species. Tenders may be submitted for part of a Lot, but VicForests does not intend to commit to preferential supply by species or other criteria. VicForests does not anticipate awarding contracts for less than 400 tonnes per annum.

Forest Management Areas are shown in Schedule 4 of the Timber Sale Agreement (see section B below).

Tenure offered is for a period of three years commencing 1 July 2019 and ending on 30 June 2021.

B (ii) Point of Sale

The Timber is offered as either a Delivered sale where the logs will be delivered by VicForests to the Buyer's nominated delivery site or as an On-Truck sale where the Buyer is responsible for haulage from the coupe. Operationally, On-Truck sales are particularly suited to VicForests' contractors, however this point of sale may be considered for other parties but only where operational arrangements can be established with minimum disruption to VicForests and its contractors, and efficiencies can be demonstrated for all parties.

The following Table summarises the Point of Sale alternatives and requirements of the parties:

	Delivered Sale	On-Truck Sale
What it is	Log timber delivered by VicForests to a site nominated by the Buyer	Log timber is felled, brought to the coupe landing and loaded onto a truck by VicForests. The Buyer is responsible for sourcing compliant truck/s and for haulage from the landing.
Price (payable to VicForests)	Tender price offer must cover stumpage value and costs of harvest (fall and snig), loading and haulage.	Tender price offer must cover stumpage value and cost of fall, snig and load. Buyer is responsible for cost of haulage.
Contract (TSA)	Timber Sale Agreement [MDS version]	Timber Sale Agreement [On-Truck version]
VicForests Safety Requirements	The Buyer must have a site, equipment and safety system for unloading logs that meets VicForests' safety requirements. VicForests will conduct an on-site inspection of any new sites.	The Buyer's truck/s and driver/s must meet VicForests' safety requirements (refer Code of Procedure for Firewood Log Buyers). The Buyer and its driver/s must work co-operatively with VicForests' contractor/s. The Buyer must provide compliant and timely haulage services.
Environmental Requirements	VicForests and its contractors are responsible for environmental performance during coupe operations and haulage.	Buyer must meet environmental standards for haulage, especially wet weather restrictions.
Forest Operator Licence	VicForests' contractors all hold current relevant FOLs. Buyer should have appropriately trained personnel to unload log trucks.	The Buyer's driver/s must hold a current FOL with relevant accreditation.

Supply areas	Designated Forest Management Areas. Buyer's price is fixed and Buyer is not subject to varying costs of haulage from within an FMA.	Designated Forest Management Areas. VicForests will not guarantee supply from specific areas within the designated FMAs (ie Buyer must cover haulage costs for supply from anywhere in the FMA of supply)
Scheduling	VicForests will schedule supply to the Buyer	Buyer is responsible for arranging supply under overall direction from VicForests. Buyer may be a VicForests' contractor. If not a VicForests' contractor, Buyer must indicate in its Tender how supply arrangements will be managed.

Logs will be accounted for by weight using certified weighbridge where available, otherwise by truck scales or as agreed. VicForests' Code of Procedure for Firewood Log Buyers, available at <http://www.vicforests.com.au/sales-supply/customer-information>, details the delivery, receipt and accounting for firewood log timber.

C. Timber Sale Agreement

TSA versions: Delivered sales or On-Truck sales

The applicable terms and conditions of sale are those of the Timber Sale Agreement [MDS version] or Timber Sale Agreement [On-Truck version] (TSA). Tenderers should familiarise themselves with the relevant Timber Sale Agreement template document which is released simultaneously with this document. VicForests reserves the right to make changes to the TSA template prior to making an offer to a potentially successful Tenderer.

Agreements will be awarded for a defined minimum contract quantity with an "up to" amount. The minimum quantity will be set at 80% of the "up to" quantity, unless otherwise agreed. For the avoidance of doubt, the Timber Sale Agreement Take or Pay provisions apply to 90% of the Annual Supply Level which is equal to the fixed minimum quantity. For example, a Tender for 800 tonnes will be awarded as "*minimum of 640 tonnes and up to 800 tonnes*". Take or Pay would apply to 90% of 640 tonnes, being 576 tonnes ie if the Buyer takes less than 576 tonnes, VicForests may invoice the Buyer for the difference between 576 tonnes and the amount taken.

Potential new Buyers should expect to provide security in the form of Payment in Advance before Timber supply commences, in instalment amounts to be agreed. For example, where a Tenderer proposes to purchase 1000 tonnes, the instalment amount may be calculated across 4 instalments as follows: Instalment Amount = 1000 divided by 4 times price (GST inclusive). On receipt of cleared funds equal to the instalment amount in VicForests bank account, VicForests will deliver 250 tonnes (1000/4 tonnes). VicForests will calculate any necessary credit or debit due to the Buyer arising from the actual quantity delivered.

