



Evaluation of the Tasmanian Community Forest  
Agreement Industry Development Program

Department of Agriculture, Fisheries and Forestry

May 2011

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# 1. Executive Summary

Ernst & Young was engaged by the Department of Agriculture Fisheries and Forestry (the department) to conduct a high level evaluation of the Tasmanian Community Forest Agreement Industry Development Program (TCFA IDP), which includes the three sub-programs Tasmanian Forest Industry Development Program (TFIDP), Tasmanian Softwood Industry Development Program (TSIDP) and the Tasmanian Country Sawmills Assistance Program (TCSAP).

The overall program design of the TCFA IDP, as developed and administered by the department, reflected a number of attributes of better practice as outlined in the ANAO Better Practice Guide: Implementing Better Practice Grants Administration, including:

- ▶ the clear division of roles and responsibilities in the assessment and selection of grant projects between the department, the Advisory Committee and the approving delegate; and
- ▶ the development of the sub-programs guidelines and an internal guideline for administration of the sub-programs.

However, there were issues noted in the program design,<sup>1</sup> as consistent with the previous audit conducted, which impacted the scope of this engagement. This included the lack of clear and consistent alignment in objectives between the individual grant (and associated reporting requirements) to sub-program, through to overall program objectives.

Furthermore, comprehensive Key Performance Indicators (KPIs) were not developed at the program and sub-program level to facilitate assessment of outcomes against objectives. Some data has been collected in relation to employment creation, however, this is only one specific potential outcome, and there are some challenges in relation to consistency of definition and maintenance of the data.

In addition, it is better practice to design and implement an evaluation framework at the commencement of the program (and sub-programs). In this case, evaluation objectives and data collection strategies were not developed and agreed during the program planning stage. Consequently, evaluation of the program (and sub-program) outcomes was made difficult due to lack of quantitative and qualitative data that could be aggregated from the individual grant level through to sub-program and program levels.

As a result of the lack of KPIs and consistent qualitative and quantitative data, analysis of the impact of the program and sub-programs for this evaluation was based largely on anecdotal evidence collected through consultations with four key stakeholder groups, as well as through a review of a sample of final reports submitted by grant recipients. This approach was agreed with the department.

From the discussions, stakeholders considered that the program was at least temporarily effective in contributing to the introduction of new technologies, improving efficiency (across silvicultural management, harvest and haulage, as well as milling operations) and employment in the Tasmanian forest industry. Stakeholders also considered that industry participants were, in general, better prepared for the future change in the resource base. However, due to external market forces since implementation of the program, the benefits of the grant programs have been diminished. A number of operators have ceased operation and employment in the industry has fallen markedly, with a decline of 33.3 percent or 2310

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<sup>1</sup> The Audit-General Audit Report No. 26 2007-08 Performance Audit *Tasmanian Forest Development and Assistance Programs*, Department of Agriculture Fisheries and Forestry.

jobs between 2008 to 2010.<sup>2</sup> These circumstances are reflected in the recent structural adjustment package.

Stakeholders also considered that the timing of the program, while having had a positive impact, did not align with the timing of major changes in the resource base; with major plantation resources not due to reach maturity until towards the end of this decade.

The program also coincided with generally favourable economic circumstances for the industry. As the program was not designed, based on economic analysis, to address structural change, the impact of the program on sustainability of some operators was limited. However, as noted above, stakeholders do consider that the program has facilitated retooling and introduction of new technologies which have assisted sustainability of some operators and the industry more broadly.

As part of this evaluation we also considered the administration of the individual grants by the department. From examination of each of the grant files maintained by the department there was one instance where there was no evidence of appropriately delegated approval for the commitment of Commonwealth funds to the grant. This is a breach of the Financial Management Act (regulation 9). In addition, a range of issues were also noted in relation to payments being made by the department prior to receipt of requisite reporting documentation including progress and final reports (29 instances), as well as independent audit reports containing the income and expenditure statement from grant recipients (60 instances). These are important accountability requirements. Making payments in advance of receipt, analysis and validation of these reports reduces the comfort that grant funds are being deployed according to the requirements of the deed and that project specific outcomes are being achieved.

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<sup>2</sup> Technical Report 206, *Tasmania's forest industry trends in forest industry employment and turnover 2006 to 2010*.

## 2. Summary of Recommendations

Detailed findings and recommendations are included in the body of this report, along with suggestions for better practice. Our recommendations to address the above findings are as follows:

### **Recommendation 1.....**

To promote an outcomes and value for money driven grant program, key performance indicators, clearly linked to the program and sub-program objectives should be set to facilitate measurement of achieving of objectives.

The performance management regime for the program should include indicators of effectiveness and efficiency.

### **Recommendation 2.....**

For future programs, an evaluation framework for the program (sub-programs) should be developed and agreed as part of the planning stage, prior to implementation of the grant program. Evaluation objectives should be clearly defined and aligned to the program outcomes and objectives and data collection requirements defined to support outcome evaluation of the program.

