

FORESTRY TRANSITION PROGRAM

Transition Fund – Round One

APPLICATION GUIDELINES
AUGUST 2023



Acknowledgment

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.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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Accessibility

If you would like to receive this publication in an alternative format, please telephone the Forestry Transition Program representative on 1800 318 182, email forestrytransition@djpr.vic.gov.au. This document is also available on the internet at vic.gov.au/forestry.

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1. Background

The Forestry Transition Program is the Victorian Government's plan to maintain as many regional jobs as possible as the industry transitions away from native timber harvesting. Under the program, financial support is available to assist workers, businesses and communities through this transition.

The program includes significant funding to support the creation of new industries and jobs to replace those in the native timber industry.

A number of grant programs are supporting the transition:

- the \$36 million Forestry Transition Fund (the Transition Fund) aims to support business development and the creation of jobs across all industry sectors in communities affected by the forestry transition
- the \$25 million Victorian Timber Innovation Fund is supporting sawmills and harvest and haulage businesses to explore and transition to using plantation fibre or into other industry sectors
- 11 towns and communities identified as significantly affected by the industry transition have each received up to \$500,000 in funding to develop a Local Development Strategy for their local town or community. These community-led strategies will identify new, sustainable industries that can be developed and which will create jobs for displaced timber workers
- the \$22 million Community Development Fund is available to support the early implementation of the innovation opportunities identified through the Local Development Strategy program.

Together these programs aim to support the businesses, communities and workers that currently depend on the native timber industry to transition, diversify and create jobs for displaced timber workers.

2. Overview of the Transition Fund

The Transition Fund – Round One is available primarily to support job creation in localities most directly impacted by the transition from native timber harvesting. Generally, this includes the 11 towns and communities that have or are developing a Local Development Strategy. Funding is also available to support businesses that are affected by the forestry transition in other Victorian towns or communities.

Approximately \$4 million of the \$36 million of funding is available through the Round One grant program. Further rounds will be available in the future.

The Transition Fund – Round One is being delivered as a contestable funding round in 2 stages, where projects are initially assessed for eligibility through an Expression of Interest process. In the second stage, eligible applicants will be invited to submit an application which will be assessed and scored against merit criteria to identify projects that can be supported financially.

The Transition Fund is administered by the Department of Energy, Environment and Climate Action (the Department) and will be available from 23 August 2023 to 28 June 2024.

3. Objectives and principles

The objective of the Transition Fund – Round One is to support the imminent creation of jobs in towns and communities affected by the Forestry Transition Program, particularly jobs for displaced timber workers. The fund will support:

- the creation or maintenance of jobs and economic growth with a focus on jobs that are relevant for displaced native timber workers through:
 - the expansion of existing operations
 - the establishment of new operations
 - the diversification of operations
- business, industry or community groups, local government authorities or other organisations to provide enabling infrastructure to activate job-creating projects in the affected towns or communities¹.

Allocation of the funding will be guided by the following principles:

- funds should be spent primarily in towns or communities that are particularly vulnerable to the industry transition due to:
 - the number of affected jobs in the town or community
 - the remoteness of the town or community
 - the level of disadvantage experienced in the community

- funded projects should aim to employ displaced timber workers or members of their family; projects which employ displaced timber workers will be entitled to a payment of \$20,000 per timber worker in addition to the funding requested
- support job making projects which maintain or grow a locality's working population
- funded projects should create permanent jobs
- funded projects should be 'shovel ready'
- in towns or communities with a Local Development Strategy, projects that align with the innovation opportunities identified through the Local Development Strategy program will be viewed favourably
- funded projects should align with the strategic directions of the relevant Regional Economic Development strategy: rdv.vic.gov.au/resources/regional-economic-development-strategies
- funded projects should adopt a local procurement approach to their establishment and operation.

¹ For these activities to be funded there will need to be strong evidence that they will lead to job creation.

4. Project funding

4.1 Eligible locations

The Transition Fund supports job creation and business development in towns affected by the Forestry Transition Program.