Price Indexation

Tenure offered is for a period of 3 years. Prices will be indexed six monthly, commencing 1 January 2020 in accordance with the methodology outlined in the TSA.

D. Timber Processing

Victorian Government policy supports the processing of timber sourced from its native forests within Australia. Successful Tenderers will be required to complete the Timber Processing Compliance Certificate included at Schedule 5 of the Timber Sale Agreement.

Timber Processing is defined as a series of operations performed on round logs to make or create a secondary timber product, including but not limited to any of the following: sawing of four sides, peeling, slicing, splitting, chipping, grinding or chemical pressure treatment. Firewood cut to length from firewood logs is considered a secondary timber product.

E. RFT Process & Evaluation

The following steps will apply to this RFT Process:

1. Tenders are invited by VicForests as set out in this document. To submit a Tender, potential Tenderers must complete and return the **Tender Submission Form** attached to this notice by the **Closing Time** to : vfs.sales@vicforests.com.au. A Microsoft Word version of the Tender Submission Form is available on our website.

A VicForests' harvest contractor who wants to submit a Tender/s for an On-Truck sale must use **FORM B: TENDER SUBMISSION FORM FOR VICFORESTS' HARVEST CONTRACTORS TENDERING FOR AN ON-TRUCK SALE.**

ALL OTHER TENDERERS (including any Harvest Contractors not engaged by VicForests) must use **FORM A.**

2. In conducting the evaluation of Tenders, VicForests will:
 - (i) confirm the bona fides of the Tenderers, including declarations of Confidentiality and Conflict of Interest;
 - (ii) calculate the residual stumpage value to VicForests of each Tender submission. For a Delivered sale Tender, the residual stumpage will be determined by subtracting VicForests' harvest and haulage costs applicable to the delivery sites nominated by the Tenderer from the Tender Offer Price based on the most feasible cost-efficient allocation of the available resource from the planned coupes. For an On-Truck sale Tender, the residual stumpage will be determined by subtracting VicForests' harvest (including snig and load) costs from the Tender Offer Price.
 - (iii) determine a risk score for each Tender based on the Tenderer's responses to the questions in the Tender Submission Form. The risk score will address the following:
 - Tenderer's **safety** system for unloading / haulage (both MDS and On-Truck). Tenderers unable to satisfy VicForests' safety requirements will be deemed ineligible. Further, Tenderers must be able to demonstrate that collection / deliveries can be managed with least disruption to VicForests' harvest contractors (On-Truck sale) and haulage contractors (Delivered sale);

- Management & Administration ie how demand will be co-ordinated with production eg seasonality; scheduling;
 - Payment default risk;
 - Supply risk ie certainty that resource will be available. Based on the information in each Tender, VicForests will assess the certainty of supply;
 - Tenderer's markets;
 - Synergy with VicForests' sawlog and pulpwood operations. VicForests is seeking synergies with VicForests' existing operations to ensure firewood sales are complementary with other products and firewood recovery is as efficient as possible.
- (iv) assess the combination of eligible Tenders that provide the best stumpage value for acceptable risk to VicForests.
3. Provisionally successful Tenderers will receive an offer subject to VicForests' requirements in relation to (but not restricted exclusively to) credit risk and security, safety and operational considerations being satisfied at VicForests' sole and absolute discretion.

F. RFT Process Conditions

The following RFT Process rules will apply:

- All Tenderers are bound by confidentiality provisions;
- Conflicts of Interest must be declared. VicForests will make a determination regarding a Conflict of Interest and whether or not it will affect the ability of the Tenderer to participate or alternatively how it will be managed in the RFT Process;
- The RFT Submission Form allows a Tenderer to nominate a minimum and preferred quantity (tonnes) for a given Price. A Tenderer may submit up to 3 Tender Submission Forms with different quantity (tonnes), price and point of sale (Delivered or On-Truck) combinations;
- Existing Buyers will not be permitted to substitute an allocation through this process for an existing allocation;
- VicForests reserves the right to negotiate with one or more Tenderer/s particularly in relation to the quantity to be supplied. Tenderers should be aware that there is no automatic right to be invited into a negotiation. The negotiation process is to assist VicForests in evaluating Tenders with a view to enhancing value especially through achieving an efficient fit of sales;
- VicForests may award the available resource to any number of Tenderers in quantities that provide the best value at acceptable risk to VicForests;
- Any Party, other than a VicForests' contractor, seeking resource through an On-Truck sales TSA, must identify whether their Tender assumes supply from a particular VicForests' contractor or contractors and the name/s of the contractor/s;
- If a VicForests' harvest and/or haulage contractor submits a Tender in this RFT Process, the contractor must outline in his Tender whether he is seeking resource from his own operations only or from a combination of his own operations and operations of other VicForests' contractors. Contractors should provide details and assumptions relevant to their Tender at Question 8 of the Tender Submission Form;