### **Recommendation 3.....**

For future programs, final report templates should be developed prior to commencement of the program which cover all relevant objectives and performance indicators of the program and sub-program to enable evaluation. The template should be developed and agreed prior to commencement of the grant program and consistently mandated for all grant recipients.

### **Recommendation 4.....**

The potential breach of FMA Regulation 9 should be investigated by the department and disclosed in the department's Certificate of Compliance Schedule reported to Finance.

### **Recommendation 5.....**

For future programs DAFF should implement procedures to ensure that grant payments are in line with terms of the deed, and validated by appropriate documentation. DAFF should require appropriate tax invoices to be rendered by grantees per the ATO requirements to ensure appropriate treatment of GST.

### **Recommendation 6.....**

For future programs, payments should not be made by DAFF until the department is satisfied that the grantee has met the requirements of the deed including obtaining an adequate audit report which has been prepared and audited as per deed requirements.

## 3. Introduction

### 3.1 Background

Australia endorsed the agreement *Forest Principles for the management, conservation and sustainable development of forests* in June 1992. As a result of the endorsement, the Commonwealth and State and Territory governments developed the National Forestry Policy Statement (NFPS) under which the Tasmanian Regional Forest Agreement (RFA) was formed.

The then Government's policy *A Sustainable Future for Tasmania (2004)* was aimed at preserving high-conservation forests and ensuring the viability of forest and forest-related industries in Tasmania. This policy was implemented through the Tasmanian Community Forest Agreement as a supplementary agreement to the RFA. Relevant features of the TCFA included:

- ▶ additional protection of over 170,000 hectares of forest on public and private land
- ▶ protection of old growth forest in Tasmania increased to more than 1 million hectares
- ▶ reduction of clearfelling of old growth forest on public land
- ▶ a phase out of clearing and conversion of native forest to retain at least 95 per cent of the 1996 native forest extent
- ▶ conversion of native forest to plantations on public land to cease by 2010 and clearing of native forest on private land to be phased out over ten years
- ▶ investment of over \$200 million in total in the Tasmanian forest industry to maintain supply levels to the industry and to assist the industry to adjust to a future increase in the proportion of logs from regrowth forest and plantations
- ▶ \$115 million to fund additional plantation establishment and productivity improvements in existing plantations and native forests to ensure sawlog and veneer log supply targets are able to be met into the future
- ▶ support for the Tasmanian hardwood industry, including \$42 million for the development and revitalisation of mills and other businesses in the industry and \$4 million for country sawmills, and
- ▶ \$10 million in assistance for the Tasmanian softwood industry to maintain a viable and environmentally sustainable industry.

Under the TCFA there were three grants programs (the 'sub-programs') aimed at promoting and assisting the Tasmanian forest industry in achieving a sustainable future for Tasmania.

***Tasmanian Forest Industry Development Program*** (TFIDP) (\$42 million): was aimed at assisting the continued development of a sustainable, efficient, value-adding and internationally competitive forest industry in Tasmania, providing long-term employment opportunities, by facilitating retooling and investment in new plant and technology. The program aims to maximise recovery of forest products from increasing use of regrowth, plantation and other changes in the resource mix arising from the TCFA.

***Tasmanian Softwood Industry Development Program*** (TSIDP) (\$10 million): was aimed at assisting the continued development of a sustainable, efficient, value-adding and internationally competitive softwood industry in Tasmania.

***Tasmanian Country Sawmills Assistance Program*** (TCSAP) (\$4 million): was aimed at assisting country sawmills in Tasmania to contribute to the continued development of a sustainable, efficient, value-adding and competitive timber industry in Tasmania providing long-term employment opportunities, particularly in regional areas.

Under the three sub-programs, which were administered by the Commonwealth Department of Agriculture, Fisheries and Forestry (the department), grants were paid to successful grantees over the period 2006 to 2009. In October 2007, a further 30 per cent of all grant monies paid was committed to assist grant applicants in offsetting the income tax liability resulting from the original grant.

## 3.2 Engagement Objective

Ernst & Young was engaged by the department to conduct an evaluation and audit of the TCFA IDP to fulfil part of an undertaking made by the Australian Government as tabled in the Australian Parliament on 2 February 2010. The objectives of this engagement were:

- ▶ to confirm, with reference to existing information, that each project has met its requirements under the grant deed and identify any shortcomings to the department, and
- ▶ to conduct a high level evaluation of the TCFA IDP to provide advice on how the program performed overall now that it has concluded, including its impact on key aspects of the Tasmanian forestry industry.

## 3.3 Engagement Scope

Our review procedures were conducted in two parts:

- ▶ compliance testing against deed requirements, and
- ▶ evaluation of the program outcomes, including whether program objectives were achieved.

