

FORESTRY TRANSITION PROGRAM

# Victorian Timber Innovation Grants Program

## Round Two

APPLICATION GUIDELINES  
JULY 2023



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## 1. Background

The Forestry Transition Program is providing support for workers, businesses and communities to transition ahead of commercial native timber harvesting ending by January 2024.

The Government's total support for the forestry transition is now more than \$875 million, including existing worker support services and investments to support the transition to plantation timber.

The Victorian Timber Innovation Grants Program supports the timber industry by working with businesses directly affected by the Forestry Transition Program to explore, invest and implement opportunities to support their transition. Following the successful delivery of Round One of the program, additional funding has been made available for Round Two.

## 2. Round two grants

### 2.1. Description and objectives

The Victorian Government has committed \$25million to the Timber Innovation Grant Program (2021-2025) to support native timber businesses to innovate and develop new ways of working using plantation-grown timber or other fibres and diversify their business.

The Victorian Timber Innovation Grants Program Round Two (2) (the Program) will use a two-stage application and selection process:

- **Stage one** Expression of Interest (EOI)
- **Stage two** Grant Application

The objective of the Program is to assist businesses directly affected by the Forestry Transition Program to explore, invest and implement opportunities to transition away from a sole reliance on native timber. The Program is intended to support Victorian forestry businesses:

- explore, investigate, and implement business transition opportunities
- undertake capital investment in business transition projects
- diversify and reorientate core business activities to support alternative employment opportunities
- develop and implement downstream manufacturing opportunities using alternative fibre
- invest in new opportunities to process or manufacture using plantation timber feedstock and/or alternative fibre.

Further rounds of the Program will be released in the future.

### 2.2. Funding assistance

The Program will provide grants of up to \$1 million.

Grants over \$1 million will be considered on a case by case basis and will take into consideration the co-contribution and previous grants received by an applicant, through earlier rounds of the Victorian Timber Innovation Fund.

#### Co-contribution requirements

The Program requires a co-contribution by the applicant, cash and/or in-kind resources as outlined below:

Maximum funding ratios are:

Co-contribution ratio (DJSIR: Business)	Total project value (\$)	Contribution amount (up to \$)	Contribution source
N/A	Up to \$250,000	\$250,000	DEECA grant
2:1	\$250,001–\$500,000	\$333,333	DEECA grant
		\$125,000	Business cash contribution
		\$41,667	Business in-kind contribution
1:1	\$500,001–\$1,000,000	\$500,000	DEECA grant
		\$375,000	Business cash contribution
		\$125,000	Business in-kind contribution

*Projects above \$250,000 will require a financial co-contribution and may include a maximum in-kind contribution of 25% of the total business contribution.*

## 2.3. In-kind co-contribution

An in-kind contribution is a contribution of a good or service other than cash.

In determining the State Government's funding level, the total cash and in-kind contribution will be taken into consideration.

Applicants will be required to outline the in-kind contribution as part of the application. If successful in obtaining a grant, applicants will need to submit written records of the in-kind contributions relating to the project.

The in-kind contribution will be capped at 25% of the business's contribution.

The types of in-kind contributions are capped at the following rates:

In-kind contribution considerations	
In-kind contribution type	
Professional Labour	\$70-\$150 per hour
Skilled Labour	\$35-\$70 per hour
Unskilled Labour	\$20-\$35 per hour
Equipment Costs	Standard Commercial Rates apply

Applicants are encouraged to speak with a Forestry Transition Program representative to discuss eligible in-kind contributions.

## 2.4. Who can apply?

Applications for a Victorian Timber Innovation Grants Program grant are invited from businesses that either:

- hold a current VicForests Timber Sale Agreement; or
- hold a Forest Produce Licence issued by VicForests; or
- are a timber harvest and / or haulage business with a current VicForests contract or agreement; or
- are a current harvest and/or haulage sub-contractor to a business with a current VicForests harvest and/or haulage contract with at least 70 per cent of its annual revenue derived from the business with the VicForests contract, based on the 2020-21 financial year<sup>1</sup>
- a seed collector with a contract with VicForests with at least 70 per cent of its annual revenue derived from the VicForests contract, based on the 2020-21 financial year<sup>1</sup>
- have an Australian Business Number (ABN)
- conduct business operations within Victoria
- meet all the industrial relations obligations as an employer in accordance with the National Employment Standards under the *Fair Work Act 2009* (Cth).

