



Natural Resources
and Environment

AGRICULTURE
RESOURCES
CONSERVATION
LAND MANAGEMENT

26 November 1999

Mr Simon Birrell
Otway Ranges Environmental Network
Level 7, 412 Collins St
MELBOURNE VIC 3000

Dear Mr Birrell

I refer to our discussions concerning harvesting arrangements in the Otway Forest Management Area for 1999/2000. The following should clarify the Department's approach with regard to the points you made in your letter of 24 November 1999.

1. Estimated Ash volumes on coupes nominated as MMS on the WUP were included in the Department calculations. For instance, the Riley Ridge coupe you refer to has a total volume of 3200 m³ with an estimated Ash volume of 2560 m³. Not all coupes in the Lardner block have 30% Ash. The 1999/2000 Webster Hill coupe contains no Ash.
2. Sawmills did receive higher Ash volumes in 1998/99 than previous years however Ash supply is required to reach minimum levels every year. The coupes and volumes bought forward therefore do not influence the outcome.
3. Please find attached an example of a current licence and annexure of ash sawlog for your information. Annexure's are a standard means of directing the highest quality sawlog to companies with actual or intended investment in further value adding.
4. In 1998/99 there was approximately 18000 m³ on carry forward coupes at the end of the logging season. The estimate of 10000m³ for the end of this year is almost half that amount.
5. Thompson Tk West and Kennedy's Ck Tk coupes were not included in the total WUP volume provided last week - this was an oversight. These were recent WUP amendments. Both coupes were included on the 1998/99 WUP and thus received all necessary State and Commonwealth approvals. Public comment was sought and received at that time. Kennedy Ck Tk coupe has already been harvested. Thompson Tk West contains no Ash volume.
6. Under the Forests Act 1958 and provisions within licences, licensees are entitled to vary their wood intake in line with actual or expected timber markets and the Department is required to supply their requirements within licence commitments. The 1998/99 harvest level shows that industry conditions were more buoyant than the previous four years. The estimate of 40,000 m³ for the 1999/2000 season is reasonable given the current industry conditions and expressed demand by licensees.

I trust this additional information is of assistance to you and clarifies the Department's response to your initial letter.

Yours sincerely

Gerard O'Neill
Executive Director Forests Service

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Telephone: (03) 9637 8000 Facsimile: (03) 9637 8100

STATE OF VICTORIA
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
LICENCE GRANTED PURSUANT TO THE FORESTS ACT 1958

Licence No.

Licence Period: [redacted] to [redacted] inclusive

This licence is granted to:

SCHEDULE 1

Area of Supply: Otways Forest Management Area

Annual Allocation (m3 nett)	Period		Kind	Quantity (m3 nett)
	from	to		
[redacted]	[redacted]	[redacted]	Grade D and better sawlogs	[redacted]

Licence Fee:

The licence fee for [redacted] will be [redacted] per cubic metre nett and will form the base [redacted] for annual indexation for the remainder of the licence. The licence fee will be indexed annually to changes in sawlog royalty rates.

Roading Charges:

The roading charges for [redacted] are: [redacted] per cubic metre gross for ash species and [redacted] per cubic metre gross for other species, and will be reviewed in subsequent years.

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LICENCE GRANTED PURSUANT TO THE FORESTS ACT 1958

LICENCE NO

Continued from previous page

Royalty Rates:

The royalty rates for [redacted] will be as per the approved Royalty Equation System rates and will be reviewed in subsequent years.

Timber Promotion Council Component:

The TPC component for [redacted] will be [redacted] per cubic metre gross and will be reviewed in subsequent years.

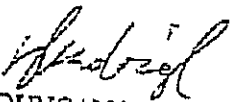
Licence Renewal:

After the first year of this licence, the licensee may seek the renewal of the licence on the basis of firm proposals for new investments. The Secretary will review the allocation to ensure that it is consistent with the current legislated sustainable yield rates and negotiate with the licensee an agreed licence fee for the renewal of this licence. In the absence of new investment proposals the Secretary and licensee may negotiate a mutually agreed licence fee after the sixth year of the licence. If agreement is not reached before the beginning of the tenth year of this licence, rights to a renewal licence will be put to public tender during such tenth year. The licensee will be given the opportunity to match competing tenders.

Licence Conditions:

This licence is subject to the standard Licence Conditions for licences granted pursuant to the Forests Act 1958 and as amended from time to time and any Additional Conditions hereunder.

Additional Conditions:


DUNCAN PENDRIGH
Acting Manager
Commercial Forestry

STATE OF VICTORIA
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
ANNEXURE TO LICENCE GRANTED PURSUANT TO THE FORESTS ACT 1958

Annexure No. to Licence No:

The kinds of timber to be supplied to

SCHEDULE 1

Area of Supply: Otways Forest Management Area

Annual Allocation
(m3 nett)

Kind

Quantity
(m3 nett)

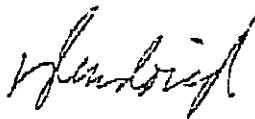
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Grade B and better sawlogs
Grade C sawlogs
Grade D sawlogs

██████████
██████████
██████████

Specific Additional Conditions:

The annual allocation includes a minimum of 80% ash species per annum.



DUNCAN PENDRIGH
Acting Manager
Commercial Forestry