### 3.3.1 Compliance against grant deed

The first part of the assignment was an examination of all 108 projects funded under the TCFA IDP to assess compliance against grant deeds. The compliance assessment involved:

- ▶ Gaining an understanding of the TCFA IDP and the three sub-programs: TFICP, TSIDP and TCSAP,
- ▶ Reviewing departmental guidelines on the administration of the TCFA IDP to identify operational requirements,
- ▶ Meeting with relevant departmental representatives in the Forestry division to attain further understanding of the individual grant management structure and reporting requirements,
- ▶ Compliance testing against deed requirements of all projects funded under the grants (68 under TFIDP, 17 under TSIDP and 23 under TCSAP) including:
  - ▶ Exercise of delegations and approvals
  - ▶ Acquittal of funds and supporting documentation
  - ▶ Monitoring progress and reporting
- ▶ Identifying performance improvement opportunities in line with grant requirements.

### 3.3.2 Program evaluation

As part of the evaluation we conducted the following:

- ▶ Identification of the strategic outcomes and objectives sought from the TCFA IDP and its three sub-programs - TFIDP, TSIDP and TCSAP,
- ▶ Examination of policy and administrative documents associated with the TCFA IDP,
- ▶ Consultation with relevant Tasmanian government agency and forest industry representatives as nominated by the department,
- ▶ Identification of any gaps or exposures between DAFF's TCFA IDP responsibilities and the program design, governance arrangements, policy, procedures and guideline,
- ▶ Analysis of the overall outcomes from the TCFA IDP based on available information.

### 3.4 Scope Limitations

The program evaluation was not a quantitative review and reliance was placed on data made available by the department at the time of review. Technical expertise of the Tasmanian forestry industry was provided by nominated departmental staff, Tasmanian government agencies and the industry representatives consulted during the course of this review. As agreed with DAFF, the evaluation was limited to consideration of information collected by the department and consultation with industry representatives nominated by the department. No surveying of participants or other collection of data was conducted as part of this assignment for analysis.

Our work was not performed in accordance with generally accepted auditing, review, or other assurance standards and accordingly does not express any form of assurance. None of the services or any reports constitute any legal opinion or advice.

Notwithstanding anything to the contrary in the Official Order dated 1 October 2011, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise. Any use that a third party makes of our report or any other deliverables, and any reliance or decisions made based on our report or deliverables, are the responsibility of such third party. We accept no responsibility for any loss or damages suffered by any third party as a result of decisions made or actions taken based on our report.

We have based any comments, recommendations and quantification of benefits on the information provided to us by the department or the relevant industry representatives (either directly or through you), including any functional or technical capabilities of any products in use or being considered by you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

## 4. Findings and Recommendations

### 4.1 Design of the Program - Better Practice

The overall program design of the TCFA IDP, as developed and administered by the department, reflected a number of attributes of better practice as outlined in the ANAO Better Practice Guide: Implementing Better Practice Grants Administration.

#### 4.1.1 Roles and responsibilities

- ▶ The program had clear division of roles between the Commonwealth and the Tasmanian government as contained in the Memorandum of Understanding (MoU). The MoU includes the establishment of the Advisory Committee (the independent assessor for the financial and business planning aspects of grant applications) and the DAFF secretariat, which was responsible for the administration of the sub-programs.
- ▶ The appointment of an Advisory Committee consisting of a mix of members including departmental representatives, Tasmanian forest industry representatives and an independent member. The appointment of an Advisory Committee can be of particular value where the grant, like the TCFA IDP, relates to funding for specialised activities (such as funding to support emerging or innovative business or programs aimed at achieving broad economic outcomes).<sup>3</sup>
- ▶ Maintenance of separation between the approver and the assessment by having the Advisory Committee make recommendations to the Minister, who then approves the grant.

#### 4.1.2 Developing program guidelines and procedures

- ▶ Development of sub-program guidelines for each of the three sub-programs containing requisite information, including:
  - ▶ the sub-program's purpose, scope, objectives and desired outcome,
  - ▶ the total funding that is available and any limitations on the amount individual applicants will be able to apply for,
  - ▶ the types of projects that will (and will not) be funded,
  - ▶ the entities that are eligible to apply for or receive funding, and any that are not eligible,
  - ▶ the governance arrangements that will apply to the sub-program, including the respective roles and responsibilities of the Minister, departmental officials and the Advisory Committee,
  - ▶ the process by which eligible entities will be able to apply to the sub-program, including the information that is required to accompany any applications and the deadline for submitting applications, and
  - ▶ the process by which funding recipients will be selected, including specifying all criteria on which funding decisions will be based.
- ▶ Development of departmental internal procedures to support administration of the three sub-programs, *Internal Guidelines - Grants Administration and Payments, Funding of Tasmanian Community Forest Agreement Industry Development Program Grants*.