- In conducting its evaluation of Tenders, VicForests reserves the right to (i) determine the quantity of firewood that will be produced by individual contractors and (ii) to offer a quantity of firewood based on that determination that may differ from that submitted by a Tenderer;
- Tenders must be submitted by email. Paper-based Tenders will not be accepted. The Tenderer must have an email address that can be used for regular communication and invoicing;
- VicForests reserves the right to be exercised in its sole and absolute discretion, not to make any offers or allocations in accordance with this RFT Process and to cancel, postpone, amend or vary this RFT Process at any time.
- Late Tenders will only be considered in exceptional circumstances and only where the integrity of the RFT Process will not be compromised.

G. Enquiries

If required, updates and clarifying material will be posted to VicForests' website: <http://www.vicforests.com.au/sales-supply/firewood>, prior to the Closing Time.

Any questions regarding this RFT Process should be forwarded to vfs.sales@vicforests.com.au (**preferred**) or to Margaret McCarthy on (03) 9608 9500. Potential Tenderers who telephone with their queries may be asked to submit their queries in writing via email.

FORM A: TENDER SUBMISSION FORM

IF YOU ARE A VICFORESTS' HARVEST CONTRACTOR TENDERING FOR ON-TRUCK DO NOT USE THIS FORM. YOU MUST USE FORM B.

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REQUEST FOR TENDER FOR PURCHASE OF FIREWOOD LOGS

PART A: TENDERER'S DETAILS & STATEMENT

Entity name (eg Company, sole trader, partnership name):			
Is the entity linked to a Trust? If so, please state the name of the Trust			
ACN:		ABN:	

Is there an actual or perceived Conflict of Interest associated with the Entity's participation in this RFT Process? YES / NO.
If YES, please describe:

*Should any actual or perceived Conflict of Interest arise after submission of this Form, the Entity must provide all relevant details to VicForests.

The above Entity hereby submits this Tender Submission Form in response to the release of **RFT(FW) 2019_3**. In submitting this Form, I confirm that:

- a. all information contained herein is true and correct; and
- b. I am authorised and have full and lawful authority to sign and submit this Form on behalf of the Entity named above; and

- c. neither the Entity nor I as an authorised officer nor any of the Entity's officers, employees or agents has any Conflict of Interest relevant to this RFT Process other than as set out above*; and
- d. the Entity, I as an authorised officer and the Entity's officers, employees or agents will maintain the information contained in this RFT Tender as confidential; and
- e. this submission constitutes a binding offer which VicForests may, in its sole and absolute discretion, elect to accept at any time from the RFT Closing Time for a period of up to 60 days thereafter.

Signature of authorised officer:	
Name:	
Title:	
Date:	
Email address:	
Telephone number:	
Postal address:	

This Tender Submission Form A must be returned to VicForests by the Closing Time by email to the following email address: vfs.sales@vicforests.com.au

Please expand the spaces provided, as you require, to properly respond to the questions.

PART B : GENERAL INFORMATION ABOUT YOUR TENDER

Question 1. Number of Tenders

*Tenderers may submit up to 3 Tenders for different quantity, price and point of sale (Delivered or On-Truck) combinations. If you want to submit more than one Tender, **Parts B to E** must be completed again for the second and third Tenders.*

How many Tenders are you submitting?	This is Tender number of
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Question 2: Log Specifications

The Code of Procedure for Log Buyers: Log specifications sets out the species and the specification for firewood logs. Please outline any constraints you have around species, length, log diameter, log quality or any other parameter. Note that any such constraints may impact the volume available and or the evaluation of your Tender.

Include details of the equipment you will be using to process the firewood logs and operational constraints relevant to the timber that can be processed by that equipment. **For example:** *firewood will be processed via an XYZ firewood processor that can process timber up to 50 cm diameter.*

Question 3: Business & Markets

Please provide a high level description of your markets, including how well established your firewood sales business is, supply and demand trends and whether, for example, you operate your own retail firewood yard or whether you supply others.

Question 4. Point of sale

Is this Tender for a
Delivered sale or an
On-Truck sale?

Is your Tender for Delivered sale? YES (go to Part C) / NO (go to Part D)

ie For Delivered sale Tenders, answer Parts C and E.

For On-Truck sale Tenders, answer Parts D and E.