Applications will be accepted from eligible business or other organisations operating in or near the following towns or communities:

- Bairnsdale
- Benalla
- Corryong
- Heyfield, Maffra
- Koondrook
- Longwarry
- Murrindindi (Alexandra, Taggerty, Buxton, Marysville, Narbethong)
- Noojee
- Nowa Nowa, Buchan, Bruthen
- Orbost
- Swifts Creek, Omeo
- Yarra Ranges (Powelltown, Yarra Junction, Warburton)
- Yarram

Applications will also be accepted from businesses and other organisations that have or will be significantly affected by the implementation of the Forestry Transition Program in other regional Victorian towns or communities.

4.2 Eligible businesses and organisations

Applications for the Transition Fund – Round One will be accepted from:

- private sector businesses
- business and industry groups including:
 - chambers of commerce and business associations
 - industry peak bodies
 - business and industry clusters and networks (noting that a cluster or network would need to nominate a business or entity to enter into the funding agreement and take on primary responsibility and liability for delivering the project).

Applications that involve the provision of enabling infrastructure necessary to activate projects delivering investment and jobs may be considered from:

- utility and services providers
- water corporations
- Local Government Authorities
- incorporated not-for-profit organisations that operate as a business.

4.3 Funding amount

Funding for the Transition Fund – Round One will be \$8 million for the 2023-24 and 2024-25 financial years.

Grants of up to \$1 million (excluding GST) are available.

The amount of funding to be given to any eligible recipient will be determined by:

- assessing the application against the program's assessment criteria, in particular the number of jobs that will be created – see 'Application assessment and approval' section
- the location of the new or retained jobs
- employment of displaced timber workers
- the level of co-contribution.

4.4 Eligible funded activities

The Transition Fund – Round One grant program will consider funding projects that result in the creation of new jobs in towns or communities affected by the Forestry Transition Program or the retention of jobs in businesses affected by the transition in other towns and communities.

Activities that may be eligible for funding include:

- the development of new facilities such as factories, offices or shops, expanding existing facilities or repurposing facilities
- the introduction of new technologies, innovations, plant and equipment, systems and processes to improve business growth:
 - enhancing the skills of the workforce to raise productivity
 - utility and service connections and/or upgrades to activate business investment and create jobs
 - project management activities.

The following activities would generally not be considered for funding through the Transition Fund grant program:

- investments in new timber harvesting or processing opportunities – these types of activities may be eligible for a Victorian Timber Innovation Grant – go to djsir.vic.gov.au/forestry/grants or contact the local Forestry Transition Program Business Co-ordinator on 1800 318 182
- requests for retrospective funding, where projects have commenced (i.e. equipment purchased, contracts entered into or construction has begun) or have been completed prior to receiving funding approval
- projects requiring ongoing funding from the Victorian Government
- projects undertaken by the private sector as a result of a Victorian Government contract
- projects normally funded through Australian, state or local government sources
- ongoing operating costs or salary subsidies
- projects primarily to meet regulatory requirements
- purchase of vehicles, unless they are directly required for the proposed job creation (that is, they would not be used for business-as-usual activities)
- event sponsorship
- purchase of property
- access road upgrades.

4.5 Additional funding sources

In addition to their own contribution, applicants are expected to maximise funding available for a project from a range of sources, including:

- loans from financial institutions
- equity from business investors
- grants from the Australian Government
- contributions from Local Government Authorities
- contributions from utility/service providers
- other sources.

4.6 Co-contributions

Applicants are expected to contribute their own funds towards the project, whether in cash or through loans.

Table 4.1 provides a guide to funding ratios.

Table 4.1 – Funding ratios

Total cost of project activities eligible for funding	Applicant contribution	Department contribution	Total
\$0 to \$250,000	\$0.50	\$1.00	\$1.50
>\$250,000	\$1.00	\$1.00	\$2.00

Funding may be awarded at a different ratio to that in Table 4.1 if the State decides that the nature of the applicant organisation, job creation and/or the location of the project warrants special financial support.

Example 1

For a project with the total cost of activities eligible for funding (funded activities) of \$90,000, the business will be expected to contribute at least \$30,000 to the project (the Department would contribute up to \$60,000).