#### 4.1.3 Administering approved grants

- ▶ The program was based on reimbursement of expenditure as specified in the funding deed. Basing grants on reimbursement contributes to safeguarding public money and promotes the achievement of the department's obligations to make proper use of Commonwealth resources. Aligning payments to key milestones or completion of the

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<sup>3</sup> ANAO Better Practice Guide: Implementing Better Practice Grant Administration, section 3.2.2.

project, in conjunction with the grantee being required to fully acquit all project expenditure, provides an incentive for grantees to comply with obligations set out in the funding deeds.

## 4.2 Design of the Program - Limitations

Although not within the scope of this engagement, it is noted that the ANAO performance audit of the TCFA IDP<sup>4</sup> conducted in 2007-08 identified a range of issues in relation to the specific methods employed in the assessment and selection process, as well as in relation to the documentation of this process, performance data, ongoing administration and monitoring of the programs.

The key issues noted which impact on the scope of this assignment, in relation to the design of the TCFA IDP, are:

- ▶ Limited clarity and consistent alignment between objectives at the program, sub-program and individual grant level reporting frameworks,
- ▶ No KPIs at the program and sub-program level, and
- ▶ A lack of an evaluation framework developed for the program at the commencement of the program.

### 4.2.1 Alignment of objectives

Overall, there were objectives at the program, sub-program and individual grant reporting level however these objectives did not clearly align and cascade.

At the program level, the ANAO audit identified that the objective for the program was contained in the departmental report prepared by DAFF for the Australian Minister for Fisheries, Forestry and Conservation and the Tasmanian Premier and acting Minister for Economic Development.<sup>5</sup> This objective was not a publically available document and the report to which the ANAO referred was not publically available.

At the sub-program level, objectives were clearly documented in respective sub-program guidelines. These are summarised at 3.1 and are fully described at section 4.2.1.

Likewise objectives were contained at the individual project level. While it was possible to determine how the objectives of the individual projects related to objectives at the sub-program level, this is not always clearly articulated or specifically mapped to sub-program objectives. As a result the department did not have a map or description as to how each project, individually or together, contributed to specific outcome areas, and whether all outcome areas were being contributed to appropriately.

As discussed later in this report, DAFF templates for reporting of outcomes from individual projects did not directly align to the specific objectives described at the sub-program level. A single template was used for each of the sub-programs and did not cover all aspects of the objectives for each sub-program. As such it is not always clear, from the reports, that all aspects of the sub-program objectives were achieved.

### 4.2.2 KPIs at program and sub-program level

No KPIs were identified at the program and sub-program level. While KPIs were identified for individual grant projects, and included in the deed, those indicators were milestone, output or activity based and did not cover outcomes. For example, purchase of a Hitachi ZX225 High-wide excavator was identified as a KPI. Another example KPI is the construction of storage warehouse, merchandising and distribution facility.

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<sup>4</sup> The Audit-General Audit Report No. 26 2007-08 Performance Audit *Tasmanian Forest Development and Assistance Programs*, Department of Agriculture Fisheries and Forestry.

<sup>5</sup> For the period 1 January 2006 to 30 June 2006, July 2006.

Some data has been collected in relation to employment creation and maintenance, as specified in deed requirements, however there was no consistent definition and maintenance of the data collected. Furthermore, KPIs between individual projects were inconsistent and therefore, unable to be aggregated.

#### Recommendation 1

To promote an outcomes and value for money driven grant program, key performance indicators, clearly linked to the program and sub-program objectives should be set to facilitate measurement of achieving of objectives.

The performance management regime for the program should include indicators of effectiveness and efficiency.

### 4.2.3 Evaluation framework

Better practice states an evaluation framework should be developed for the grant program at the planning stage, prior to implementation of the grant program. The evaluation framework should identify the questions, data and data sources required to enable measurement of achieving outcomes against objectives.

However, as discussed previously there was no consistent qualitative or quantitative KPI framework cascading from the program, to sub-program and project level. In addition, no evaluation strategy, and associated data collection, was put in place at the commencement of the program. As a result, based on information collected by the department it is not possible to consistently define and aggregate outcomes from individual projects to provide an indication of outcomes at the sub-program and program levels.

Through our discussions with the stakeholders it is clear that a wide range of data is collected and maintained by industry participants, including harvest and haulage contractors and millers, which could have been collected. Such data includes recovery rates, employment data, transportation costs, etc.

As the scope of this engagement was limited to data collected and retained by DAFF, no surveying of participants or other collection of data was conducted as part of this assignment for analysis.

#### Recommendation 2

For future programs, an evaluation framework for the program (sub-programs) should be developed and agreed as part of the planning stage, prior to implementation of the grant. Evaluation objectives should be clearly defined and aligned to the program outcomes and objectives and data collection requirements defined to support outcome evaluation of the program.

