

# Forestry Business Support Package

Application Guidelines

August 2024



Authorised by the Department of Energy, Environment and Climate Action

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We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it.

We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

DEECA is committed to genuinely partnering with Victorian Traditional Owners and Victoria's Aboriginal community to progress their aspirations.



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# 1. Overview of the Forestry Business Support Package

In May 2023 the Victorian Government announced the cessation of commercial native timber harvesting in State forests by 1 January 2024.

The Victorian Government's Forestry Transition Program aims to maintain as many regional jobs as possible as the timber industry transitions away from native timber harvesting.

The Forestry Business Support Package (the Package) is part of a suite of programs on offer by the Victorian Government to support sawmill businesses, harvest and/or haulage contractors, community forestry operators and other forest-based businesses impacted by the native forestry industry transition.

Through the Package, the Victorian Government will make a payment to compensate the loss of value of plant and equipment previously used to support the commercial harvest or haulage of native timber from Victorian State forests, a reimbursement of any employee statutory redundancy payments made to employees made redundant due to the forestry transition, and a payment for loss of income in 2023-24 to businesses that contracted directly with VicForests.

Eligible businesses can access the application form on the Forestry Transition Program website.

The Package is administered by the Department of Energy, Environment and Climate Action (DEECA, the Department).

# 2. Who can apply?

## Eligibility requirements for Components 1 and 2

To be eligible to apply for Components 1 and 2 of this Package, **an applicant business must:**

- a. be one of the following:
  1. **a haulage sub-contractor** who:
    - I. has contracted since 1 July 2020 to a business with a current VicForests harvest and/or haulage contract, and
    - II. has at least 50% of annual revenue derived from the business with the VicForests contract based on an average of the last three financial years; or
  2. **a wood chip truck operator** who:
    - I. has transported hardwood woodchips from sawmills that had a Timber Sale Agreement or a Forest Product Licence issued by VicForests since 1 July 2020, and
    - II. has at least 50% of annual revenue derived from transporting hardwood woodchips from those mills based on an average of the last three financial years; or
  3. **a road contractor** who:
    - I. has had a contract with VicForests (Or with DEECA for the management of the road network that was specifically funded by DEECA for native timber cartage. Businesses considering including works undertaken on this network in their application are encouraged to contact the Forestry Business Support Package to confirm their eligibility) since 1 July 2020, and
    - II. has at least 50% of annual revenue derived from the contract based on an average of the last three financial years; or
  4. **a seed-collector** who has at least 50% of annual revenue derived from the VicForests contract based on an average of the last three financial years; or
  5. **a business undertaking forest-based activities** which has had at least 50% of annual revenue derived from a VicForests contract based on an average of the last three financial years.
- b. hold a current registered Australian Business Number (ABN); and
- c. be conducting business operations within Victoria; and
- d. provide a statutory declaration that they will meet all industrial relations obligations as an employer in accordance with the National Employment Standards under the *Fair Work Act 2009* (Cth) and the applicable Award, such as the Timber Industry Award.

## Eligibility requirements for Component 3

To be eligible to apply for Component 3 of this Package, **an applicant business must:**

- a. have had a contract with VicForests to provide forest-based services (Or with DEECA for the management of the road network that was specifically funded by DEECA for native timber cartage. Businesses considering including works undertaken on this network in their application are encouraged to contact the Forestry Business Support Package to confirm their eligibility) for at least two years between 2019-20 to 2023-24, with one of the years being 2022-23 or 2023-24; and
- b. have derived at least \$30,000 annual revenue from the contract based on an average of the:
  1. four highest annual revenue amounts between 2019-20 to 2023-24 if the business provided services for five years; or
  2. three highest annual revenue amounts between 2019-20 to 2023-24 if the business provided services for four years; or
  3. two highest annual revenue amounts between 2019-20 to 2023-24 if the business provided services for three years; or
  4. two annual revenue amounts between 2019-20 to 2023-24 if the business provided services for two years; and
- c. have derived at least 50% of its total annual revenue from the contract based on an average of the years the services were provided; and
- d. hold a current registered Australian Business Number (ABN); and
- e. be conducting business operations within Victoria.

### Notes regarding eligibility for all components

All revenue conditions are exclusive of GST.

