



Australian Government
Department of Agriculture,
Fisheries and Forestry



Tasmania
Department of
Economic Development

TASMANIAN SOFTWOOD INDUSTRY DEVELOPMENT PROGRAMME

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1. INTRODUCTION

- (a) On 13 May 2005 the Prime Minister of Australia and the Premier of Tasmania signed the Tasmanian Community Forest Agreement (TCFA) which is a supplement to the Tasmanian Regional Forest Agreement. As part of the TCFA, the Australian and Tasmanian Governments agreed to implement a Softwood Industry Development Programme to assist the exotic softwood sector of the Tasmanian forest industry.
- (b) The programme will provide up to \$10 million in funding to assist the continued development of a sustainable and competitive softwood industry in Tasmania. Funding will be available for the retooling of existing mills and for other projects that will improve the efficiency and competitiveness of the exotic softwood industry and encourage the industry to seek new markets.
- (c) There is expected to be a significant reduction in softwood sawlog production in Tasmania within three years as a consequence of variable planting rates in previous years. A priority for the Tasmanian Softwood Industry Development Programme is to assist the industry to adjust to the reduction in sawlog production.
- (d) The programme will be funded by the Australian Government.
- (e) The Australian and Tasmanian Governments are also assisting the hardwood sector of the Tasmanian forest industry through the Tasmanian Forest Industry Development Programme and the Tasmanian Country Sawmills Assistance Programme. Separate guidelines are available for these programmes.

2. OBJECTIVES

- (a) The primary objective of the Tasmanian Softwood Industry Development Programme is to assist the continued development of a sustainable, efficient, value-adding and internationally competitive softwood industry in Tasmania.
- (b) The programme will support initiatives which contribute to the objective in clause 2(a) including :
 - retooling of mills to improve efficiency and add value to exotic softwood logs;
 - modernisation of softwood harvesting and haulage equipment;
 - adoption of new technology to add value to forest products;
 - maximisation of recovery rates from Tasmanian softwood forests;
 - training for mill workers and harvesting contractors;
 - improved silvicultural management of softwood plantations;
 - upgrading existing transport links to support more efficient log cartage to existing processing facilities;

- adoption of alternatives to copper chrome arsenate, subject to competitive equity with other Australian firms producing chemically-treated wood.

3. PROGRAMME DETAILS

- (a) Funding for the programme will expire on 30 June 2008. Accordingly, projects must be completed and all claims for payment must be submitted before that date.
- (b) The programme is intended to supplement investment in Tasmania by the applicants. Eligible projects will be offered a minimum grant of 25% of total project costs. Higher grant levels, up to a maximum of 50% of total project costs, will be considered for projects which make a significant contribution to the priorities for funding listed in section 5 of these guidelines.
- (c) Funding from other Australian or State Government sources will not generally be accepted as part of an applicant's contribution to a project.
- (d) Funding from all other sources for the proposed project will be taken into account. Funding will generally be between \$100,000 and \$2 million.
- (e) Assistance will be provided to support projects that:
 - provide industry-wide benefits and employment growth in a cost-effective way;
 - provide employment and other benefits to regional communities;
 - involve investment in new plant and equipment to process and add value to Tasmanian softwoods;
 - make the harvesting and transporting of softwood timber and softwood products safer, more efficient and more competitive, in ways that are sustainable and environmentally sound;
 - increase collaboration or strategic alliances amongst softwood timber industry participants;
 - promote the Tasmanian softwood industry;
 - develop new markets.
- (f) Grants will not be provided for plantation establishment, for the purchase of land or forest, to provide working capital, for feasibility studies or for research and development apart from research into improved silvicultural management of plantations. However, funding will be available to support the application of new technologies or production processes that have been proven to be commercially viable.

- (g) Grants will be paid on a reimbursement basis. This means that when an applicant completes each milestone specified in the Deed of Agreement, the Commonwealth will reimburse a percentage of the costs incurred in achieving the milestone.
- (h) Assistance will not generally be available for goods or services that were ordered before 13 May 2005.