## 4.3 Evaluation of Program Outcomes

The outcomes of the program and sub-programs are not able to be directly determined due to the issues identified in alignment of objectives and outcome definition at program, sub-program, project and reporting template, as well as the absence of a KPI framework and consistently defined and summative data collection from individual grant projects, without further extensive data definition, collection and analysis of industry data.

In accordance with the scope limitations of this assignment (refer to section 3.4), our analysis therefore was limited to reviewing a sample of final reports and stakeholder consultations. A list of stakeholders consulted during the course of this review is included at Appendix B.

### 4.3.1 Program and sub-program objectives

The overall program objective of the TCFA IDP as identified in the ANAO report is:

To promote the continuing development of sustainable, efficient and value-adding forest and forest products industry in Tasmania, through the provision of grants that will assist the industry to adjust to changes in wood resources arising from the TCFA.<sup>6</sup>

Objectives of the three sub-programs under the TCFA IDP are:

- ▶ **Tasmanian Forest Industry Development Program (TFIDP):** to assist the continued development of a sustainable, efficient, value-adding and internationally competitive forest industry in Tasmania, which provides long-term employment opportunities, by facilitating retooling and investment in new plant and technology. The program will aim to maximise recovery of forest products from increasing use of regrowth, plantation and other changes in the resource mix arising from the TCFA.

The program supported initiatives in Tasmania which assist the industry to adjust to changes in public timber resources arising from the TCFA and which:

- ▶ improve sawlog utilisation rates, particularly from native forest regrowth or plantations;
- ▶ involve investment in new plant and equipment to add value to the changed Tasmanian forest resource;
- ▶ add value to forest resources harvested in Tasmania in a way that meets trends in domestic and international markets and takes advantage of those opportunities;
- ▶ develop new products that attract investment by the Tasmanian forest industry;
- ▶ create new employment opportunities or secure existing jobs in the forestry and forest-based industries in Tasmania, particularly through the redeployment of people adversely affected by changes in timber supplies resulting from the TCFA;
- ▶ upgrade harvesting and haulage equipment to facilitate better utilisation or improved silviculture and/or to improve safety and efficiency or to reduce its environmental impacts;
- ▶ promote collaboration and alliances amongst participants in the Tasmanian forest and wood products industries;
- ▶ promote the Tasmanian forest industry and Tasmanian wood products.<sup>7</sup>

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<sup>6</sup> The Audit-General Audit Report No. 26 2007-08 Performance Audit *Tasmanian Forest Development and Assistance Programs*, Department of Agriculture Fisheries and Forestry states the overall program objective was contained in the report prepared by the department for the Australian Minister for Fisheries, Forestry and Conservation and the Tasmanian Premier and acting Minister for Economic Development for the period 1 January 2006 to 30 June 2006, July 2006.

<sup>7</sup> *Tasmanian Forest Industry Development Program Guidelines*, October 2005.

- ▶ **Tasmanian Softwood Industry Development Program (TSIDP):** to assist the continued development of a sustainable, efficient, value-adding and internationally competitive softwood industry in Tasmania.

The program supported initiatives which contributed to the objective 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.<sup>8</sup>
- ▶ **Tasmanian Country Sawmills Assistance Program (TCSAP):** to assist country sawmills in Tasmania to contribute to the continued development of a sustainable, efficient, value-adding and competitive timber industry in Tasmania which provides long-term employment opportunities, particularly in regional areas.
    - ▶ reduce country sawmills' reliance on large old-growth logs and introduce new technologies, new products and new markets based on increased use of smaller regrowth logs and plantation grown logs and thinnings;
    - ▶ add value to timber harvested and processed in Tasmania;
    - ▶ create new employment opportunities or secure existing jobs in the forest and timber industry in Tasmania, particularly in rural and regional areas;
    - ▶ increase co-operation or strategic alliances between existing forest industry participants.
    - ▶ promote a sustainable forest and timber industry in Tasmania, which is efficient, environmentally-sound and competitive.<sup>9</sup>

Evaluation objectives for the program were provided by DAFF for the purposes of this review. The evaluation objectives applied to all three sub-programs and are as follows:

- ▶ wood processing capacity
- ▶ sawlog recovery rates (including separate assessment of the level of use of old-growth logs, native forest regrowth, and hardwood and softwood plantation grown logs)
- ▶ timber processing efficiency
- ▶ harvesting and haulage
- ▶ production levels, by market segment
- ▶ introduction of new technologies
- ▶ the development of new forest products
- ▶ development of new markets
- ▶ direct and indirect investment in the industry
- ▶ direct and indirect employment
- ▶ export competitiveness
- ▶ safety and efficiency of harvesting and haulage operations
- ▶ environmental impacts of forest operations on sawmill operators
- ▶ silvicultural management
- ▶ cooperation, collaboration and strategic alliances among industry participants.

<sup>8</sup> *Tasmanian Softwood Industry Development Program Guidelines*, October 2005.

<sup>9</sup> *Country Sawmills Assistance Program Guidelines*, October 2005.

