

# Community Forestry Support Package

The Community Forestry Support Package is a payment the Victorian Government will make to Forest Produce Licensees and firewood operators with a VicForests Timber Sales Agreement ahead of Forest Produce Licences for small-scale timber production ending on 30 June 2024.

Businesses can receive:

- a volume compensation payment
- a payment of up to \$1,000,000 for non-fully depreciated plant and equipment used for native timber harvesting or processing operations
- a reimbursement payment for any employee statutory redundancy costs.

Forest Produce Licensees and firewood operators with Timber Sales Agreements can choose whether they want to exit straight away or nominate a date in the future and continue working until then.

Any workers that are made redundant as a result of a business taking a package are eligible for the [Forestry Worker Support Program](#) delivered by ForestWorks.

## Who is eligible?

The program is open to:

- be a community forestry operator that holds a Forest Produce Licence or Forest Produce Agreement issued or administered by VicForests for timber supply in 2022-23 and/or 2023-24, that is not for the sole purpose of storm or bushfire salvage operations, as a one-off FPL or FPA for a defined period of time for a specific location; or
- be a non-contractor firewood customer that is party to a Timber Sale Agreement with VicForests for timber supply in 2023-24; and

All businesses must:

- hold a current registered Australian Business Number (ABN), and
- declare that they meet all industrial relations obligations as an employer in accordance with the National Employment Standards under the *Fair Work Act 2009* (Cth) if they are an employing business.

## Exit pathways

Businesses can choose whether they want to exit straight away or nominate a date they want to exit in the future and continue working until then.

### Pathway 1: Apply for the package and exit.

- Discuss application with DEECA
- Apply for the Package
- Surrender the remaining allocation on their Forest Produce Licence(s), Forest Produce Agreement (FPA), or Timber Sale Agreement (TSA)
- Receive payment
- Exit

### Pathway 2: Apply for the package, continue operating and then exit.

- Discuss application with DEECA
- Apply for the Package
- Continue operating until a nominated date on or before 30 June 2024.
- Surrender the remaining allocation on their Forest Produce Licence(s), Forest Produce Agreement (FPA), or Timber Sale Agreement (TSA) if before 30 June 2024.
- Receive payment
- Exit

Businesses who choose to continue operating are expected to work on any coupes offered by VicForests until 7 days before their nominated date/ 30 June 2024. If the coupes are not taken up the allocated volume may be deducted from the volume being compensated.

# Compensation

## Component 1 – Volume compensation

### Forest Produce Licencees

The Department will pay eligible Forest Produce Licence holders (including those who hold a Forest Produce Agreement) set rates for:

- up to 66.7% (approx. 8 months) of their Annual Supply Level volume from 1 November 2022 to 30 June 2023, **PLUS**
- the Annual Supply Level volume for 2023-24 as per the relevant FPL

#### MINUS

- any volume taken that is more than 33.3% (approx. 4 months) of the Annual Supply Level volume during 2022-23
- any volume taken during 2023-24.

### Timber Sales Agreement holders

The Department will pay eligible non-contractor Timber Sale Agreement (TSA) holders set rates for:

- up to 66.7% (approx. 8 months) of their Annual Supply Level volume from 1 November 2022 to 30 June 2023, **PLUS**
- the minimum Annual Supply Level volume for 2023-24 as per the relevant TSA.

#### MINUS

- any volume taken that is more than 33.3% (approx. 4 months) of the Annual Supply Level volume during 2022-23
- any volume taken during 2023-24
- any compensation payments received from VicForests in 2022-23 and 2023-24 for the relevant Timber Sale Agreements.

For Timber Sale Agreements with an 'up to' volume amount, the minimum volume will be used for the calculation.

### Examples of how volume compensation is calculated

#### Business 1

Paul's Firewood has an Annual Supply Level volume of 100 m<sup>3</sup>. Under this Package, Paul can receive compensation for up to 66.7 m<sup>3</sup> in 2022-23 (8 months of annual volume).

He has taken 0 m<sup>3</sup> in 2022-23 so he will be compensated for the full 66.7 m<sup>3</sup> in 2022-23.

Paul will also receive compensation for up to 100 m<sup>3</sup> in 2023-24, less any volume taken in 2023-24 for the final calculation.

Under this Package, Paul's Firewood can receive a total compensation payment for up to 166.7 m<sup>3</sup>.

Paul's Firewood	Annual Supply Level Volume	Volume Taken	Eligible for Compensation
Jul 2022 – Oct 2022	33.3 m <sup>3</sup>	0 m <sup>3</sup>	0 m <sup>3</sup>
Nov 2022 – Jun 2023	66.7 m <sup>3</sup>	0 m <sup>3</sup>	66.7 m <sup>3</sup>
<b>Total 2022-23</b>	100 m <sup>3</sup>	0 m <sup>3</sup>	66.7 m <sup>3</sup>
<b>2023-24</b>	100 m <sup>3</sup>	Less volume taken	Up to 100 m <sup>3</sup>
<b>Potential Total Compensation</b>			<b>Up to 166.7 m<sup>3</sup></b>

## Component 2 – Non-fully depreciated plant and equipment

The Department will pay the difference between the non-fully depreciated value of the eligible plant and equipment and the current market value based on a valuation undertaken by the Valuer-General Victoria

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

- be listed on the business's ATO-compliant 2021-22 or 2022-23 depreciation schedule with a closing value of greater than \$0.00
- be used primarily for the harvesting, hauling, or processing of timber

- not be a motor vehicle, IT and office equipment, and infrastructure. These will be considered as separate asset classes from the plant and equipment used for the processing of native forest timber and will not be included in the valuation

If the valuation amount is less than the written down value for a piece of plant or equipment, the Department will pay the difference, up to \$1 million in total per eligible business.

If the valuation amount is greater than the written down value for a piece of plant or equipment, the Department will not make a payment.

### Examples of plant and equipment compensation calculation

	Written down value	Current market value	Projected loss on sale	Departemental Payment
Item 1	\$250,000	\$20,000	\$230,000	\$230,000
Item 2	\$100,000	\$130,000	\$0	\$0

## Component 3 - Employee statutory redundancy costs

### Reimbursement amount

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 and the redundancy is a genuine redundancy.

A genuine redundancy means:

- 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 and the termination is because of the redundancy of the position (and not for any other reason)
- There must be no arrangements (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 decision maker 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. The Department will not reimburse the payment of leave entitlements.

### How to apply

The application can be made through an online form or a manual form with help from the Department of Energy, Environment and Climate Action.

To apply contact members of the Forestry Transition Business Support Team to discuss your application:

Kara Zdrzalka

Email: [kara.zdrzalka@rdv.vic.gov.au](mailto:kara.zdrzalka@rdv.vic.gov.au)

Phone: **0417 483 803**

Or visit [vic.gov.au/forestry](https://vic.gov.au/forestry)

Applicants can also seek professional advice and support in the preparation of their application.

### Key dates

Application opening date: Friday 1 December 2023.

Application closing date: 5pm, Friday 28 June 2024.