Sawmill businesses participating in the **Forestry Transition Program Opt-Out Scheme** are eligible to submit an application to the Victorian Timber Innovation Grants Program.

Applicants are encouraged to speak with a Forestry Transition Program representative to discuss their eligibility.

1. Applicants may be required to provide evidence that confirms their revenue sources.

## 2.5. Eligible project activities

Activities funded under the Victorian Timber Innovation Grants Program can include (but are not limited to):

- implementing new processes, products or innovation opportunities identified from projects funded through a Victorian Timber Innovation Fund Round One grant
- investigating and implementing the use of alternative timber supplies supporting transition away from native timber
- undertaking feasibility studies
- engaging consultants or research expertise to support transition opportunities
- investing in new product streams and technologies
- designing and developing new products
- investing in new processes or improving existing processes to facilitate the use of alternative timber or fibre
- diversifying business activities to support the redeployment of skills and equipment.

Other activities or projects not listed above may still be eligible, provided they strongly align with the program objectives.

The following activities will generally **not** be considered for a Victorian Timber Innovation Grants Program grant:

- event sponsorship
- 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
- private sector projects undertaken as a result of a government contract
- projects where funding is normally provided by other state, Commonwealth, or local government sources
- projects requiring ongoing funding from the Victorian Government when completed
- ongoing operating costs or salary subsidies
- costs to meet regulatory requirements
- purchase of vehicles
- purchase of property
- telecommunication service improvements and access road upgrades.

Applicants are encouraged to speak with a Forestry Transition Program representative to discuss their eligible project activities.

## 3. Fund details

The Victorian Timber Innovation Grants Program is a contestable fund. Applications to the Program can be made at anytime between the Program's opening and closing dates.

### 3.1. Duration of the funded project

A project funded by the Program must be completed within two years unless otherwise agreed with the Department of Energy, Environment and Climate Action (the Department).

The completion of the project within the timeframe will be a legally binding commitment in the grant agreement.

### 3.2. Conditions of applying

These guidelines and any discussions you may have with a representative of the Department 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 made 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 Victorian Timber Innovation Grants Program.

### 3.3 Local Jobs First Policy

Projects with a grant amount of \$1 million or more are required to meet the Local Jobs First Policy requirements: [localjobsfirst.vic.gov.au](https://www.localjobsfirst.vic.gov.au).

### 3.4 Fair Jobs Code

The Victorian Government's Fair Jobs Code came into effect on 1 December 2022.

The Fair Jobs Code allows the Victorian Government to use its purchasing power to promote secure employment and fair labour standards and to ensure compliance with employment, workplace and industrial laws.

Grants of \$500,000 and over (excluding GST) may need to comply with the Code – for more information please go to [buyingfor.vic.gov.au](https://www.buyingfor.vic.gov.au).

## 4. Application and assessment process

### 4.1. Expression of Interest opening and closing dates

Expression of Interest for the Program opened on **25 October 2022** and will close on **31 August 2023**, unless funds are fully expended prior to this date. Applications may be submitted at any time between the opening and closing dates. Applications submitted outside of these dates will not be considered.

### 4.2. Application process

To ensure the suitability of projects, all applicants will need to undertake the following process.