### 4.3.2 Evaluation of outcomes against objectives

Because of the scope of the evaluation, an attempt was made to align outcomes from individual grants to the above evaluation objectives. A sample of 10 grants was selected to trace outcomes per the final report to the evaluation objectives. From the sample reviewed, some objectives could be confirmed from the final report but it was dependent on the form and content of the final report received.

Of the grants reviewed, four grants contained final reports completed to the DAFF template whilst the remaining six were completed in a format at the discretion of the grantee. Consultations with DAFF confirmed the template for the final report was not mandated from commencement of the grant sub-programs and was only mandated during the course of administering the grants. As such, there was variability in the quality and comprehensiveness of the final reports dependent on when the project was completed.

Where the template for the final report was not used by the grantee, the information provided varied significantly.

Where the DAFF final report template was utilised, more comprehensive information was provided. The DAFF template developed covered key components against the evaluation objectives including:

- ▶ Maintained and new jobs as a direct result of the grant,
- ▶ Improved capacity to adapt to the changing timber supply,
- ▶ Improved capacity to harvest and/or process regrowth and plantation grown logs,
- ▶ Utilisation of new and innovative technologies and processes,
- ▶ Changes to customer base or market as a result of new investments undertaken,
- ▶ Improved safety, efficiency and competitiveness of operations,
- ▶ Engagement in commercial alliances or collaborations with any other participants in the Tasmanian forest industries,
- ▶ New export market opportunities, or potential for markets, created as a result of the grant, and
- ▶ Changes to environmental impact resulting from the project.

Evaluation objectives not explicitly covered in the DAFF reporting template were:

- ▶ Development of new forest products;
- ▶ Sawlog recovery rates; and
- ▶ Silvicultural management.

Further, as previously noted, the reporting template does not directly align to the objectives of each of the sub-programs.

#### Recommendation 3

For future programs, final report templates should be developed prior to commencement of the program which cover all relevant objectives and performance indicators of the program and sub-program to enable evaluation. The template should be developed and agreed prior to commencement of the grant program and consistently mandated for all grant recipients.

Based on the review of individual grant files and stakeholder consultations, recipients identified that the program and its three sub-programs were beneficial to them as individual grant recipients. Examples of grant specific benefits are provided in the case studies below. Observations of external market impacts to the program benefit will be discussed later in this report.

#### 4.3.2.1 Case Studies - Grantee Consultations

Case Study 1 - TFCA	
<b>Grant recipient</b>	Tasmanian Forest Contractors Association Ltd
<b>Project funded</b>	Purchase a harvesting, excavating and forwarding simulator to support the training of new and existing members of the industry and assist in encouraging new participants to the workforce.
<b>Specified Project benefits</b>	<ul style="list-style-type: none"> <li>▶ Effective marketing tool used to generate increased interest and employment opportunities.</li> <li>▶ Enables re-skilling from manual to mechanised operations and general training in harvesting, excavating and forwarding.</li> <li>▶ Benefits from use of simulator in training:               <ul style="list-style-type: none"> <li>▶ increased safety;</li> <li>▶ Reduction in damage to machinery; and</li> <li>▶ Reduced loss of production (opportunity cost in use of machinery).</li> </ul> </li> </ul>

Based on discussions with the grantee, Case Study 1- TCFA met two of the evaluation objectives as provided by the department; namely, introduction of new technologies and safety and efficiency of harvesting and haulage operations. Indirect employment may also be an outcome from the grant, albeit not measured.

Case Study 2 - FIAT	
<b>Grant recipient</b>	Forest Industry Association of Tasmania Limited
<b>Project funded</b>	Purchase 180 PDAs (personal digital assistant) to electronically capture and track log information from harvesting operations through to sawmilling and processing – through Electronic Log Docket System (ELDS).
<b>Specified Project benefits</b>	<ul style="list-style-type: none"> <li>▶ Reduced the administrative burden of contractors using the PDAs through upgrade from paper-based operations to electronic.</li> <li>▶ Increased efficiency in stock-take for harvest and haulage contractors and sawmillers.</li> </ul>

From consultation with the grantee and review of the final report, three evaluation objectives have been met, namely:

- ▶ timber processing efficiency;
- ▶ harvesting and haulage efficiency; and
- ▶ introduction of new technology.

#### 4.3.2.2 Case Studies - Review of Final Reports

Final reports submitted also confirm the achievement of these outcomes/objectives. Two case studies were selected from the final reports reviewed and are provided below.