	Applicant contribution	Department contribution (up to)	Total funding
Eligible activities	\$30,000	\$60,000	\$90,000
Ineligible activities	\$0	\$0	\$0
Total	\$30,000	\$60,000	\$90,000

Example 2

For a project with a total cost of \$600,000 but with a cost of \$150,000 for activities ineligible for grant funding (such as the purchase of land), the total project cost for eligible activities is \$450,000.

In this case, the business would be expected to contribute at least \$225,000 towards funding the eligible activities and the Department may contribute up to \$225,000.

	Applicant contribution	Department contribution	Total funding
Eligible activities	\$225,000	\$225,000	\$450,000
Ineligible activities	\$150,000	\$0	\$150,000
Total	\$375,000	\$225,000	\$600,000

In-kind contributions cannot be included as part of the project costs in calculating the level of grant assistance.

5. Funding conditions

Applicants should note:

- for start-up businesses, some funding will be provided in arrears of evidence of job creation
- a lower grant amount than that requested may be offered to a successful applicant
- all project costs included in the application must be exclusive of GST
- they must have an Australian Business Number (ABN) and be registered for GST or provide written advice from the Australian Taxation Office that no withholding tax is required to be withheld from the grant payment.

6. Key dates

Round One Expressions of Interest open	Wednesday 23 August 2023
Round One Expressions of Interest close	5:00 pm Friday 22 March 2024 Unless the program is fully subscribed by that date, in which case the Department will advertise that Round One is closed
Applications for Round One funding	Must be received by 5:00 pm Friday 28 June 2024
Successful applicants agree and sign the grant agreement	Within 15 business days from the date the Department provides them with the grant agreement, otherwise the offer will lapse

7. Application process

Step 1: Prior to Expression of Interest

To ensure the suitability of projects, all applicants will need to go through the following process:

- read these application guidelines carefully to establish the proposed project's eligibility
- read the grant agreement terms and conditions for the funding offered
- discuss the proposed project and its eligibility with a Forestry Transition Program Business Transition Co-ordinator on 1800 318 182 or forestrytransition@djpr.vic.gov.au.

Applicants requiring further information should contact their local Business Transition Co-ordinator.

Step 2: Expression of Interest

To participate in the Transition Fund – Round One, potential applicants must complete an Expression of Interest form that is available at djsir.vic.gov.au/forestry/grants.

Expressions of Interest for the Transition Fund – Round One may be received at any time between Wednesday 23 August and 5:00 pm on Friday 22 March 2024.

The Expression of Interest form requires the applicant business to provide the Department with the following information and commitments:

- an outline explaining the business opportunity
- an outline explaining what the requested funding will be used for
- for a business not located in one of the eligible towns (see Project funding section), a description of how the business has or will be significantly affected by the implementation of the Forestry Transition Program
- the amount and type of employment that will be generated or retained
- their business's Australian Business Number (ABN)

- confirmation that the funded business will operate in Victoria
- meets all industrial relations obligations as an employer in accordance with the National Employment Standards under the *Fair Work Act 2009* (Cth)
- a declaration that the business:
 - consents to the Department sharing information with Australian and State government departments and agencies and the Australian Business Register for the purpose of verifying the information provided in the Expression of Interest and Application
 - understands that if their application is successful, the delivery of funding is subject to the business entering into a grant agreement with the Department for a Transition Fund grant on conditions consistent with those consistent in the Standard Grant Agreement.

The Department may request clarification of the information provided, ask for additional information or validate the information provided before formally determining the eligibility of the Expression of Interest. The Expression of Interest cannot be assessed until the information requested is provided within the timeframes specified by the Department.

The Department will use its best endeavours to advise all businesses that submitted an Expression of Interest of their eligibility to progress to the next step of the application process within 4 weeks of receipt of the applicant's Expression of Interest.

Step 3: Prepare an application

Applicants will prepare an application using the individualised link sent by the Department on confirmation of the applicant's eligibility.

Applicants will need to demonstrate clearly how the project will address the objectives of the Fund.

Applications should clearly and succinctly describe the project by detailing:

- the key activities to be undertaken
- project management arrangements
- resource requirements.

Applications should include documentation to support the project such as:

- the relevant Local Development Strategy business case
- a feasibility study
- a business plan
- letters of support from local government or community organisations.

