

PORT MARLBOROUGH LOG STORAGE AND EXPORTER ALLOCATION PROTOCOLS

MAY 2025

1. General

1.1 The objective of these log storage and export allocation protocols (**Protocols**), which are available on Port Marlborough's website refer [Exporter Allocation Protocols](#) is to provide clear guidelines and expectations for all log exporting businesses ("**Log Exporters**") storing and exporting logs through Port Marlborough's common log storage area(s) at Shakespeare Bay, Port Picton ("**Common Log Storage Area**"), as depicted in Schedule One.

1.2 These Protocols are subject to an annual review by Port Marlborough (or more frequently as required by Port Marlborough, in its sole discretion, to reflect any material change in log storage operations). The reviewed Protocols will be published on Port Marlborough's website. While Port Marlborough will make every effort to directly communicate all reviews of these Protocols to Log Exporters in advance, such publication will be deemed to be notice to all Log Exporters, who must adhere to the reviewed Protocols with effect from publication.

1.3 Each Log Exporter's log storage allocation ("**Log Storage Allocation**") will be reviewed and allocated by Port Marlborough on a quarterly basis, (for quarters ending 31 September, 31 December, 31 March and 30 June in each financial year of Port Marlborough), having regard to two key allocation components, being:

- (a) a "base component" set on a rolling 12-month export volume basis; and
- (b) a "performance component, set on points awarded by Port Marlborough for the Log Exporter's performance over the applicable quarter,

and then notified by Port Marlborough (or by Port Marlborough's log marshalling company) to the Log Exporter on or about the first working day of the first month of the immediately following quarter (i.e. on or about 1 October, 1 January, 1 April and 1 July) - also refer to section 5 of these Protocols: "Log Storage Allocations | Base Component and Performance Component".

The Log Storage Allocation as so reviewed, allocated and notified will include notice of the Log Exporter's maximum Log Storage Allocation, as assessed by Port Marlborough as part of the review ("**Maximum Log Storage Allocation**").

1.4 Port Marlborough's intention is to maximise log-export volumes through the operation and use of a common user storage system which applies to all Log Exporters storing logs at the Common User Storage Area ("**Common User Storage System**"), which is intended to:

- (a) allow for gradual changes in log allocation allowing each Log Exporter to adjust operations while minimising the impact on stable Log Exporters; and
- (b) allow for growth while removing the potential for large swings.

1.5 While being intended to set the clear guidelines and expectations which Port Marlborough requires Log Exporters to adhere to, these Protocols are not intended to limit or affect:

- (a) Port Marlborough's standard terms and conditions of business, as published from time to

- (b) time on Port Marlborough's website ("**Terms and Conditions**" - refer [Standard Conditions of Business](#))
- (c) any direct contractual agreements (including via email or letter) that Port Marlborough, in its sole discretion, may have, or from time to time enter into, with any Log Exporters ("**Direct Agreements**"); or
- (d) more generally, Port Marlborough's rights and powers in respect of:
 - i. the Common Log Storage Area, Shakespeare Bay or more widely Port Picton; or
 - ii. its business or operations as carried out or applicable to Port Picton, including, without limitation, under all applicable agreements with other Port Marlborough customers or otherwise Port Marlborough's rights and powers at law (including under the Port Companies Act 1988, the Port and Harbour Safety Code 2020, the Maritime Security Act 2004, the Maritime Transport Act 1994 and all relevant Health and Safety laws (including the Health and Safety Act 2015),

and Port Marlborough expressly reserves its ability to exercise such rights and powers irrespective of these Protocols ("**Port Marlborough's Rights and Powers**").

- 1.6 To the extent anything in these Protocols is inconsistent with the Terms and Conditions, any Direct Agreements and/or Port Marlborough's Rights and Powers, the Terms and Conditions, Direct Agreements and/or Port Marlborough's Rights and Powers will prevail accordingly.
- 1.7 While Port Marlborough is ultimately responsible for the storage allocation and on-site yard management at the Common Log Storage Area, the day -to-day management of each Log Exporter's Log Storage Allocation is managed by Port Marlborough's log marshalling company. As part of such day-to-day management, and unless and until the Log Exporter may be otherwise notified in writing by Port Marlborough, the log marshalling company is authorised to provide certain notifications to the Log Exporter where expressly set out in these Protocols.