Case Study 3 - Morgan Timbers	
<b>Grant recipient</b>	Morgan Timbers (Tas) Pty Ltd

<b>Project funded</b>	Purchase and commissioning of reconditioning machine, steam kiln, two docking saws and an end-matcher.
<b>Specified Project benefits</b>	<ul style="list-style-type: none"> <li>▶ Improvement in the skill-base of employees and increased ease in training of new employees.</li> <li>▶ More efficient timber processing operations with a better finished product.</li> <li>▶ Reduced waste by 15% and improved efficiency.</li> <li>▶ Increased capacity and flexibility in machines.</li> <li>▶ Innovation in the purchase of the drying kilns (which are a relatively new to Australia or Tasmania and are a departure from traditional drying methods).</li> <li>▶ Improved safety for employees.</li> </ul>

#### Case Study 4 - KJ & B Mahnken

<b>Grant recipient</b>	KJ & B Mahnken Pty Ltd
<b>Project funded</b>	Purchase of mechanical harvesting equipment for use in softwood plantations - 3 Komatsu excavators, Waratah HTH624 harvesting head, Waratah HTH24 harvesting head, Madill shovel logger, Komatsu PC220-7 excavator, Waratah HTH622B harvesting head, Komatsu PC300-6 with Waratah 26 head excavators, Trans-Gresco TG88 8-wheel-drive skidder, Trans-Gresco TG88 8-wheel-drive skidder, Komatsu PC300 high-wide excavator with Waratah processing head, Komatsu PC300-7 excavator, Komatsu PC300-7 excavator, Komatsu excavator loader.
<b>Specified Project benefits</b>	<ul style="list-style-type: none"> <li>▶ Reduction in fuel consumption of up to twelve litres an hour on some machines.</li> <li>▶ Reduced emissions as most machines are fitted with tier engines.</li> <li>▶ Improved capacity to adapt to the changing nature of timber supplies (the fleet can swing from plantation to regrowth with only harvesters feed-rollers requiring changes to bark hardwood).</li> <li>▶ Versatile and diverse fleet which allows for most harvest conditions and has led to expansion in the transportation of logs and extension of client base from one to six.</li> </ul>

#### 4.3.2.3 Case Studies - Tasmanian Government Agencies and Industry Consultations

Discussions with the Tasmanian government agencies and industry stakeholders also identified examples of projects funded under the program which captured the overall objective of the program, namely, contributed to the continuing development of sustainable, efficient and value-adding forest and forest products industry in Tasmania that will assist the industry to adjust to changes in wood resources arising from the TCFA.

Case studies of demonstrating the value of grants for the Tasmanian forest industry identified are provided below.

#### Case Study 5 - Ta Ann

<b>Grant recipient</b>	Ta Ann Pty Ltd
<b>Project funded</b>	Establish a rotary veneer plant at Circular Head, including purchase, installation and commissioning of lathes, drying equipment, boiler, log yard, deck and the construction of buildings.
<b>Specified Project benefits</b>	<ul style="list-style-type: none"> <li>▶ A greenfield plant with significant long term employment prospects.</li> <li>▶ The plant enabled obtaining improved value out of resources.</li> </ul>

#### Case Study 6 - LNG Refuellers

<b>Grant recipient</b>	LNG Refuellers Pty Ltds
<b>Project funded</b>	Conversion of natural gas into LNG storage and transportation of the fuel, creation of a refuelling network; and conversion of trucks to run on LNG.
<b>Specified Project benefits</b>	<ul style="list-style-type: none"> <li>▶ The project led to cheaper and more energy efficient transportation for the industry.</li> </ul>

#### Case Study 7 - Norske Skog

<b>Grant recipient</b>	Norske Skog Paper Mills (Australia) Ltd
<b>Project funded</b>	Upgrade bleaching plant and expand thermomechanical pulping capacity.
<b>Specified Project benefits</b>	<ul style="list-style-type: none"> <li>▶ Grant enabled significant ongoing employment and processing that might otherwise have been at risk.</li> <li>▶ Allowed the move away from native (native re-growth and softwood) to plantation timber.</li> </ul>

#### Case Study 8 - Britton Brothers Smithton

<b>Grant recipient</b>	Britton Brothers Pty Ltd, trading as Britton Timbers
<b>Project funded</b>	Installation of timber reconditioning chamber, two timber drying kilns, Dimter optimising docker, Light Organic Solvent Preservative (LOSP) timber treatment plant and semi-automatic racking machine, and upgrade of the dust extraction system.
<b>Specified Project benefits</b>	<ul style="list-style-type: none"> <li>▶ A greenfield plant with significant long term employment prospects that might otherwise not have been realised.</li> </ul>

Stakeholders considered that each of these projects had a substantial impact, including in relation to:

- ▶ wood processing capacity
- ▶ sawlog recovery rates (including separate assessment of the level of use of old-growth logs, native forest regrowth, and hardwood and softwood plantation grown logs)
- ▶ timber processing efficiency

- ▶ harvesting and haulage
- ▶ introduction of new technologies
- ▶ development of new forest products
- ▶ development of new markets
- ▶ direct and indirect investment in the industry, and
- ▶ direct and indirect employment.