Applicants are required to provide copies of annual reports and financial statements (audited profit and loss statements and balance sheets for government agencies and not-for-profit organisations) covering the last 3 years with their application. This will enable the Department to assess the financial viability of the applicant and their ability to manage and complete the project.

Applications are to be submitted via the link provided by the Department and must be authorised by a person with authority to bind the organisation.

8. Application assessment and approval

8.1 Expressions of Interest assessment

An Expression of Interest will be considered eligible if:

- the information and evidence provided in the Expression of Interest is true and correct in every particular
- the Expression of Interest contains all information required, to the level of detail necessary and includes all relevant supporting documents as specified in these Guidelines
- the declaration is made when submitting the Expression of Interest
- the Expression of Interest is submitted by the Stage 1: Expression of Interest Closing Date.

Applicants should note that projects may not proceed to the application stage where the project:

- is not strongly aligned to the objectives of the Transition Fund
- does not strongly demonstrate economic benefits for towns or communities affected by the forestry transition
- does not demonstrate how jobs will be created or retained
- can potentially be implemented through another government funding program (applicants may be referred to alternative funding programs, if appropriate)
- is not ready for implementation
- does not strongly demonstrate a need for funding
- for major projects of interest to the community, does not demonstrate appropriate consultation
- includes activities not generally considered for funding (refer to 'Funded Activities')
- does not include co-contributions (refer to 'Co-contributions')
- does not strongly demonstrate that Victorian Government financial assistance is necessary for the project to proceed.

8.2 Application assessment

The assessment of the application will be assessed by a departmental assessment panel against the following criteria:

Assessment criteria	Assessment considerations	Weighting
The ability of the project to meet the objectives of the fund	<ul style="list-style-type: none"> • The number of permanent jobs that will be created or the number of permanent jobs that will be retained by an affected business in a town or community affected by the forestry transition • The relevance of those jobs for affected native timber workers or their families • The amount of economic activity the project will generate in an affected town or community • The alignment of the project with actions arising from their town or community's Local Development Strategy (or equivalent economic development strategy), where that strategy exists • The alignment of the project with the relevant Regional Economic Development Strategy • The co-contribution amount • Whether or not the project is 'shovel ready' • Whether or not a local procurement approach will be adopted 	60%
Organisational capability and capacity	<ul style="list-style-type: none"> • How well the project has been planned and will be managed to ensure it is delivered on time, on budget and at the agreed quality • The extent to which the business or organisation has the required resources and skills to manage and implement the project, including a budget • The risks of the project and the effectiveness of the strategies that are in place to mitigate them 	40%

The assessment will encompass application responses, other information and supporting documentation supplied in the form or as requested, and any due diligence assessments undertaken.

Due diligence assessment

Due diligence assessments are used by the Department to determine financial and other (non-financial) risks associated with the proposed project and with entering into a funding agreement with the applicant. Outcomes from such assessments may be taken into account in any decision to recommend or award a grant and in contracting with successful applicants.

Such checks may include:

- the potential for reputational risk to the State of Victoria
- the delivery performance of other grants contracted with the Victorian Government and whether the applicant has failed to meet key contractual obligations for previous grant agreements
- the Australian Business Number (ABN) registration and status
- business regulator check – this may be undertaken to verify business details provided with the Australian Business Register, Australian Securities and Investment Commission, Australian Charities and Not-for-profits Commissioner, Consumer Affairs Victoria and/or other applicable regulators
- financial risk assessment – for a grant request of more than \$50,001 where applicants are not exempt (e.g. Local Government Authorities), the Department will undertake a financial risk assessment of the applicant to assess the ability of the applicant to deliver the proposed project and its outcomes.

Application recommendation and approval

The departmental assessment panel will make recommendations to the Minister for Agriculture for funding.

All decisions on all matters in recommending and awarding grant funding under this Program is at the absolute discretion of the Department and Minister for Agriculture. This includes recommending or awarding a lesser amount than sought, or not awarding any amount(s).

Note that the State 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 Transition Fund – Round One.

9. Offer and grant agreement

Where the Minister for Agriculture approves a grant for the 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 15 business days from the date of the letter unless varied by agreement with the Department.

