

Harvest and Haulage Support Package

APPLICATION GUIDELINES

Contents

Overview of the Harvest and Haulage Support Package	2
Pathway 1: Forest and Fire Management Works Agreements	2
Pathway 2: Harvest and Haulage Support Package	3
Who can apply?	3
What might be funded?	3
What are the funding details?	3
Component 1: Compensation for loss of 2023–24 income	4
Component 2: Plant and equipment compensation	4
Component 3: Reimbursement of employee statutory redundancy payments	5
Pathway 3: Continue under the VicForests contract in 2023–24 and then exit	5
What are the funding conditions?	6
Approval of funding	6
Offer of a grant under the Package	6
Funding agreements	6
Absolute discretion	7
Legislative and regulatory requirements	7
Tax implications	7
Payments	7
Privacy	7
What are the assessment criteria?	8
Eligibility check	8
Plant and equipment valuation	8
What is the application process?	8
What supporting documents will need to be provided?	8
Additional information	9
Other Forestry Transition assistance available	9

Overview of the Harvest and Haulage 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 Harvest and Haulage 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.

The Package is administered by the Department of Energy, Environment and Climate Action (DEECA, the Department). It is being run in parallel with the Department's Forest and Fire Management Works Agreements.

Harvest and haulage contractors with a current contract with VicForests will be given the option to:

- Pathway 1: continue under their VicForests contract in 2023–24 and enter into longer-term contracts to undertake forest and fire management works for DEECA; or
- Pathway 2: apply for a Harvest and Haulage Support Package and, if successful, receive a payment from the Victorian Government as compensation for ceasing harvesting or hauling logs from Victorian State forests prior to 30 June 2024 (the Package); or
- Pathway 3: continue under their VicForests contract in 2023–24, exit the industry, and if successful, access components of the Package not related to compensation for loss of 2023–24 income.

Eligible businesses (see section 3 – Eligible businesses) will be contacted by DEECA advising them of the Package and the application process.

Pathway 1: Forest and Fire Management Works Agreements

Contracting businesses that transfer their contract to DEECA to undertake forest and fire management works agreements can access:

- a payment for plant and equipment not required to undertake any contracted fire and forest management activities, and
- a payment to reimburse any employee statutory redundancy costs if they need to downsize their workforce.

Applications for redundant plant and equipment or reimbursement of employee statutory redundancy costs must be made by 31 July 2024 (the closing date for applications).

Businesses that apply to transfer their VicForests contract to DEECA to undertake forest and fire management works but do not complete the process, will be eligible to apply for all components of the Package. Applications for Component 1 of the Package (compensation for 2023–24 loss of income) must be made by 31 March 2024. Applications for Components 2 and 3 (the redundant plant and equipment or reimbursement of employee statutory redundancy costs) must be made by 31 July 2024 (the closing date for applications).

For businesses with a harvest and haulage contract, the business can apply for compensation for loss of income for the haulage component of their contract if that component is not included in the transfer of their VicForests contract to DEECA.

For the haulage component of a harvest and haulage contract that is not transferred to DEECA, DEECA will pay 100% of the contracted rate for 100% of the minimum 2023–24 contracted volume, pro-rated from the date agreed between the business and DEECA for the harvest component of the relevant harvest and haulage contract to be transferred.

Pathway 2: Harvest and Haulage Support Package

Who can apply?

To be eligible to apply for the Package, an **applicant business must:**

- be a harvest and/or haulage business holding a contract with VicForests to harvest or haul logs in 2023–24; and
- hold a current registered Australian Business Number (ABN); and
- 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.

What might be funded?

The Harvest and/or Haulage Agreements included in the Package are:

- Harvest and Haulage Agreement, and/or
- Harvest Agreement, and/or
- Haulage Agreement, and/or
- Linked Harvest Agreement, and/or
- Linked Haulage Agreement.

