

DEECA Secretary Forest and Fire Management Services Agreement: Negotiation Principles

November 2023



The Secretary to the Department of Energy, Environment and Climate Action¹ (Secretary) is seeking Expressions of Interest (EOI) from harvest or harvest and haulage contractors to:

- enter into negotiations to transfer their VicForests contract to the Secretary,
- extend the term of the contract for a five-year period commencing on 1 July 2024,
- amend the contract (among other things), to undertake forest and fire management services for a five-year period commencing on 1 July 2024.

Details of some of the amendments which the Secretary proposes to make to the harvest or harvest and haulage contracts (as applicable) are set out in these negotiation principles below. Those amendments will not take effect unless they are agreed to by both the Secretary and the relevant contractor.

What basic principles will Secretary contracts include?

Payment structure

The Secretary will guarantee contractors a minimum of **3,000 – 3,600 hours of work per year**. This is made up of approximately 1,000 machine hours each for three mandated machines which the contractor must have, namely:

- bulldozer capable of extracting log products from steep slopes and constructing roads and fire breaks,
- excavator with attachment for handling, sorting, stacking and loading; and
- mechanised falling equipment (harvester).

This rationale is modelled on three operators.

The Secretary will prepare and submit monthly plans to the contractor prior to the start of each month commencing on 1 July 2024. Those plans are non-binding but are intended to identify the forecast of the services which the Secretary will require to be performed in the relevant month.

Where the Secretary requires a contractor to perform forest and fire management services, it will submit a request to a contractor and that contractor must submit a basic estimate for those services to the Secretary.

The contractor must perform the relevant services in the Secretary's request when directed.

The contractor must submit monthly invoices defining the hours and plant used in operations and the contractor will be paid for the services provided in accordance with the contract.

Where the Secretary does not order services which cover the minimum number of hours, the contractor will be paid for the minimum number of hours determined pursuant to a formula to be included in the harvest or harvest and haulage contract (as applicable).

Payment

The Secretary will pay the contractor in accordance with the Department of Energy, Environment and Climate Action (DEECA) External Plant Fire Suppression Rates for each machine and operator (as updated by DEECA from time to time).

¹ This being the body corporate established by Part 2 of the *Conservation, Forests and Land Act 1987* (Vic).

Each contractor will be required to perform services in a particular region (**Service Area**). Contractors will be paid additional amounts if they are required to perform services outside of their designated Service Area. The rate of pay will be negotiated by the Secretary and the contractor or determined to be the reasonable additional direct costs incurred by the contractor.

Worker salaries

A contractor must ensure that the services are performed by ongoing full-time or part-time employees of the contractor or a related body corporate of the contractor.

Where the provision of some or all of the services is sub-contracted to a subcontractor, the services must be performed by ongoing full-time or part-time employees of the subcontractor or a related body corporate of the subcontractor.

Contract tenure

Contracts will be extended for an initial five-year period, expiring on 30 June 2029 (or earlier if the contract is terminated pursuant to its terms, including for default by the contractor).

Forest and Fire Management Services

Contractors will provide the following forest and fire management services for the Secretary, which include:

- Services and works in support of the Secretary's obligations under section 62(2) of the *Forests Act 1958* to carry out proper and sufficient work in State forests, national parks and on protected public land for fire prevention and suppression purposes.
- Services and works in State forests, where the Secretary is the land manager.

Those services will include (but will not be limited to):

- the construction, maintenance and delivery of:
 - strategic fuel breaks
 - strategic road networks
- hazardous tree management
- preparation for planned burning activities
- tree felling or cutting
- extraction and preparation for transport (logs and other forest residues)
- regeneration activities, including mechanical disturbance and site preparation
- construction, maintenance and improvement of roads and tracks
- contribute to bushfire response and recovery
- services associated with regeneration burning.

Machinery

Contractors will be required to have a mix of the following **mandatory machines**:

- Harvester
- Excavator
- Bulldozer

The following machines are optional:

- Skidder / Forwarder
- Mulcher
- Other items by negotiation.

Machines are required to meet the standards of DEECA's Mobile Plant, Operator and Offsider Safety Requirements (as published by DEECA from time to time and which is applicable at the relevant time). Machines must also be registered on the Statewide Panel for External Plant (Panel) and operators comply with medical requirements of the Panel.

Floating arrangements are not yet resolved. It is clear that there will be a significant amount of machinery that needs to be transported. It is possible that floating could be negotiated with contractors who have capacity, or available through arrangement with the Panel. This will be finalised after the Invitation for Expressions of Interest regarding negotiation of the transfer, extending and amending of the relevant novation has been undertaken.

Haulage

All provisions in the contract related to haulage will be removed.

Next steps

VicForests harvest and harvest and haulage contractors will receive an email with a link to the Buying for Victoria website where contractors can identify their Expression of Interest (EOI) to entering contract negotiations with the Secretary to transfer their contracts to the Secretary, extending that contract and amending and restating that contract to provide forest and fire management services to the Secretary from 1 July 2024 to 30 June 2029.

The deadline for submitting an EOI is **5pm (AEDT) on Friday, 15 December 2023** (or any later date advised by the Secretary).

Please submit your EOI on the Buying for Victoria website before this time and date – a link to the relevant page will be provided to you via your primary email registered with VicForests.

For further information, please contact Jason Hellyer, Acting Director, Forest Management Branch, DEECA at Jason.Hellyer@delwp.vic.gov.au or 0428 387 785.