2. **Tariffs, Log Storage Charges and Confidentiality**

- 2.1 In addition to Port Marlborough's standard published tariffs, comprising wharfage, port and marine charges ("**Tariffs**"), each Log Exporter must pay charges for their Log Storage Allocation, including their use and storage of logs at the Common Log Storage Area ("**Log Storage Charges**").
- 2.2 Port Marlborough financial year run is 01 July to 30 June and Port Marlborough will review and update its Tariffs and Log Storage Charges before the end of every financial year (or more frequently as required to reflect any change Port Marlborough may require, in its sole discretion, to its wharfage, port and marine operations (as applying to Tariffs) and log storage operations (as applying to Log Storage Charges)).
- 2.3 The reviewed and updated Tariffs to apply for each financial year will be published on Port Marlborough's website and payable by Log Exporters with effect from the beginning of each financial year.

- 2.4 The reviewed and updated Log Storage Charges will be directly notified by Port Marlborough in writing to each Log Exporter before, or as soon as is possible following, the end of each financial year, and will be payable by the Log Exporter in respect of the storage of the Log Exporter's logs in the Common Log Storage Area from the beginning of the next financial year (including in respect of any logs brought on to and stored in the Common User Storage Area before the end of the immediately preceding financial year).
- 2.5 Log Storage Charges (including as so reviewed and updated) are strictly confidential as between Port Marlborough and each Log Exporter. Log Exporters must keep the details of the Log Storage Charges strictly confidential and not share or otherwise provide details of these to any third party (excluding disclosures by Log Exporters to their respective professional advisers and financiers, who must also keep such disclosures strictly confidential). Any breach of this confidentiality requirement will be a significant breach of Log Exporter's Log Storage Allocation agreement with Port Marlborough and, without limiting any other right or remedy that Port Marlborough may have in the circumstances, may result in the immediate termination of the Log Exporter's Log Storage Allocation.

3. Terms of Log Storage

- 3.1 The Log Exporter is not permitted, without Port Marlborough's prior written consent (which may be given or withheld by Port Marlborough in its sole discretion, and, if given, may include an estimate of any available volume in open- rows), to store any more than the Log Exporter's Maximum Log Storage Allocation in the Common Log Storage Area at, as applicable, any one time or over the course of the relevant financial year.
- 3.2 For the avoidance of doubt, Port Marlborough may refuse deliveries of any logs which, in Port Marlborough's sole discretion, may place the Log Exporter in breach of this. Port Marlborough will not be responsible for any losses, costs or other expenses of any nature incurred by a Log Exporter as a result of any such refused delivery.
- 3.3 Port Marlborough may, in its sole discretion, allow the Log Exporter to store logs at the Common Log Storage Areas in excess of the Log Exporter's Maximum Log Storage Allocation. Factors PMNZ may take into account include, but are not limited to:
- (a) the overall port storage and Common Log User Area storage situation, including in consultation with Port Marlborough's log marshalling company;
 - (b) the forecast "cart in summary" (using vessels and estimated times of arrival which are named and certain); and
 - (c) consultation with other Log Exporters, particularly those who are below their maximum allocation.
- 3.4 The Log Exporter shall be entitled to store any given log at the Common Log Storage Area and within the Log Exporter's Maximum Log Storage Allocation for a period of up to a maximum of 12 weeks (from the date the log was first stored in the Common Storage Area).
- 3.5 Each Log Exporter will need to enter into separate contractual arrangements between Port Marlborough's log marshalling company and the Log Exporter for all marshalling services required for all logs stored by the Log Exporters at the Common Log Storage Area.

- 3.6 Port Marlborough may (but shall not be required to) require that the Log Exporter, at the Log Exporter's cost and risk, promptly remove any logs which have been at the Common Log Storage Area for greater than 12 weeks (from the date the log was stored in the Common Storage Area). Without limiting Port Marlborough's wider rights, any such log(s) remaining in the Common Log Storage Area may attract a separate, additional excess storage charge for the additional time the log(s) remain there, such charge to be set by Port Marlborough in its sole discretion.
- 3.7 Nothing in these Protocols is intended to limit or affect any of Port Marlborough's, the Log Exporter's, other Log Exporters' or Port Marlborough's log marshalling company's applicable obligations and rights at law in relation to health and safety, including in relation to the transport, delivery, storage and handling of logs and as required by the Terms and Conditions:
- 3.8 Unless otherwise notified by Port Marlborough, Port Marlborough's log marshalling company is authorised to communicate Port Marlborough's:
- (a) giving or withholding of consent;
 - (b) refusal of deliveries of logs; or
 - (c) agreement to allow the Log Exporter to store logs at the Common Log Storage Areas in excess of the Log Exporter's Maximum Log Storage Allocation,
- in accordance with the above terms of log storage.