PART C : FOR DELIVERED SALE TENDERS ONLY

Question 5: Log Delivery site

What is the address of your log delivery site?	
What is the capacity of your log yard?	..... tonnes

Question 6. Delivery Arrangements

6.1 Please describe the site, plant and equipment and skills and accreditation of personnel that you have for unloading log trucks. Include an outline of a relevant Safety Management System (SMS) you may have and details of any audits of that SMS :

6.2 Please outline any delivery site constraints eg opening times; B double constraints; wet weather constraints; route constraints :

Question 7: Demand and scheduling

VicForests prepares an annual log delivery plan for all delivery sites normally in April/May each year, in conjunction with its customers. The schedule will consider your delivery preferences, product type, VicForests' other commitments and various other operational constraints.

Please outline in a general way, how you envisage deliveries to be spread throughout the year? Please be aware that payment in advance may be required.

GO TO PART E



Question 9: Haulage

9.1 Please describe the trucks and drivers you intend to use to collect the logs from the coupe. Note, include details of :

- Drivers' experience and accreditations

- prime movers and trailers (add rows as required). Information must include:

Type <i>(eg prime mover, trailer)</i>	Make	Model <i>(if applicable)</i>	Year of manufacture	Gross weight	TARE weight	NHVAS Mass Management Accreditation YES / NO	Date of most recent Roadworthy Certificate or NHVAS Maintenance Management System audit.

- with reference to VicForests' requirements as set out in Code of Procedure for Firewood Log Buyers Section 7, comment on your compliance with VicForests' requirements for On-Truck haulage?

Question 9: Haulage (continued)

9.2 VicForests utilises electronic docketing at the coupe landing to bring product to account. Are you proposing to use a weighbridge, truck scales or some other approach to determining load weight?

If you are **not** planning to use a weighbridge and you are not a current VicForests' contractor, please describe your approach to ensuring VicForests will get accurate and repeatable measurements of net load weight that can be used to bring a load to account.

PART E: PRICE OFFER (DELIVERED SALE AND ON-TRUCK SALE)

Question 10: Payment Security

VicForests requires security for new sales. This is generally managed by Buyers providing VicForests with payment in advance.

For example, where a Tenderer proposes to purchase 1000 tonnes at \$100/tonne (GST incl), the instalment amount may be calculated across 4 instalments as follows: Instalment Amount = 1000 divided by 4 times \$100. On receipt of cleared funds equal to \$25,000 in VicForests' bank account, VicForests will deliver 250 tonnes (1000/4 tonnes) over an agreed period. VicForests will calculate any necessary credit or debit due to the Buyer arising from the actual quantity delivered.

Please confirm that you are able to provide Payment in Advance (ie up to 6-10 instalments per annum of sufficient value to cover the value of the sale) or are you proposing some other form of security?

Question 11. Preferred Annual quantity

What is the **total** preferred **ANNUAL** quantity you wish to purchase in this Tender?

Total preferred quantity? Green Metric Tonnes per annum
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Question 12. Price Offer **IF YOU ARE A VICFORESTS' HARVEST CONTRACTOR TENDERING FOR ON-TRUCK SALE DO NOT USE THIS FORM. YOU MUST USE FORM B**

What is the minimum and preferred **ANNUAL** quantity you are seeking to purchase through this Tender and your price offer (GST exclusive)?

Please read the Footnotes to the Table.

Lot No	VicForests' Region	Supply FMA	Species	"Up to" Quantity Available (tonnes per annum)	Minimum * Quantity	Preferred Quantity	Price Offer (\$/tonne EXCLUDING GST)
1	West Gippsland	Central Gippsland; Dandenong	Ash and Mixed species (Indicatively 60% AS; 40% MS)	1,500	..... tonnes per annum	..... tonnes per annum	
2	North East	Benalla-Mansfield; Central	Mixed species	4,500	..... tonnes per annum	..... tonnes per annum	
3	North East	Benalla-Mansfield; Central	Ash species	2,000	..... tonnes per annum	..... tonnes per annum	
4	North East	North East	Ash species	1,200	..... tonnes per annum	..... tonnes per annum	
5	East Gippsland	East Gippsland, Tambo (most likely TB)	Ash Species	300	..... tonnes per annum	..... tonnes per annum	
6	East Gippsland	East Gippsland, Tambo	Mixed species	17,000	..... tonnes per annum	..... tonnes per annum	

Footnotes:

Depending on the Tenderer's response to Question 4, The Price Offer will be a Delivered Price or an On-Truck Price. How these prices will be evaluated is explained in Part F of the RFT Process document. For a Delivered sale, the Price Offer will be evaluated based on your nominated Delivery site (ie your response to **question 5**).

VicForests' Harvest contractors must not use this Form A. VicForests' Harvest contractors must use **FORM B**.

*VicForests does not intend to award contracts for less than 400 tonnes per annum.

Tenderers may tender for all or part of a Lot (see Part B of the RFT Process document).

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