4. ELIGIBILITY CRITERIA

- (a) To be eligible for assistance, applicants must be participating in, or planning to participate in, the exotic softwood sector of the Tasmanian forest and forest-based industries.
- (b) To qualify for assistance, applicants will have to show that:
 - their project is industry and market focussed and commercially viable;
 - their business is financially sound and is capable of providing or attracting the necessary funds to complete the proposed project;
 - they have secure access to a sufficient quantity and quality of forest products to undertake the proposal, for example, through a timber supply contract or a direct link to a timber supply contract;
 - the business has strong, capable management;
 - they are committed to the industry's competitiveness.
- (c) Applicants who are already directly participating in the Tasmanian softwood industry will have to show how they are engaged in harvesting, transporting or processing softwood products and should specify the sectors of the industry in which their business participates.
- (d) Applicants who are not already directly participating in the Tasmanian softwood industry will have to show how they propose to participate in such activities.
- (e) Assistance will not be available to support research but will be available to support its application. Applicants will need to demonstrate that the technology involved in their proposals is commercially viable.
- (f) If an application concerns processing timber or other forest products, the applicant will have to show that the final product will predominantly consist of softwood products harvested in Tasmania.

5. PRIORITIES FOR FUNDING

(a) Priority for funding will be given to proposals that:

- assist the industry to adjust to the expected reduction in sawlog supply ;
- introduce new but proven technologies to the Tasmanian softwood industry;
- develop new products that attract new investment in the softwood industry and associated industries;
- increase the processing and value-adding of small and logs, thinnings, pruned logs, short logs, swept logs, internodal logs and large branched logs;
- provide industry-wide, State-wide or regional benefits;
- promote alliances amongst participants in the Tasmanian forest industry;
- protect existing jobs, facilitate redeployment of affected forest industry workers or create significant new employment, particularly in rural areas of Tasmania;
- improve the promotion and marketing of Tasmanian softwood products and develop links with similar marketing activities in other Australian States and internationally;
- enhanced environmental protection (e.g. effluent disposal, reduced soil contamination, reduced emissions);
- make the harvesting and transporting of softwood products safer, more efficient and more competitive, in ways that are sustainable and environmentally sound.

(b) Proposals that do not meet the priorities listed above (including demonstration projects designed to expand the plantation base, increase plantation productivity, promote enhanced silvicultural practices and upgrade harvesting practices to improve the utilisation of small logs) will be considered on a case-by-case basis if funding is available.

6. ASSESSMENT OF APPLICATIONS

(a) An advisory committee consisting of people with expertise in the Australian forest industry and officials of the Australian and Tasmanian Governments will oversee the implementation of the programme. Members of the advisory committee are:

- Mr Rob Woolley, who has expertise in accountancy, corporate advice, business development, marketing and human resources and is the current Chair of the Tasmanian Forest and Forest Industry Council;
- Mr Craig Taylor, a consultant forester with extensive experience in the Australian forest industry, in both the public and private sectors;

- Mr Graeme Gooding, former Executive Director of the Victorian Association of Forest Industries and now a consultant;
 - Mr Tony Bartlett, General Manager, Forests Branch, Australian Department of Agriculture, Fisheries and Forestry;
 - Mr Norm McIlfattrick, Secretary, Tasmanian Department of Economic Development.
- (b) Applications should be submitted on the attached application form, with additional supporting material as appropriate, and should include:
- a summary of the proposed project;
 - the estimated cost of the project;
 - the amount of funding the applicant is seeking from the programme;
 - evidence that the applicant can raise sufficient funds to complete the project;
 - how the project meets the eligibility criteria, objectives and priorities for funding;
 - the volume and character of timber necessary to make the project viable;
 - evidence that the applicant has secure access to a sufficient quantity and quality of timber to complete the project;
 - an estimate of the number of full-time and part-time jobs to be protected or created;
 - the timetable for undertaking the project;
 - evidence of the applicant's capacity to implement the proposal.
- (c) Assessment of project proposals will be undertaken on a continual basis until the funds are fully allocated. However, an initial submission date will be used to assist the advisory committee to commence assessment of applications. Intending applicants should submit either a completed application or a brief expression of interest outlining their proposal by 21 January 2006.
- (d) The advisory committee will assess applications against the programme's objectives, eligibility criteria and priorities. Funding will be based on assessment of the project's value to improving the efficiency and competitiveness of the softwood industry.
- (e) Most applicants will be asked to submit a detailed business plan including an investment analysis of the proposal and the source and amount of financial contributions the business will make towards it. This may include detailed financial records of the business over the past three years and the nature and level of investment in the business over the past five years.

- (f) Applications may be referred to an independent assessor who will provide a confidential report to the secretariat and the advisory committee. The independent assessor will review applicants' financial records and report to the committee on whether or not the business appears to be financially sound. The independent assessor will also comment on the adequacy of the applicant's business plan and the viability of the proposed project.
- (g) The secretariat or the independent assessor may ask an applicant for more information. If so, the application will not be further considered until the applicant has provided the information requested.
- (h) The Australian Government Minister for Fisheries, Forestry and Conservation will make the final decision on all applications. Applicants will be advised in writing of the Minister's decision. The advice will include the reasons for acceptance or rejection of the proposal.