4. Log Storage Capacity

- 4.1 The total log storage capacity of the Common Log Storage Area is 70,000 JAS.
- 4.2 Port Marlborough will work with Port Marlborough's log marshalling company to reach agreement on the layout for the log storage yard comprised in the Common Log Storage Area. Total storage capacity will be a balance between total capacity, the number of row starts, and operational efficiency for both truck unloading and vessel load-out operations.
- 4.3 Port Marlborough has a supply of bookends in the log yard and is looking to continue to increase the number of available bookends to enable an increased effective log storage area, thereby assisting Port Marlborough's log marshalling company with optimal row building. Port Marlborough's intention is that that all storage within the Common Log Storage Area will be on a paved surface with 6m high bookends over the coming year.
- 4.4 The storage height may also be limited along boundaries and at other locations within the Common Log Storage Area, where either Port Marlborough's log marshalling company or Port Marlborough has deemed, in their sole discretion, respectively, that use of 6m high bookends may present an unacceptable level of risk (such as those adjacent to the Kaipupu walkway).

5. Log Storage Allocations | Base Component and Performance Component

- 5.1 Log Exporter's Log Storage Allocations are to be set on a rolling 12-month basis, reviewed, allocated and notified to Log Exporters quarterly, on a dual basis, in respect of a "base component" and a "performance component".

- 5.2 The total log storage volume allocated to all Log Exporters is primarily based upon 65,000 JAS. This may change from time to time in respect as a result of changes implemented by Port Marlborough in accordance with clause 4 of these Protocols: "Log Storage Capacity".
- 5.3 The "**base component**" of Log Exporter's Log Storage Allocations will be reviewed and allocated by Port Marlborough having regard to the total log storage volume it considers, in its sole discretion, as being applicable to the relevant rolling 12-month period and/or applicable quarter, after taking into account any allocations it wishes to make in respect of the "performance component". Such base component allocation will apply as follows:
- (a) unless Port Marlborough considers that the circumstances require otherwise, Port Marlborough shall apportion the total maximum log storage capacity of the Common Log Storage Area from time to time on the following basis:
 - i. each Log Exporter (of which the Log Exporter is one) will be apportioned a "pro rata" amount of the total maximum log storage capacity of the Common Log Storage Area based on a rolling 12-month historical exports by volume basis and after taking into account any storage that Port Marlborough wishes to set aside for:
 - a. Log Exporters to whom Port Marlborough, in its sole discretion, considers are entitled to a performance-based allocation in accordance with clause 5.4; and
 - b. any other storage of logs (whether debarked or not) or other materials, which Port Marlborough, in its sole discretion, wishes to reserve for the relevant period (or part of it), including to take into account any changes to Log Storage Allocations that Port Marlborough is entitled to make in accordance with these Protocols.
 - ii. historical exports will be assessed using each Exporter's cart-in volumes provided by Port Marlborough's log marshalling company.
 - iii. Port Marlborough's determination of the Log Exporter's Maximum Log Storage Capacity at any time shall be final and not subject to challenge, review or appeal; and
 - iv. export volume and storage allocation will only be credited to the party taking financial responsibility for the wharf storage and wharfage costs, i.e., the Log Exporter. Risk and Title to all logs handled and stored in the Common User Storage Area, including in accordance with the Terms and Conditions and these Protocols shall at all times remain with the Log Exporter,
 - v. such base component allocation to be calculated in accordance with the "Volume Shipped in last 12 months" section of the Log Allocation Model Template attached as Schedule Two.
 - vi. Base allocations will be capped at a maximum of 20,000 JAS per exporter.
 - (b) At the beginning of each quarter during each financial year (or shortly following thereafter), Port Marlborough (or its log marshalling company) will communicate with each Log Exporter their allocated "base component" Log Storage Allocation for that quarter.