For all components, if an applicant business cannot demonstrate the 50% revenue condition of their eligibility criterion due to the structure of their business, they can submit a statutory declaration that declares that the relevant portion of the business has at least 50% of its annual revenue derived from the contract with VicForests, DEECA, or the harvest and/or haulage business or sawmill that has a contract or agreement with VicForests.

## What are the funding details?

The Package comprises three components:

1. **Plant and equipment compensation** – a payment to compensate the loss of value of plant and equipment used for forest management purposes or the harvest and/or haulage of logs or timber residues from Victorian State forests.
2. **Reimbursement of employee statutory redundancy payments** – a payment to reimburse any employee statutory redundancy payments paid by the business.
3. **2023-24 loss of income compensation** – a payment to businesses which supplied forest-based services to VicForests (Or with DEECA for the management of the road network that was specifically funded by DEECA for native timber cartage) for loss of income in 2023-24.

### Component 1: Plant and equipment compensation

The Department will compensate the business on the loss of value of plant and equipment used for forest management purposes or the harvest and/or haulage of logs or timber residues up to a cap of \$1 million.

The Department will engage the Valuer-General Victoria to assess each eligible piece of plant and equipment under two valuation scenarios:

- Valuation scenario 1 – 2020 assumed market sentiment – that is, the assessed value of the asset based on its current condition (wear and tear) and assuming the market conditions if the decision to cease timber harvesting by 1 January 2024 had not been made (i.e. assuming a 2030 industry closure).
- Valuation scenario 2 – 2023 market – that is, the value of the asset in today's market.
- Subject to this valuation process, for each piece of eligible plant and equipment, the Department will pay the difference between the Valuation Scenario 1 value and the Valuation Scenario 2 value. If the Valuation Scenario 2 value is greater than the Valuation Scenario 1 value for a piece of plant or equipment, the Department will not make a payment.

For example:

**Table 1: Example of plant and equipment compensation**

	<b>Valuation Scenario 1</b> Value assuming 2020 market sentiment	<b>Valuation Scenario 2</b> Value in 2023 market	<b>Projected loss on sale</b>	<b>DEECA payment</b>
<b>Asset 1</b>	\$250,000	\$20,000	\$230,000	\$230,000
<b>Asset 2</b>	\$100,000	\$80,000	\$20,000	\$20,000
<b>Asset 3</b>	\$650,000	\$100,000	\$550,000	\$550,000

To be eligible for the Package, plant and equipment must:

1. be listed on the business's current ATO-compliant depreciation schedule; and
2. have previously been used to support the commercial harvest or haulage of native timber from Victorian State forests; and
3. have had a current replacement cost of >\$20,000; and
4. not be a motor vehicle, IT and office equipment, or infrastructure.

Eligible plant and equipment can be sold or donated after a payment has been made by the Department.

Note that the completed valuation by the Valuer-General Victoria is final and non-negotiable.

The final sum to be included in the Letter of Offer from the Minister for Agriculture is subject to the complete asset valuation process having been completed.

### **Component 2: Reimbursement of employee statutory redundancy payments**

The Department will reimburse the business for employee statutory redundancy payments made by the business, with the rate and years of service capped at the maximums specified in the applicable Award or National Employment Standards.

The reimbursement amount will be capped and based on the evidence of the actual redundancy payment being made to an employee as shown on the employee's final payslip.

The Department will not reimburse the payment of leave entitlements.

Note that reimbursement of employee redundancy payments will be made on the basis of a genuine redundancy. A genuine redundancy relates to:

- a worker's position that is not required by the employer, in this case due to the consequence of the transition away from harvesting native timber from State forests
- the position will be superfluous to each employer's needs and not to be occupied by anyone. Accordingly, the dismissal is because of the redundancy of the position (and not for any other reason)
- there must be no contrived arrangement (such as promise of another job) or other circumstances which indicate the redundancy is not genuine.

Some workers may be categorised as 'dual capacity' employees, in that they are engaged by an employing entity, and are also a directing mind or officeholder of that entity. The Department will seek to understand the nature of the termination in these circumstances to determine if there is a genuine redundancy prior to any payment being made.