A contractor with more than one contract with VicForests may apply for the Package for any contract or the haulage component of a harvest and haulage contract that is not transferred to DEECA to undertake forest and fire management works.

What are the funding details?

The Package comprises three components:

1. **Compensation for loss of 2023–24 income** – a payment to compensate for the loss of income in 2023–24
2. **Plant and equipment compensation** – a payment to compensate the loss of value of plant and equipment previously used to harvest or haul native timber from Victorian State forests
3. **Reimbursement of employee statutory redundancy payments** – a payment to reimburse any employee statutory redundancy payments paid by the business.

Component 1: Compensation for loss of 2023–24 income

The Department will compensate the business for loss of income based on the business' contract with VicForests for harvest and/or haulage services in 2023–24.

For haulage contracts and the haulage component of harvest and haulage contracts, DEECA will pay 100% of the contracted rate for 100% of the minimum 2023–24 contracted volume, pro-rated from the date agreed between the business and DEECA for the relevant contract to be terminated.

For example:

100% of volume	100% of rate	Contract termination date	% of year remaining after contract termination date	Total amount payable by DEECA
20,000m ³	\$40.00/m ³	31/12/2023	50.0%	\$400,000
30,000m ³	\$35.00/m ³	31/1/2024	41.3%	\$437,500

For harvest contracts and the harvest component of harvest and haulage contracts, DEECA will pay 30% of the contracted rate for 100% of the minimum 2023–24 contracted volume, pro-rated from the date agreed between the business and DEECA for the relevant contract to be terminated.

For example:

100% of volume	100% of rate	30% of rate	Contract termination date	% of year remaining after contract termination date	Total amount payable by DEECA
20,000m ³	\$40.00/m ³	\$12.00/m ³	31/12/2023	50.0%	\$120,000
30,000m ³	\$35.00/m ³	\$10.50/m ³	31/1/2024	41.3%	\$131,250

Recipients of the loss of income compensation component of the Package are not required to close their business but are not eligible to transfer their VicForests contract to DEECA. Recipients may however remain eligible to participate in future DEECA panel opportunities.

Recipients of the loss of income compensation component of the Package are also required to surrender their harvest and/or haulage contract with VicForests.

Component 2: Plant and equipment compensation

The Department will compensate the business on the loss of value of plant and equipment used to harvest and/or haul timber up to a cap of \$1.0 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:

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

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

- be listed on the business's current ATO-compliant asset register; and
- have been used directly in the harvesting or haulage of timber from VicForests operations; and
- have had a current replacement cost of \$20,000 or greater; and
- not be a motor vehicle, IT and office equipment, or infrastructure.

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 3: Reimbursement of employee statutory redundancy payments

The Department will reimburse the business for employee statutory redundancy payments made by the business, capped at the maximum rate specified in the applicable Award or National Employment Standards.

The reimbursement amount will be based on the evidence of the redundancy payment being made to an employee. Only actual redundancy amounts will be reimbursed.

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.

For harvest only and harvest and haulage contractors novating their harvest contracts to DEECA, reimbursement to the business in respect of employee redundancy payments will only be provided if:

- the employee has ended their employment by reason of redundancy and received a redundancy payment from the business; and
- the employee has not been and will not be re-engaged or re-employed by the business for DEECA's Forest and Fire Management works within twelve months of the date of application for the Harvest and Haulage Support Package.

Pathway 3: Continue under the VicForests contract in 2023–24 and then exit

Businesses that do not transfer their VicForests contract to DEECA and choose to continue under their VicForests contract to 30 June 2024 will remain eligible to receive the monthly stand down payments from VicForests. These businesses are eligible to apply for Components 2 and 3 of the Package and must submit their application by 31 July 2024.

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

Successful applicants must enter into a funding agreement with DEECA.