5.4 The “**performance component**” of log storage allocations will be set by Port Marlborough on a retrospective basis, to be assessed by Port Marlborough both at the time Port Marlborough first introduces the application of this performance component to each Log Exporter, on a “points basis” to be calculated having regard to the Log Exporter’s:

- (a) customer history with Port Marlborough, being the Log Exporter’s years as a Log Exporter using the Common Log Storage Area (a Log Exporter must have used the Common Log Storage Area for a period of more than 12 months over Port Marlborough’s immediately preceding [two] financial years to qualify for the performance component);
- (b) growth as a Log Exporter using the Common Log Storage Area over the current financial year, taking into account the Log Exporter’s actual Log Storage Allocations in the previous financial year and as compared to the Log Exporter’s actual Log Storage Allocation for the current financial year (including growth attributable to this performance component of the log storage allocation);
- (c) Port Marlborough’s assessment (at its sole discretion) of the quality and behavior of the Log Exporter as a collaborative and cooperative customer using the Common Log Storage Area, including in relation to the Log Exporter’s:
 - i. compliance with applicable Health and Safety laws and its leadership in assisting Port Marlborough, Port Marlborough’s log marshalling company, other Log Exporters and other parties with Health and Safety obligations in respect of the Common Log Storage Area and Shakespeare Bay comply with such laws and [promote and achieve a safe working environment within those areas];
 - ii. engagement with Port Marlborough, Port Marlborough’s log marshalling company and other Log Exporters, including attendance and engagement at Port Marlborough’s Log Exporters’ forum;
- (d) compliance with both the Log Exporter’s Maximum Log Storage Allocation over the applicable period and the Log Exporter’s compliance with the stock turnover requirement in clause 3.5 of section 3 of these Protocols (Terms of Storage),

such points to also be assessed by Port Marlborough in accordance with the Log Allocation Model Template.

5.5 The total Log Storage Allocation for any Exporter will be capped at 25,000 JAS, which includes both the Base Component and the Performance Component.

5.6 To apply for storage space and as part of Port Marlborough’s allocation of the base component of log storage allocations, any new Log Exporters must first enter into discussion with Port Marlborough at the earliest opportunity and submit projections as to the Log Exporter’s likely export log volume for the next financial year (but Port Marlborough, in its sole discretion, may consider applications for allocations for export log volumes in a current financial year). Port Marlborough will then complete its own assessment of the new Log Exporter’s projections prior to allocating any storage space and Log Storage Allocation, if any. This will be carried out by Port Marlborough at its sole discretion and may require a complete port storage allocation review of the Common Log Storage Area (whether part way through a financial year or in respect of the next applicable financial year).

- 5.7 Approved Log Exporters who have been provided with a Log Storage Allocation must maintain a minimum, actual 5,000 JAS allocation over any given rolling 12-month period. Failure to adhere to this minimum storage, may result in Port Marlborough revoking the relevant Log Exporter's Log Storage Allocation with effect from the beginning of the next quarter immediately following the rolling 12-month period within which the Log Exporter failed to maintain such minimum requirement.

6. Changes to Log Storage Allocations

- 6.1 The storage capacity and the availability of storage for allocation of logs within the Common Log Storage Area and in accordance with these Protocols, is subject to changes from time to time as required by Port Marlborough in its sole discretion in relation to:

- (a) any allocation of storage of debarked logs, as debarked through the debarker facility now commissioned and operating alongside the Common Log Storage Area ("**Debarker Facility**"), as required by Port Marlborough from time to time (including under any Direct Agreements or as agreed with C3 Limited, the operator of the Debarker Facility). Any such allocation of storage of debarked logs will be managed by C3 Limited and will be subject to change from time to time, as may be required in relation to the operation of the Debarker Facility and the need to scale up or down storage of debarked logs;
- (b) part or parts of the Common Log Storage Area being needed for any period or periods for set down, storage or other use in relation to Port Marlborough's wider Port Picton business or operations, including, without limitation, in the event of any short-term planning need or an emergency ("**Wider Port Operations**"). While Port Marlborough will endeavour to use such part or parts of the Common Log Storage Area for Wider Port Operations on a limited, case-by-case basis, Port Marlborough:
 - i. reserves its sole discretion to do so at any time, including to scale up or down the availability of the Common Log Storage Area from time to time and at short notice to accommodate Port Marlborough's Wider Port Operations and to communicate these to Log Exporters as necessary (including through Port Marlborough's log marshalling company); and
 - ii. accordingly, is not able to, and will not guarantee, the continued availability of the Common Log Storage Area at any time for any Log Storage Allocation in accordance with these Protocols.