7. CONFIDENTIALITY

- (a) The Department of Agriculture, Fisheries and Forestry (the Department) will keep confidential any confidential information provided to it by successful applicants prior to the making of any funding agreement. The management of confidential information after that time will be controlled by the terms of the funding agreement.
- (b) The Department will keep confidential any information provided to it by unsuccessful applicants.
- (c) When entering into funding agreements with successful applicants, the Department will agree to keep confidential any specific information provided under, or in connection with, an application where it is appropriate to do so having regard to the matters covered by the Commonwealth's Guidance on Confidentiality of Contractors' Commercial Information available at http://www.finance.gov.au/ctc/confidentiality_of_contractors.html.
- (d) To enable the Department to consider whether it agrees to keep specific information confidential, applicants should include in their application any request that information is to be treated as confidential following the making of a funding agreement, specifying the information and giving reasons why it is necessary to keep the information confidential. The Department will inform the applicant whether or not the Department, in its sole discretion, agrees to the request and, if so, on what terms.
- (e) All applicants should be aware that the Department's obligations of confidentiality do not preclude confidential information being disclosed:
 - by the Department to its advisers, officers, employees or subcontractors or to the Australian and Tasmanian Governments in order to conduct grant processes relating to the Tasmanian Forest Industry Development Programme;
 - by the Department to the responsible Minister;

- by the Department in response to a request by a House or a Committee of the Parliament of the Commonwealth of Australia;
 - by the Department within the Commonwealth, or with a Commonwealth agency, where this serves the Commonwealth's legitimate interests;
 - if it is authorised or required by law to be disclosed, for example under the *Freedom of Information Act 1982* or the *Auditor-General Act 1997*;
 - if it is in the public domain otherwise than due to a breach of the relevant obligations of confidentiality; or
 - if it is disclosed with the written consent of the applicant.
- (f) The Australian and Tasmanian Governments reserve the right to release the names of successful applicants, the amount of the funding and brief descriptions of approved projects.

8. PROVISION OF FINANCIAL ASSISTANCE

- (a) Successful applicants will be required to enter into a Deed of Agreement with the Commonwealth that will set out, inter alia, the details of the project and any conditions and commitments on the part of the project proponent and on the part of the Commonwealth. Grant payments will be made on a milestone basis, with the milestones being identified in a schedule to the Deed of Agreement.
- (b) The Deed of Agreement will include a clause requiring the applicant to retain ownership of all assets purchased with funding under the Package, and to remain in a business substantially the same as that for which the grant was provided, for at least three years after receiving the grant.
- (c) If an applicant fails to comply with any clause in the Deed of Agreement, the applicant may be required to repay the grant monies received.

9. TAXATION

- (a) Grants under the programme are taxable income. Applicants should discuss with their accountants or tax advisers the taxation and associated implications of receiving a grant.

10. TIMETABLE

- (a) Initial applications (including expressions of interest) should be submitted to the Forest Industries Branch, Department of Agriculture Fisheries and Forestry (GPO Box 858, Canberra, ACT, 2601) by close of business on Friday 20 January 2006.

- (b) Applications will continue to be accepted at any time up to 30 June 2007. However it is expected that the majority of the available funding will be allocated during 2006.
- (c) The advisory committee will meet to assess initial applications in early 2006 and thereafter at approximately three-monthly intervals. The frequency of advisory committee meetings may be varied if necessary to ensure that applications are assessed as soon as possible after their lodgement.
- (d) It is expected that the first successful applicants will be advised during March 2006.
- (e) Funding for the programme expires on 30 June 2008 and grant payments cannot be guaranteed after that date. All approved projects must be completed and claims for payment submitted by 31 May 2008 to ensure payments can be made by 30 June 2008.

11. WHERE TO GET FURTHER INFORMATION

Further information on the Tasmanian Softwood Industry Development Programme is available from the programme secretariat. Contact details are:

Mr Charles Body
 Secretariat
 Tasmanian Forest Industry Development Programme
 Department of Agriculture, Fisheries and Forestry
 GPO Box 858
 CANBERRA ACT 2601

Telephone: (02) 6272 4196 or (02) 6272 5611
 Fax: (02) 6272 4875
 Email: fisap@daff.gov.au
 Internet: <http://www.daff.gov.au/fisap>

Assistance with the review of proposals and the preparation of grant applications is available from the Tasmanian Department of Economic Development's Business Point: telephone 1800 440 026.