#### Step 1: Prior to submitting an Expression of Interest

Prior to submitting an Expression of Interest form, applicants are advised to:

- read these guidelines to establish eligibility
- discuss the proposed project with a Forestry Transition Program representative on P: **1800 318 182** or E: **forestrytransition@djpr.vic.gov.au**

#### Step 2: Submit an Expression of Interest form

Applicants are to complete an Expression of Interest form including a short description of the project, its ability to support the business to transition away from a dependence on native timber supply and outcomes and benefits of the project. The Expression of Interest form and instructions can be found at [djsir.vic.gov.au/forestry](https://djsir.vic.gov.au/forestry)

All Expressions of Interest will be evaluated by a Departmental assessment panel against the eligibility criteria listed in 2.4 and the program objectives. Applicants should note that projects may not proceed to the application and assessment process where the project does not meet the objectives of the Program.

#### Step 3: Prepare an application

If successful in the Expression of Interest stage, a Forestry Transition Program representative will email the application form link directly to the applicant.

Applicants have 90 days from the date of invitation to apply, prepare and submit an application to Victorian Timber Innovation Grants Program.

Additional documentation to support the project such as previous research, feasibility studies, business cases, business plans, business transition plans, business diagnostic plans, project plans, project budgets, costs benefit analysis or letters of support should be attached to the application.

### 4.3. Assessment process

All eligible applications will be evaluated by an assessment panel who will make recommendations to the Minister for Agriculture and any other relevant ministers for final consideration.

Applications for the Victorian Timber Innovation Grants Program will be assessed against the following criteria:

Assessment criteria	Weighting
<p><b>1. Project aims</b></p> <p><b>Assessed on:</b></p> <ul style="list-style-type: none"> <li>• the ability of the proposed project to support the business transition away from dependence on native timber supply</li> <li>• the extent to which the project addresses the program objectives as outlined in section 2.1.</li> </ul> <p><b>Threshold requirements</b></p> <ul style="list-style-type: none"> <li>• the project is reasonably well outlined, scoped and shows how it will support the business to transition away from native timber supply.</li> <li>• the project aligns with an appropriate business transition plan which identifies the applicants' capabilities, options and strategies for transition.</li> </ul>	<b>40%</b>
<p><b>2. Project impact</b></p> <p><b>Assessed on:</b></p> <ul style="list-style-type: none"> <li>• the extent to which the proposed project has the potential to deliver positive outcomes for the business and community:               <ul style="list-style-type: none"> <li>– supports transition from native timber supply</li> <li>– includes productivity benefits</li> <li>– development of new products</li> <li>– creates access to new markets</li> <li>– provides economic benefits to the local community.</li> </ul> </li> </ul> <p><b>Threshold requirements</b></p> <ul style="list-style-type: none"> <li>• the project identifies the business transition strategy away from a reliance on native timber supply.</li> </ul>	<b>40%</b>
<p><b>3. Organisational capability and capacity</b></p> <p><b>Assessed on:</b></p> <ul style="list-style-type: none"> <li>• the extent to which the business is financially viable</li> <li>• the extent to which the business has the required resources and skills to manage and implement the project, including a budget</li> <li>• the applicant's history in meeting contractual obligations with the State</li> <li>• the level of co-contribution (financial and in-kind contribution) that will be provided by the business.</li> </ul> <p><b>Threshold requirements</b></p> <ul style="list-style-type: none"> <li>• meets the Department's financial risk assessment</li> <li>• the application includes a project plan outlining the key project people, budget and other resources required and a timeline</li> <li>• the applicant has met past contractual obligations with the State</li> <li>• the application includes the relevant co-contribution level as outlined in Table 2.2.</li> </ul>	<b>20%</b>

## 4.4. Due diligence

A financial risk assessment will be required for grants greater than \$50,000. Applicants will be required to submit their past three years' Australian Taxation Office compliance reports (balance sheet and profit and loss statements).

Where the latest financial report is more than six months old, up-to-date management or interim accounts (profit and loss and balance sheet) will be requested.

## 4.5. Grant agreement

### Approval

The Department will make every effort to advise the applicant of the outcome of their Victorian Timber Innovation Grants Program application within twelve (12) weeks from the time the application was submitted.

All applicants will receive a letter confirming the outcome of the application. Feedback will be provided to the unsuccessful applicants by the Department.