- 6.2 In addition to the changes referred to in clause 6.1, Port Marlborough also expressly reserves the right to make any other changes that Port Marlborough, in its sole discretion, may require in relation to the allocation of log storage volumes in the Common Log Storage Area accordance with these Protocols, including the Log Exporter's Log Storage Allocation. Without limitation, these other changes could be required by Port Marlborough to:

- (a) add new Exporters with no historical export volume; or
- (b) adjust storage allocation volumes as a result of a Log Exporter undergoing change which Port Marlborough, in its sole discretion, considers is likely to materially influence the Log Exporter's future export volumes, such as:

- i. the sale of a significant portion of the Log Exporter's business to a third party; or
- ii. any Log Exporter undergoing a significant change which Port Marlborough, in its sole discretion, considers likely to materially influence that Log Exporter's future export volumes (such as a business purchase which is likely lead to a significant volume increase).

7. Shipping & Stevedoring Requirements

- 7.1 Log Exporters must maintain a frequent vessel rotation to ensure their Log Storage Allocation is maximised and turned over as efficiently as possible (thereby assisting the efficient throughput of export log volumes through the Common Log Storage Area for the benefit of all Log Exporters).
- 7.2 Log Exporters will not be permitted to continue to maintain the Log Storage Allocation if they do not satisfy this requirement and may therefore be subjected to a Log Storage Allocation reduction or removal at Port Marlborough's sole discretion (including as to the relevant notice period).
- 7.3 Any vessel to load logs at Port Marlborough will load a minimum volume of 4,000 JAS (unless no other vessel or Exporter is impacted, or; there are reasonable constraints due to technical or mechanical issues).
- 7.4 Loading of logs shall commence and continue throughout with not less than THREE stevedoring gangs except where a stow dictates the use of TWO gangs or in circumstances which are unavoidable such as sickness.
- 7.5 Any delays to cargo loading whilst the vessel is alongside (e.g. due to the unavailability of cargo, not working a public holiday or for any other reason) is not acceptable without prior arrangement with Port Marlborough (or its log marshalling company). Port Marlborough reserves the right to send the vessel back to anchor if log loading ceases or falls to one gang and is impacting on other Exporters or the overall log storage or marshalling operations. This will be at no cost to Port Marlborough and will sit with the Log Exporter.

8. Other Operational Requirements & Expectations

- 8.1 Log storage and marshalling activities have the potential to cause adverse environmental impacts with dust and stormwater discharge being of particular concern. The Log Exporter (and other Log Exporters), together with Port Marlborough's log marshalling company and Port Marlborough recognise the need to meet those environmental standards. All parties will work together on a proactive, collaborative and cooperative basis to meet those standards, recognising that environmental management tools and techniques for dust suppression and stormwater discharge will evolve over time.
- 8.2 Nothing in this section 7 or elsewhere in these Protocols is intended to limit or affect any of Port Marlborough's, the Log Exporter's, other Log Exporters' or Port Marlborough's log marshalling company's applicable obligations at law in relation to compliance with such environmental standards.

8.3 Port Marlborough will:

- (a) Oversee log storage utilisation and optimisation. Port Marlborough will use all reasonable endeavours to report identified issues to Port Marlborough's log marshalling company and, if required, the affected Log Exporter for appropriate action and/or redress.
- (b) Provide a means of dust suppression (water truck) which will be operated by Port Marlborough, stevedores and marshallers as and when required.
- (c) Coordinate the uplift of bark from the log yard.
- (d) Coordinate for the sweeping of dust/fines from the log yard periodically.
- (e) Clean out sumps on a periodic basis.

