



Australian Government

**Department of Agriculture,
Fisheries and Forestry**

Tasmanian Forest Contractors Exit Assistance Program

Grant Program Guidelines

November 2010

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Forestry Branch
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GPO Box 858, CANBERRA ACT 2601

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18 Marcus Clarke Street, CANBERRA ACT 2601

Program information, guidelines and related forms are available at
www.daff.gov.au/forestry/TFCEAP

TASMANIAN FOREST CONTRACTORS EXIT ASSISTANCE PROGRAM

1. Overview

Many of Tasmania's native forest contracting businesses are facing difficult financial circumstances. Sales of woodchip exports sourced from Tasmania's native forests have continued to decline. This has reduced the viability of many harvest and haulage businesses operating in Tasmania's native forests.

The Australian Government has committed \$22.4 million to help Tasmanian contractors and their employees respond to the challenges facing the Tasmanian forest industry. This funding will be provided in the 2010-2011 financial year.

The **Tasmanian Forest Contractors Exit Assistance Program** (the program) will provide up to \$17 million for **exit assistance** to harvest and/or haulage contracting businesses in the Tasmanian native forest harvest and haulage contracting sector who wish to leave the industry.

These guidelines provide details on the program, which is to be administered by the Australian Government Department of Agriculture, Fisheries and Forestry (the department).

Details of a \$5.4 million program for business assistance will be notified shortly.

2. Purpose of the program

The program aims to reduce business overcapacity in the Tasmanian native forest harvest and haulage contracting sector through reducing the number of businesses that currently operate in that sector.

Objectives

The program seeks to assist eligible businesses to exit the Tasmanian native forest harvest and haulage contracting sector.

How the program will operate

Applications are invited from eligible businesses (defined in section 3 below). Only one grant will be paid to an eligible business (see section 3).

This is a competitive grants program. Suitability will be determined by ranking applicants according to merit criteria (see section 3). This means that some of the applicants who are eligible may not receive grants.

It is possible that the full amount of requests may not be available and only partial funding may be offered.

Exit assistance will be made in two payments. The first payment will be 75 per cent of the total approved amount and will be made on the signing of the Funding Deed and the execution of a Deed of Undertaking (see section 6 below). The second payment of 25 per cent will be paid on proof of payment of all employees' entitlements and proof of sale or demonstration that the business machinery will not be used by the applicant in the Tasmanian native forest harvest and haulage contracting sector.

Applicants are asked to nominate an amount to exit the industry. Funding is capped at \$750 000 GST exclusive. Applications will be assessed on the basis of merit criteria (see section 3).

Businesses are also required to nominate an individual (Nominated Individual) who is the CEO or equivalent of the business. In the case of a partnership, all partners must be nominated. The individual(s) will sign the Funding Deed (see section 6 below) and will be required to enter into a Deed of Undertaking under which the Nominated Individual(s) will pledge not to re-enter the sector for a period of five years.

Key dates for the program

Applications open on Tuesday 23/11/2010, the day the program is announced on the department's website.

Applications close on 13/12/2010.

It is anticipated, a decision on grant recipients will be announced in December 2010.

The program will close 12 months from the day of program announcement or when the allocation is exhausted.

Undersubscription

The Australian Government reserves the right to call for a second round of applications if there is insufficient take-up of assistance.

3. Who is eligible?

Eligible business

To be eligible to apply for exit assistance a business must:

- (a) have an Australian Business Number (ABN); and
- (b) conduct its activities predominantly in the Tasmanian native forest harvest and/or Tasmanian native forest haulage contracting sector; and
- (c) have been operating as a harvest and/or haulage business for the period 1 January 2009 to 30 June 2010 and had a contract (operative or inoperative), quota or delivery arrangement; and
- (d) be able to show business related debt.

4. What qualifies for funding?

Eligible contracting activities are the harvest of wood from Tasmanian native forests and the haulage of wood from Tasmanian native forests. Applications will not be accepted for contracting activities other than for harvesting and/or haulage of wood from native forests in Tasmania.