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

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

Successful applicants must agree and sign the grant agreement within 15 business days from the date the Department provides them with the grant agreement, otherwise the offer will lapse.

Milestone payments

The grant agreement may contain one or more milestones that will need to be met before payments are made.

10. Monitoring, evaluation and reporting

Successful applicants will be required to cooperate with an evaluation which is undertaken during and/or after completion of the project for use in program evaluation reviews and Department marketing materials.

After completion of the project, applicants must submit annual evaluation reports assessing the project's success in meeting its stated objectives, outputs and outcomes. Depending on the significance of the project, these evaluation reports may be required for up to three years following completion of the funded project.

Successful applicants may be required to contribute information on project outcomes, including longer-term impacts beyond project completion, for use in program evaluation reviews and departmental marketing materials. It is the responsibility of successful applicants to put in place adequate collection arrangements to capture the appropriate data in relation to outputs and outcomes.

These arrangements will assist the Department to undertake a robust evaluation of the Forestry Transition Program Transition Fund.

The Department reports on grants and programs it administers. The reporting includes the identity of successful applicants and projects and, where applicable, deviations from or exceptions to the assessment and approvals processes set out in these guidelines.

Monitoring, evaluation and reporting requirements will be specified in the grant agreement.

11. Terms of applying

Absolute Discretion

All decisions on all matters in recommending and awarding grant funding under this Program is at the Department's and Minister's absolute discretion. This includes for recommending for approval a lesser amount than that applied for.

The Department reserves the right to request the applicant provide further information should it be deemed necessary.

The Department reserves the right to amend these guidelines and the application terms at any time as it deems appropriate.

Disrepute

The Department may at any time, remove an applicant from the application and assessment process, if in the Department's opinion association with the applicant may bring the Department, a Minister or the State of Victoria in disrepute.

Conflict of Interest

A conflict of interest is a situation in which someone in a position of trust or influence has competing professional or personal interests.

Applicants must advise the Department of any real or perceived conflict of interest relating to a project for which it has applied for funding.

Conflicts of interest for Victorian Government staff will be handled as set out in the Code of Conduct for Victorian Public Service Employees (Section 61) of the *Public Administration Act 2004* (Vic).

Information only

These Guidelines and any discussions you may have with a departmental representative are for information only, and do not constitute advice.

Applicants should seek independent advice before making an application or entering into a Grant Agreement.

Applications are at the cost of the applicant.

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 Forestry Transition Program Transition Fund – Round One.

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.

12. Privacy

The Department of Energy, Environment and Climate Action (DEECA) is committed to protecting personal information provided by you in accordance with the principles of the Victorian privacy laws.

Any personal information about the applicant or a third party in the Application will be collected by the Department for the purpose of grant administration.

If personal information about third parties is included in the application, the applicant must ensure that those third parties are aware of the contents of this privacy statement and the contents of the Department of Energy, Environment and Climate Action Privacy Policy available from the Privacy Officer (details below).

Any personal information about the applicant or a third party in correspondence will be collected, held, managed, used, disclosed or transferred in accordance with the provisions of the *Privacy and Data Protection Act 2014 (Vic)*, *Health Records Act 2001 (Vic)* and other applicable laws.

In order to seek documents held by the Department you may submit an FOI request under the *Freedom of Information Act 1982* to the FOI Manager, Department of Energy, Environment and Climate Action.

The Department is committed to protecting the privacy of personal information. The Department's privacy policy is available from:

Enquiries about access to information about you held by the Department should be directed to:

Freedom of Information Manager and Privacy Officer

Department of Energy, Environment and
Climate Action
PO Box 500
EAST MELBOURNE VIC 8002

Email: foi.unit@deeca.vic.gov.au

In order to seek documents held by the Department you may submit an FOI request under the *Freedom of Information Act 1982* to the FOI Manager, Department of Energy, Environment and Climate Action.

13. Further support

Further information

Applicants requiring further information about the Transition Fund or other Forestry Transition programs should contact their local Forestry Transition Program Business Co-ordinator for further details.

P: 1800 318 182

E: forestrytransition@djpr.vic.gov.au

W: djsir.vic.gov.au/forestry/grants

The Guidelines will also be made available at the following website: vic.gov.au/forestry.

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