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 key terms:

1. Harvest and/or Haulage Agreement holders 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.
2. All monies due and payable to or by VicForests but remaining unpaid must be paid prior to the Package payment being paid.
3. 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.
4. The applicant must settle liability in connection with the surrender of the Harvest and/or Haulage Agreement or the haulage component of a combined Harvest and Haulage Agreement and enter into a deed with VicForests terminating its rights and releasing VicForests from any future liabilities and/or obligations under the relevant Harvest and/or Haulage Agreement (or component thereof), on such terms and in such form as required by VicForests. This clause is applicable to Pathway 2 applicants.
The full amount of a Package payment will only be made under the funding agreement after the appropriate deed has been executed by VicForests and the applicant.
5. 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.

The statutory declaration must also confirm that any employees who have ended employment by reason of redundancy and have received redundancy pay from the business have not been, and will not be, re-engaged or re-employed by the business for DEECA's Forest and Fire Management works within twelve months of the date of application for the Harvest and Haulage Support Package.

6. 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.
7. When the Package payment is paid in full in accordance with the grant Agreement, the Package payment is full and final settlement of the business's agreement to surrender its rights under the relevant contract(s) with VicForests. No further application for any assistance from the State with respect to that contract(s) will be considered.
8. 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.
9. The Package payment will be paid in one or more instalments after 1 November 2023 as determined by the Department in consultation with the successful applicant.

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 make no funds available under the Package.

Legislative and regulatory requirements

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

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.

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.

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.

What are the assessment criteria?

Eligibility check

All applications will be checked for eligibility to make sure that the applicant is an eligible business and the business is eligible for the requested Package component.

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, accompanied by a Departmental officer, 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.

What is the application process?

The Department will write to eligible businesses inviting them to submit an application for a Package. The communication will include a link to the Grants Online portal.

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 31 March 2024 for Pathway 2 and by 5:00 pm 31 July 2024 for Pathways 1 and 3.

Note: No hard copy applications will be accepted. Late and incomplete applications will not be considered.

What supporting documents will need to be provided?

Please submit the following documents with your application:

- A copy of the current executed and dated Harvest and/or Haulage Agreement including any relevant Deeds of Amendment.
- 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) for the purposes of this package, if they are an employing business.

Component 2 – Plant and equipment compensation

- A copy of the business's most recent asset register that is Australian Taxation Office compliant.

Component 3 – Employee statutory redundancy costs

- A spreadsheet detailing the employee statutory redundancy payments to be made to employees who are to be made redundant:
 - Employee starting date
 - Years of service
 - Hourly rate
 - Award
 - Redundancy pay weeks
 - Redundancy pay value.

Note that the information in the spreadsheet may be de-identified and not include employee names.

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 harvest.haulageSP@ecodev.vic.gov.au, quoting your application number. Attach all documents to one email, zipping the files if required.

Applications open:	1 December 2023
Applications close for Pathway 2:	31 March 2024
Applications close for Pathways 1 and 3:	31 July 2024

DEECA will make every endeavour to assess each application and process recommendations and funding agreements as quickly as possible.

Additional information

Harvest and Haulage Support Package contact

Program Manager:
Ross Potter, Project Manager, Forestry Transition

Contact details:
Harvest and Haulage Support Package
harvest.haulageSP@ecodev.vic.gov.au

Phone: 1800 318 182

If you require assistance submitting your application online, email grantsinfo@delwp.vic.gov.au.

Checklist

Read these guidelines and the information about this grant program at deeca.vic.gov.au/forestry/grants/harvest-and-haulage-support-package before applying and complete the following checklist.

Have you:

- read these guidelines carefully?
- checked if your business is eligible for this grant funding?
- checked what Package component your business is eligible for?
- 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.

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.
- 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 should contact a Forestry Transition representative on 1800 318 182 for further details.

Authorised by the Department of Energy,
Environment and Climate Action

1 Spring Street Melbourne Victoria 3000

Telephone: 1800 318 182

Email: forestrytransition@djpr.vic.gov.au

P: 1800 318 182

W: vic.gov.au/forestry

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Environment and Climate Action, December 2023.

Updated February 2024.

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