### Grant agreement

Successful applicants will be issued with a non-binding letter of offer that remains valid for 30 days.

If the applicant signs the letter of offer, the Department will prepare a grant agreement that can then be signed by both parties.

The grant agreement:

- describes the purpose for which the funding must be used
- sets out any requirements or conditions that must be met prior to the payment of a grant instalment
- outlines agreed milestones and project outcomes that must be achieved before payment of a grant instalment
- is a legally enforceable document that clearly set out the obligations of both parties. It aims to protect the Victorian Government's interests and ensure the efficient and effective use of public money
- ensures there is appropriate recognition of Victorian Government support in project-related publications, media releases and promotional material.

Grant agreements can only be signed by a person authorised by the businesses to enter into an agreement.

Successful applicants must execute a grant agreement and commence the project within three months from the date of the funding offer. If a project does not commence within this timeframe the grant will be reviewed by the department.

Once the grant agreement has been signed, the applicant will be required to actively manage and deliver the project and provide accurate progress reports to the department. During a project, the Department may conduct site visits as necessary.

Details of the project will remain confidential until the project is formally announced by the Victorian Government.

## 5. Compliance and governance

### 5.1. Information only

The Department reserves the right to make changes to these guidelines as required.

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.

### 5.2. Project costing treatment of GST

Applicants should note that all project costs included in the application must be exclusive of GST.

Applicants 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. Monitoring, evaluation and reporting

Successful applicants will be required to cooperate with an evaluation which is undertaken by the Department during and/or after completion of the project.

After completion of the project, applicants must submit annual evaluation reports to the Department that assess 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 to be submitted for up to three years following completion of the funded project.

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

## 7. Acknowledgement

Successful applicants must liaise with the Department to coordinate any events or announcements related to the activity. Successful applicants may be required to contribute information on activity outcomes for the state to use in communications materials.

## 8. Further support

A Forestry Transition Program representative will help determine the project's eligibility before an Expression of Interest form is completed. Applicants requiring further information should contact a Forestry Transition Program representative on P: **1800 318 182** or E: **forestrytransition@djpr.vic.gov.au** for further details.

## 9. Privacy

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:

Department of Energy, Environment and Climate Action  
PO Box 500  
East Melbourne, VIC 3002, AUS

**Email: [foi.unit@deeca.vic.gov.au](mailto:foi.unit@deeca.vic.gov.au)**

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

### **Freedom of Information Manager**

Department of Energy, Environment and Climate Action  
PO Box 500  
East Melbourne, VIC 3002, AUS

**Email: [foi.unit@deeca.vic.gov.au](mailto: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.

## 10. Step-by step application and grant process guide

1. Read the Program Guidelines to establish eligibility
2. Discuss the proposed project with your Forestry Transition Program representative
3. Complete Expression of Interest Form
4. Department will advise EoI outcome (successful/unsuccessful)
5. Submit an application
6. Assessment of application
7. The Department advises the Applicant of the outcome of the application
8. Successful applicant receives a letter of offer
9. Successful applicant signs and returns the letter of offer
10. Department issues a grant agreement to the successful applicant
11. Successful applicant signs and returns the grant agreement to the Department
12. Department issues the grant
13. Project commences
14. Payments are made on evidence the milestones are met
15. Post Completion Evaluation Report

## 11. Other Forestry Transition Program worker, business and community support

The **Forestry Transition Program** includes a variety of assistance for affected timber businesses, workers and communities that may be available to applicants eligible for the Victorian Timber Innovation Grants Program.

Department of Energy, Environment and Climate Change  
1 Spring Street Melbourne Victoria 3000  
Telephone: 1800 318 182  
Email: [forestrytransition@djpr.vic.gov.au](mailto:forestrytransition@djpr.vic.gov.au)

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**P: 1800 318 182**

**E: [forestrytransition@djpr.vic.gov.au](mailto:forestrytransition@djpr.vic.gov.au)**

**W: [vic.gov.au/forestry](http://vic.gov.au/forestry)**

