

Forest and Fire Management Services Agreement: Expression of Interest Fact Sheet

November 2023

What is the Secretary seeking Expressions of Interest for?

The Secretary to the Department of Energy, Environment and Climate Action¹ (**Secretary**) is responsible for fire suppression and prevention on Public Land.²

The Secretary is seeking Expressions of Interest (**EOI**) from harvest businesses currently contracted by VicForests (**VicForests Contractors**) who are interested in entering into negotiations with the Secretary to transfer, extend and amend their existing contracts to become a 'Forest and Fire Management Services Agreement'. This change would take effect on 1 July 2024.

If an agreement is reached between the Secretary and a current VicForests Contractor to transfer, extend and amend the relevant existing contract, the contractor will perform forest and fire management services for the Secretary and support the Secretary's bushfire response from 1 July 2024 for a period of five years.

What is the process of 'transferring' a contract?

Generally, where there is a contract between two parties, and it is agreed that one of the parties will be replaced by a third party, the contract can be "novated" (or in other words, "transferred"). However, all parties must agree to this transfer (including the two existing parties to the contract, and the third party which will replace one of those two existing parties).

In the current scenario, the two parties to the existing contract are VicForests and the current VicForests Contractor, and the third party is the Secretary.

If, following negotiations, an agreement is reached between the Secretary and the VicForests Contractor to transfer, extend and amend the existing contract, the parties will sign a legal document called a novation agreement.

After that novation agreement is signed, the Secretary will "inherit" the rights and obligations (previously held by VicForests) under the contract – except where those rights and obligations have been changed by agreement between the Secretary and the VicForests Contractor.

What are the benefits of transferring an existing VicForests contract to the Secretary?

Transferring existing VicForests contracts to the Secretary is intended to provide businesses with certainty to support their workers, financial arrangements and investments, as well as access to the level of services needed to help maintain their plant over the coming years.

Another benefit is that these businesses will also support the critical role of helping keep Victorians safe from future bushfires.

What government supports will I get if I choose/not to enter into a Forest and Fire Management Services Agreement?

The Victorian Government is offering Harvest and Haulage Support Packages to support harvest and/or haulage contractors impacted by the native timber harvesting transition.

The level of compensation will depend on your business (e.g. the type and market value of your equipment). The Minister for Agriculture will have absolute discretion over any funding support decision.

For more information about the Harvest and Haulage Support Packages, please visit vic.gov.au/forestry.

What types of services will the VicForests Contractor be required to provide for the Secretary?

If a VicForests Contractor agrees to transfer their contract to the Secretary, that VicForests Contractor will be required to provide forest and fire management services for the Secretary, which include:

- Services and works in support of the Secretary's obligation 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.

1 This reference to 'Secretary to the Department of Energy, Environment and Climate Action' is to the body corporate established by Part 2 of the *Conservation, Forests and Land Act 1987* (Vic).

2 This duty is outlined in under section 62(2) of the *Forests Act 1958* (Vic).

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.

What types of machinery would a contractor need to have to perform the forest and fire management services?

If their contract is transferred to the Secretary, contractors will be required to have the following mandatory machines to perform the forest and fire management services:

- Harvester
- Excavator
- Bulldozer

The following machines are optional:

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

If a contract is transferred to the Secretary, what parts of the contract will change?

The only things which will change in the relevant contract are those items which both the Secretary and the relevant VicForests Contractor agree during negotiations.

Key parts of the existing contracts that the Secretary is proposing to discuss and are likely to be changed include:

- Payment structure including mandating a minimum number of machine hours for which the contractor will be paid regardless of the amount of actual services provided
- Mandatory machines
- Number of machine operators
- Machine safety standards

- Process for requesting and ordering services with compensation to reflect the minimum of the actual services provided and a minimum number of operating hours across the mandatory machines
- Add-on payments to reflect working outside of the VicForests Contractor's designated service area
- Monthly plans provided by the Secretary to forecast services which may be required
- Performance requirements
- Insurances.

The plan is to agree the changes between the Secretary and the VicForests Contractor before the relevant contract is transferred by VicForests to the Secretary.

For more information, see the Negotiations Principles document (which is also attached to the invitation for Expression of Interest letter issued by the Secretary).

On or around 1 December 2023, parties who have expressed interest in negotiating with the Secretary will be provided the following documents:

- A copy of the draft "novation deed" which will be the document which sets out the mechanism for transferring the relevant contract from VicForests to the Secretary and will also include the process for implementing the agreed changes to the relevant contract; and
- A copy of the relevant harvest or harvest and haulage contract (as applicable) with proposed changes.

Who is eligible to express their interest?

All VicForests Contractors who have a current harvest, or combined harvest and haulage, contract with VicForests can express interest to enter into negotiations with the Secretary to transfer, extend and amend their harvest or harvest and haulage contracts.

How do I express interest, and what are the timeframes?

EOIs can be submitted from now until **5pm (AEDT) on Friday, 15 December 2023** (or any later date advised by the Secretary in writing to you).

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.

More information

If you have any questions about the EOI process, please contact Jason Hellyer, Acting Director, Forest Management Branch, DEECA.

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