### Component 3: 2023-24 loss of income compensation

The Department will provide a 2023-24 loss of income payment to businesses that have provided forest-based services to VicForests (Or with DEECA for the management of the road network that was specifically funded by DEECA for native timber cartage.) on a regular basis from 2019-20 to 2023-24.

Eligible forest-based services include seed surveys, seed picking and sowing, tree planting, fencing, regeneration site preparation, road construction and maintenance of in-coupe roads and DEECA roads used for native timber cartage, rock blasting, wildlife surveying and safety auditing. Businesses that have provided professional services to VicForests such as accounting, IT or Human Resources are not eligible to apply.

The payment will be calculated using records held by DEECA, including previous VicForests records.

The payment will be calculated as follows:

1. determine the average of the:
  - i. four highest annual revenue amounts from the VicForests and/or DEECA contract between 2019-20 to 2023-24 if the business provided services for five years; or
  - ii. three highest annual revenue amounts between 2019-20 to 2023-24 if the business provided services for four years; or
  - iii. two highest annual revenue amounts between 2019-20 to 2023-24 if the business provided services for three years; or
  - iv. two annual revenue amounts between 2019-20 to 2023-24 if the business provided services for two years; then
2. subtract any revenue received from VicForests and/or DEECA for those services in 2023-24; then
3. deduct 50% of the calculated compensation amount to reflect costs the business would not be paying in 2023-24, such as wages, fuel and maintenance.

For example:

Year	Revenue earned from a contract with VicForests to provide forest-based services (exclusive of GST)
2019-20	\$40,000
2020-21	\$0
2021-22	\$150,000
2022-23	\$100,000
2023-24	\$50,000

Note these figures are for illustrative purposes only and are not intended to reflect the true financial position of a business.

**Table 3: The 3 steps to calculating the compensation payment**

Step	Calculation
1. Take the average of the: three highest annual revenue amounts between 2019-20 to 2023-24 if the business provided services for four years.	$\frac{(\$50,000 + \$150,000 + \$100,000)}{3} = \mathbf{\$100,000}$
2. Subtract any revenue received in 2023-24 from the amount calculated in Step 1.	$\$100,000 - \$50,000 = \mathbf{\$50,000}$
3. Deduct 50 per cent of the amount calculated in Step 2 to reflect costs the business would not be paying in 2023-24.	$\$50,000 - (\$50,000 \times 50\%) = \mathbf{\$25,000}$

Note these figures are for illustrative purposes only.

## 3. What are the funding conditions?

### Approval of funding

The Minister for Agriculture will consider the recommendations made by the Department when deliberating on approval for a Package for a successful applicant.

### Offer of a grant under the Package

Where the Minister for Agriculture approves a grant under the Package for a successful applicant, the Minister will write to the successful applicant with an offer to enter into a grant agreement with the Department.

The successful applicant must respond to the Letter of Offer in writing indicating they have accepted it.

The letter of offer is a non-binding agreement and will lapse after 20 business days from the date of the letter unless varied by agreement with the Department.

### Funding agreements

The Department will issue the successful applicant with a funding agreement if the applicant accepts the letter of offer.

The funding agreement is a legally enforceable document that clearly set out the obligations of both parties. The funding agreement aims to protect the Victorian Government's interests and to ensure the efficient and effective use of public money.

The funding agreement will detail all funding obligations and conditions, including without limitation the following conditions:

1. Where the successful applicant has been the recipient of financial assistance or a grant from the State for which an agreement has been entered into, any obligations of the business to the State arising out of the take-up of a Package payment will require settlement in accordance with the Department's directions.
2. The full amount of a Package payment will only be made after evidence has been provided that any required statutory entitlements for employees have been met unless special circumstances can be demonstrated and arrangements settled with the Department in advance. Noting, that a statutory declaration is required indicating that the business will meet all industrial relations obligations as an employer in accordance with the National Employment Standards under the *Fair Work Act 2009* (Cth) and the applicable Award, such as the Timber Industry Award as it relates to this program.

3. The applicant agrees to, and facilitates, reasonable access for the Department-funded Forestry Transition's Worker Support Program staff to engage with employees regarding the worker support program, with the cost of providing access to employees to be at no cost to the Department or employees.
4. The Package payment will be paid in one or more instalments after 1 December 2023 as determined by the Department in consultation with the successful applicant.
5. Successful applicants will be required to indemnify and release the State and its agencies and their officers and agents from and against any and all current and any and all future claims, actions, proceedings, demands, costs and expenses in connection with the Package.