8.4 Port Marlborough's expectations of its log marshalling company are that the log marshalling company will:

- (a) Manage and disseminate tracking and projection information by email on a daily basis to Port Marlborough and Log Exporters, by way of an emailed spreadsheet. This will contain current storage volumes and projections based on cart-in data and shipping schedules.
- (b) Manage Log Exporter's deliveries and stock on a daily basis. The log marshalling company will manage each Log Exporter's storage within the bounds of each Log Exporters storage allocation.
- (c) Effectively manage the storage area, e.g. sound row building, to optimise storage.
- (d) Utilise Hi-stacking to ensure effective row stacking and to gain optimal benefit from the bookends supplied by Port Marlborough.
- (e) Operate the bookends within their parameters and be responsible for damage caused through incorrect operation.
- (f) Liaise with Port Marlborough over Log Exporter requests for storage capacity above the Log Exporter's Maximum Storage Allocation, and for difficulties or issues regarding Log Exporter compliance. Any issues identified will be raised with Port Marlborough as soon as practicable.
- (g) Sweep bark and maintain overall yard hygiene to a consistently high standard.
- (h) Operate machinery in a manner that reduces dust /noise pollution and pavement damage.
- (i) Be responsible for the traffic management in the Common Log Storage Area.
- (j) Operate the water truck for dust suppression in conjunction with Stevedores or Port Marlborough, if required.

8.5 Each Log Exporter will:

- (a) The Log Exporter will, on a weekly basis, provide Port Marlborough's log marshalling company with accurate estimated cart-in volumes, and projected shipping schedules. Any changes to these estimates will be advised to Port Marlborough's log marshalling company immediately.
- (b) Provide accurate and timely shipping forecasts to Port Marlborough and Port Marlborough's log marshalling company, together with any other supporting information they may reasonably require in relation to these forecasts.
- (c) Manage their deliveries to Port Picton and to the Common Log Storage Area on a basis that is within the bounds of their Log Storage Allocation and any other relevant requirements of Port Marlborough, as may be imposed on Log Exporters generally or on any single Log Exporter, such as maximum number of grades and maximum number of row starts.
- (d) Liaise with Port Marlborough's log marshalling company to manage and optimise the Log Exporter's Log Storage Allocation within the allocation (including an estimate of available volume in open rows), including requiring Port Marlborough's log marshalling company to build effective and optimal rows.

9. **Port Marlborough Not Responsible for Lack of Availability of Common Log Storage Area**

- 9.1 As stated in section 1 (General), the objective of these Protocols is to provide clear guidelines and expectations for Log Exporters exporting and storing logs in the **Common Log Storage Area**.
- 9.2 Without limiting the nature of these Protocols for the purpose providing such guidance and expectations, nor the operation of clause 1.6 of Section 1 (General), to the maximum extent permitted by law, Port Marlborough is not and will not be liable for any claims, damages, losses, costs or other expenses any Log Exporter may suffer or incur as a result of the lack of availability at any time of the Common Log Storage Area for Log Storage Allocations in accordance with these Protocols.

Schedule One | Log Yard – Common Log Storage Area



Schedule Two | Log Allocation Model Template

Log Allocation Model															
Log Storage Capacity in the Common Log Storage Area (JAS)		70,000													
Allocation for De-barker		5,000													
Net Allocation for Exporters		65,000													
1. Performance Based Allocation															
JAS Allocation		3,000													
Performance Component Allocation		Score	Percentage of Total Contribution	Contribution	OFO		PFO		TPT		FORTUNA		PMNZ		Totals
Criteria				JAS	Score	Value	Score	Value	Score	Value	Score	Value	Score	Value	
Years at Port (History)		Actual	25%												
Recent growth (last 12 months)		Actual	15%												
Exporter H&S leadership, Forum engagement and attendance		Rank 1-5	15%												
Stock Turn Performance within 3 weeks (last 12 months)		Actual	45%												
Performance based allocation				0	0	0	0	0	0	0	0	0	0		
2. Allocation Based on Volume Shipped Last 12 months (Base Component)															
JAS Allocation		62,000													
Capped base allocation allowable Per Exporter		20,000													
Volume shipped last 12 months					OFO		PFO		TPT		FORTUNA		PMNZ		Totals
Actual (JASCBM)															
% of Total															
Base Allocation					0		0		0		0		0		0
Actual Base Allocation (capped at 20,000 JAS)					0		0		0		0		0		0
Log Storage Allocation for Log Exporters (Capped at 25,000 JAS)			25,000		0		0		0		0		0		0