Merit criteria for Exit Assistance

Your application will be assessed on:

- Criterion 1.* The amount you nominate for business exit. Smaller amounts will be ranked higher under this criterion due to the aim of the program to reduce the number of businesses in the sector.
- Criterion 2.* The percentage of the business's Tasmanian harvest and/or haulage operations that were undertaken in the native forest sector for the period 1 January 2009 to 30 June 2010. An eligible business with all operations in the native forest sector will be ranked higher under this criterion than one with a smaller percentage of operations in the sector.
- Criterion 3.* The size of contracted/agreed volumes. Higher volumes will be ranked higher under this criterion as it takes greater capacity out of the industry.
- Criterion 4.* Level of debt. This includes the amount of money owed in employee entitlements. Higher debt, including a higher level of entitlements owed, will be ranked higher under this criterion.

The relative weightings (percentages) for the criteria are 40 for Criterion 1, and 20 each for Criterion 2, Criterion 3 and Criterion 4.

5. How to apply?

The program will be advertised in The Australian newspaper and major Tasmanian newspapers and on the department's website (www.daff.gov.au/forestry/TFCEAP) along with critical dates.

Please read these guidelines carefully as they explain your eligibility to apply for an exit assistance grant. If you need clarification on your eligibility, please contact the Program Manager on 02 6272 5079.

Applications for exit assistance should be developed using the application form available on the department's website.

Please note: for all applicants, as part of your application, you will be asked to provide documentation showing:

- proof of business ownership;
- proof of business registration in Tasmania;
- proof of debt; and
- agreement of all business partners/owners to the application.

Signed electronic or hard copy applications should be received by **4pm AEDT on Monday 13/12/2010**. Applications must be submitted to TFCEAP@daff.gov.au or to:

Postal address:

Tasmanian Forest Contractors Exit
Assistance Program
Forestry Branch
Climate Change Division
Department of Agriculture, Fisheries and
Forestry
GPO Box 858
CANBERRA ACT 2601

Physical address:

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18 Marcus Clarke Street
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When submitting your application electronically, please check the size of the email. If the email size is above 7 Mb, please send the application and attachments in more than one email.

Applications received after the closing time and date may not be accepted. Applicants will be sent an acknowledgement by the department within 10 working days of the receipt of an application.

6. What are the conditions?

If your business is awarded funding, the Nominate Individual(s) will be required to sign a Funding Deed. A draft Funding Deed is available on the program website at www.daff.gov.au/forestry/TFCEAP. The Nominated Individual(s) will also be required to sign a Deed of Undertaking (available on the website) under which they pledge not to re-enter the sector for a period of five years. This undertaking will apply so that a haulage business must not re-start another haulage or harvest business and a harvest business must not re-start another harvest or haulage business.

No legally-binding relationship exists until a Funding Deed is signed by both parties. The Funding Deed will contain the terms and conditions of funding. Successful applicants should seek independent legal advice before entering into a Funding Deed.

If a successful applicant fails to comply with any requirement in the Funding Deed, the applicant may be required to repay some or all of the grant monies received.

It is a condition of payment that successful applicants will agree to:

- cease operating the business within two months of receiving the initial exit grant payment; and
- pay all employee entitlements on receipt of the initial exit grant payment; and
- not use the business's machinery in the Tasmanian native forest harvest and haulage contracting sector; and.
- not re-enter the Tasmanian native forest contracting sector by owning or establishing a harvesting and/or haulage business within five years of receiving the initial exit grant payment.

It is a condition of exit assistance that the successful applicants will need to notify the department if events or circumstances indicative of a return to forestry contracting occur. If an exit grant recipient becomes an owner of or runs a Tasmanian native forest contracting harvest and/or haulage business, in breach of their undertaking, the amount of the exit grant paid to the person, or a part of it, is recoverable by the Commonwealth as a debt due to the Commonwealth. Ownership of shares in a listed public company does not constitute ownership of a Tasmanian native forestry contracting business.

To receive the second grant payment of 25 per cent of the grant amount, the grantee must be able to demonstrate that:

- they have met all employees' entitlements such as wages, superannuation payments, long service leave, recreation leave and statutory redundancy payments; and
- they have sold the business machinery or can demonstrate that the business machinery will not be used by the applicant in the native forest harvest and/or haulage contracting sector.