Successful applicants must agree and sign the funding agreement within 20 business days from the date DEECA provides them with the funding agreement, otherwise the offer will lapse.

### Absolute discretion

DEECA reserves the right to request the applicant to provide further information should it be deemed necessary. DEECA reserves the right to amend these Guidelines and the application terms at any time as it deems appropriate.

Any changes to the Guidelines will not affect the eligibility of the applicants and Applications made prior to the date of publication of any update.

The State makes no representation that a grant of funds will be made to any applicant and reserves the right to adjust any payment (or any component of a payment) that is calculated in accordance with these guidelines or to make no funds available under the Package in its absolute discretion.

### Legislative and regulatory requirements

In delivering the activity grant recipients are required to comply with all relevant Commonwealth and state/territory legislation and regulations.

### Tax implications

Applicants should note that all costs and calculations included in the Application must be exclusive of GST.

Applicants should consult the Australian Taxation Office or seek professional advice on any taxation implications that may arise from this grant funding. Tax liabilities (if any) payable or paid as a consequence of the Package is entirely the responsibility of the applicant and will not be reimbursed.

If a successful applicant is registered for GST, a GST payment will be added to any payments made under the Package.



## 4. What are the assessment criteria?

### Payments

Payments will be made as long as:

- the funding agreement has been signed by both parties;
- other terms and conditions of funding continue to be met.

### Eligibility check

All applications will be checked for eligibility to make sure that the applicant is an eligible business and the plant and equipment is eligible for compensation.

### Plant and equipment valuation

To assess for the plant and equipment compensation, DEECA may request the applicant provide clarifying or further information, and access to the business site/s to inspect the identified assets.

DEECA will arrange for a valuer from the Valuer-General Victoria to visit the site to undertake an independent valuation of all the eligible plant and equipment that has been listed by the applicant in their Application.

The completed valuation by the Valuer-General Victoria is final and non-negotiable.

### 2023-24 loss of income compensation

To assess for the loss of income compensation, DEECA will request the applicant provide financial statements from 2019-20 to 2023-24 and an Impact Revenue Declaration prepared by a registered tax agent.

The Department will assess all components of the package and make a recommendation for funding to the Minister.



## 5. What is the application process?

All potential applicants are encouraged to read these application guidelines carefully to establish the business' eligibility for the Package and to contact a Forestry Transition Program Business Transition Co-ordinator by telephoning 1800 318 182 or emailing [forestrytransition@deeca.vic.gov.au](mailto:forestrytransition@deeca.vic.gov.au).

To participate in the Forestry Business Support Package, potential applicants must complete an Application form that is available at [deeca.vic.gov.au/forestry/grants](https://deeca.vic.gov.au/forestry/grants).

To apply the applicant will click on the 'Start New Application' button. To return to a saved draft application, click on the 'Access Saved Application' button.

You will receive an application number when you submit an application online. Please quote this number in all communications with the Department relating to your application.

Applications for the Package must be submitted by **5:00 pm Friday 28 March 2025** (Application closing date).

### What supporting documents will need to be provided?

Please submit the following documents with your application:

- Evidence of the:
  - contract or agreement with VicForests (Or with DEECA for the management of the road network that was specifically funded by DEECA for native timber cartage.); or
  - arrangement with a direct contractor to VicForests; or
  - contract or arrangement with a sawmill, for wood chip truck operators.
- A statutory declaration that the business meets and will meet all industrial relations obligations as an employer in accordance with the National Employment Standards under the *Fair Work Act 2009* (Cth) for the purposes of this package, if they are an employing business.

### Component 1 – Plant and equipment compensation

- A copy of the business’s most recent Australian Taxation Office-compliant depreciation schedule.

### Component 2 – Employee statutory redundancy costs

- A spreadsheet detailing the employee statutory redundancy payments to be made to employees who are to be made redundant, including the following information:
  - Employee starting date
  - Years of service
  - Hourly rate
  - Award
  - Redundancy pay weeks
  - Redundancy pay value.
- Final payslips showing redundancy payments for each employee made redundant.

Note that the information in the spreadsheet is to include employee names.