If these conditions are not met, a second payment will not be made and the amount of grant already paid to the person is recoverable by the Commonwealth as a debt due to the Commonwealth.

A form will be provided, at the time of the initial grant payment, for applicants to complete setting out the names of employees and entitlements paid. This will need to be signed by an accountant and provided to the department before a second payment will be made.

7. Publication of grant information

Certain information on grants is required by Commonwealth policy to be published on the department's website. This information includes, but is not limited to:

- name of successful applicant;
- amount of funding received;
- type of grant;
- term of grant; and
- funding location.

By submitting an application for funding under this program, the applicant consents to publication of the above information by the department if they were awarded funding under this program.

8. How are applications assessed?

The department will initially determine whether the application includes all the evidence and documentation required (see section 3). If the application provides adequate evidence or documentation, the department will refer the application to the advisory panel (see section 9) which will assess the eligibility and merit of your application.

If adequate proof is not provided, the department will request that the applicant supply the information within five working days of the request. If this proof is received within the five-day period the department will forward the application to the advisory panel. If the proof is not received within the five-day period, the department may not forward the application and the application may lapse. The department reserves the right to seek clarification from an applicant at any stage of the assessment process.

The advisory panel will assess exit applications against the program's objectives, eligibility criteria and merit criteria.

This is a competitive grants program. The decision maker has the discretion in determining whether or not a particular application receives funding and may or may not impose conditions on the grant.

All applicants will be advised of the outcome of their application in writing. Information on successful recipients will be published on the department's website. The Minister for Agriculture, Fisheries and Forestry may announce successful applicants.

9. Who is selecting the suitable applicants?

The decision maker for the program is the delegate of the Minister for Agriculture, Fisheries and Forestry. The delegate will make the final decision on funding, taking into consideration the recommendations of the advisory panel.

The advisory panel will comprise one Australian Government official, one Tasmanian Government official and one independent forest industry expert. The panel members will have expertise in one or more of the following: government policy including on forestry, grants administration, and knowledge of the native forest industry. Financial expertise will also be requested if sought by the panel.

10. Complaints handling process

The assessment of applicants necessarily involves judgments of the merits of applications in a competitive and discretionary process. Unsuccessful applicants are encouraged to resolve any concerns they may have with the program area in the department by contacting 02 6272 5079. The complaint may then be reviewed by an independent area of the department. If no resolution is achieved, an applicant can apply to the Commonwealth Ombudsman. The Ombudsman will usually not investigate a complaint unless the matter has first been raised with the department and the department has been provided with a reasonable opportunity to respond.

The Commonwealth Ombudsman can be contacted on: Phone – Toll free: 1300 362 072

Email: ombudsman@ombudsman.gov.au

Website: www.ombudsman.gov.au

11. Additional information

Applicants should be aware that receipt of funding from this program may result in the business being ineligible for support from other government programs.

Applicants are advised that funding may have taxation implications and that they should seek independent taxation and financial advice from a suitably qualified professional prior to submitting their application.

Applicants are also advised to seek advice on the legal implications of their acceptance of an exit grant, if exiting the industry has possible impacts on current legal obligations.

GST is payable on grants and the funding deed will include GST where applicable.

The department will request information in the application form to assess your application for funding under the Tasmanian Forest Contractors Exit Assistance Program. You are not obliged to provide any of the information, but if you do not, it may affect the ability of the department to assess your application. Please note that the information you provide may be given to other agencies, organisations and consultants for assessment, reporting requirements and/or as authorised or required by law. By completing the application form, you consent to your information being used in the manner stated above.

Employment services

Workers who lose their job can talk to a Job Services Australia provider about employment and training support tailored to their individual needs. Information about the assistance provided

through Job Services Australia can be found at:

<http://www.deewr.gov.au/Employment/JSA/JobSeekerSupport/Pages/lostjob.aspx>

12. Contact us

Further information on the Tasmanian Forest Contractors Exit Assistance Program is available from:

Tasmanian Forest Contractors Exit Assistance Program

Program Manager

Forestry Branch

Climate Change Division

Australian Government Department of Agriculture, Fisheries and Forestry

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