### Component 3 – 2023-24 loss of income compensation

- A copy of the business’s past five years of financial statements
- An Impact Revenue Declaration of the past five financial years prepared by a registered tax agent
- A statutory declaration from the registered tax agent who prepared the Impact Revenue Declaration that the information in it is true and correct
- Evidence that payment has been received from VicForests and/or DEECA for the services performed under the contract.

### Attaching required documents:

Supporting documents must be in an acceptable file type, such as Word, Excel, PDF, or JPEG. The maximum file size for each file is 10MB.

If you have documents to submit that cannot be attached to your online application you can email them to [forestry.businessSP@deeca.vic.gov.au](mailto:forestry.businessSP@deeca.vic.gov.au), quoting your application number. Attach all documents to one email, zipping the files if required.

### Key dates

<b>Applications open</b>	21 December 2023
<b>Applications close</b>	28 March 2025



## 6. Additional information

### Forestry Business Support Package contact

#### Contact details

Forestry Business Support Package  
[forestry.businessSP@deeca.vic.gov.au](mailto:forestry.businessSP@deeca.vic.gov.au)  
Phone: 1800 318 182

**If you require assistance submitting your application online, email [grantsinfo@delwp.vic.gov.au](mailto:grantsinfo@delwp.vic.gov.au)**

#### Checklist

Read these guidelines and the information about this grant program at [deeca.vic.gov.au/forestry/grants](http://deeca.vic.gov.au/forestry/grants) before applying and complete the following checklist.

Have you:

- **read these guidelines carefully?**
- checked if your business is eligible for this grant funding?
- checked that you would be able to comply with all relevant laws and regulations in delivery of your activity?
- prepared the appropriate supporting documents?

#### No representation

Businesses are solely responsible for obtaining independent, professional legal and financial advice prior to making an application.

By making an application, the applicant acknowledges that it has not relied on, and will not rely on, any financial or other advice, representation, statement or promise provided or made by or on behalf of the Department in connection with their participation in the Package and exiting future timber supply.

The Department makes no representation that a grant of funds will be made to any applicant and reserves the right to make no funds available under the Package.

## 7. Privacy

Any personal information about you or a third party in your application will be collected by the department for the purposes of administering your grant application and informing Members of Parliament of successful applications. Personal information may also be disclosed to external experts, such as members of assessment panels, or other Government Departments for assessment, reporting, advice, comment or for discussions regarding alternative or collaborative grant funding opportunities. If you intend to include personal information about third parties in your application, please ensure that they are aware of the contents of this privacy statement.

Any personal information about you or a third party in your correspondence will be collected, held, managed, used, disclosed or transferred in accordance with the provisions of the *Privacy and Data Protection Act 2014* and other applicable laws.

DEECA is committed to protecting the privacy of personal information. You can find the DEECA Privacy Policy online at [www.deeca.vic.gov.au/privacy](http://www.deeca.vic.gov.au/privacy).

Requests for access to information about you held by DEECA should be sent to the Manager Privacy, P.O. Box 500 East Melbourne 8002 or contact by emailing [foi.unit@delwp.vic.gov.au](mailto:foi.unit@delwp.vic.gov.au).



## 8. Other Forestry Transition assistance available

The Forestry Transition Program includes assistance for affected timber businesses, workers and communities. Successful applicants under the Package remain eligible for other Forestry Transition Program support packages when and if released, subject to meeting the specific requirements.

Forestry Transition support includes:

- Victorian Timber Innovation Grants – this program supports businesses to transition from native timber and explore, investigate and implement business transition opportunities.
- Worker Support – this program supports affected sawmill workers and those working in harvest and haulage businesses. Support for workers includes:
  - Training and re-training programs, including a pre-redundancy training program and workplace skills audit (recognition of prior learning process)
  - Case management, specialist employment and career assistance
  - Relocation support
  - Top-ups to worker redundancy payments
  - Tailored mental health and wellbeing support.

- Forestry Transition Fund – this fund supports projects including actions from the Forestry Transition Program local development strategies to grow businesses and create jobs in communities affected by native timber harvesting transition.

Businesses requiring further information about the Forestry Transition can contact a Forestry Transition representative on 1800 318 182 for further details.

[deeca.vic.gov.au](http://deeca.vic.gov.au)