Typically stakeholders consulted considered that more substantial and ongoing benefits were obtained from greenfield and more strategic and larger projects.

Observations were made by stakeholders consulted in relation to the timing of the grant. A primary objective of the grant program was to assist the industry adjust to the change in resource base resulting from the TCFA. However, for plantation timber, the predicted period for maturity and availability of the timber is 2015-2020. As such, it was observed the grant could have been more beneficial if implemented closer to the period of expected maturity.

### 4.3.3 External market forces and other factors

Impacts of external market forces and other factors were significant on the Tasmanian forest industry both during, and subsequent to, implementation of the grant program.

While the review of final reports and interviews with stakeholders clearly indicated that the program and individual grants therein have been beneficial, there has been a substantial decline in the industry since 2008. This is reflected in the restructure program to assist the industry move from native forest to plantation timber. The restructure program includes funding assistance through the Tasmanian Forest Contractors Exit Assistance Program, which is aimed at reducing business overcapacity in the Tasmanian native forest harvest and haulage contracting sector.

A study conducted by J. Schirmer, Cooperative Research Centre (CRC) for Forestry Australia<sup>10</sup> stated that between 2006 to 2008, during the period when the grants were paid, employment in the Tasmanian forest industry grew from 6510 people to 6960 (by 7 percent). The study found that the increase in employment was a result of the expansion in the Tasmanian forest industry. The growth was driven by the expansion of the hardwood plantation sector and increased investment in the processing sector.

Between 2008 and 2010, however, there was a significant downturn in the Tasmanian forest industry with a decline of 33.3 percent or 2310 jobs.<sup>11</sup> The study stated the factors responsible for the significant downturn in the Tasmanian timber industry were due to:

- ▶ Reduced demand for wood and paper products, resulting from the global financial crisis
- ▶ The strength of the Australian Dollar against other currencies reduced the competitiveness of exported wood and paper products
- ▶ Successful campaigns by environmental non-governmental organisations to reduce demand for native forest woodchips
- ▶ Reduced investment in new plantations, and
- ▶ Closure of older processing facilities that had become uncompetitive.

The study's assessment of external factors impacting the Tasmanian forest industry since 2008 was supported by stakeholder consultations conducted. Industry representatives commented that the primary driver of the industry downturn was the appreciation of the Australian dollar and the substantial decrease in Japanese demand for pulpwood.

Stakeholders interviewed advised that the appreciation of the Australian dollar made domestic products less competitive in the international market. Furthermore, the shift of pulpwood manufacturing from Japan to countries including China and India had reduced the

<sup>10</sup> Technical Report 204, *Tasmania's forest industry trends in forest industry employment and turnover 2006 to 2010*.

<sup>11</sup> Technical Report 206, *Tasmania's forest industry trends in forest industry employment and turnover 2006 to 2010*.

Australian industries ability to influence pricing of products. This coupled with the plantations in Southeast Asia reaching maturity means the demand for Australian product may continue to decrease. Furthermore, stakeholders observe that the environmental non-governmental organisations (ENGOS) have undermined access to a number of the international markets.

The downturn in employment in the Tasmanian forest industry was also impacted by the closure of a number of paper mills.

So whilst the grant program is considered to have brought positive benefits to the Tasmanian forest industry, the grants coincided with generally positive conditions for the industry and were not closely aligned to the significant change in the resource base forecast over the coming decade. Since the grant program, market conditions have deteriorated substantially and impacted many recipients of the grants.

## 4.4 Grants Compliance

Compliance testing against grant deed requirements was conducted for the total population of 108 grant recipients. A list of all successful applicants and a brief description of the project funded is provided in Appendix C.

The compliance testing is reported by exception only.

### 4.4.1 Exercise of delegations and approvals

The Financial Management Act (FMA) framework, in particular Regulations 9, 10, 12 and 13, outline specific requirements relating to the approval and documentation of expenditure of public monies. The testing procedures included grant compliance with the FMA Regulations, i.e. whether appropriate delegate approval had been obtained and documented prior to spend.

Of the 108 grants tested for Regulation 9, 10, 12 and 13 delegate approval, one exception was found where FMA Regulation 9, requiring delegate approval to spend public money, was not evidenced on file.

#### Recommendation 4

The potential breach of FMA Regulation 9 should be investigated by the department and disclosed in the department's Certificate of Compliance Schedule reported to Finance.

### 4.4.2 Acquittal of funds and supporting documentation

Payment of grant monies was conducted on a reimbursement basis, where the department reimbursed the grantee upon receipt of an appropriate tax invoice to support the expenditure.

Based on the testing performed, there were 26 exceptions including:

- ▶ there were no supporting tax invoices on the file to support project expenditure,
- ▶ the claimed amount by the grantee exceeded the approved milestone schedule per the deed,
- ▶ the item purchased and claimed was not as per the payment schedule, and
- ▶ where we were unable to confirm the claim for payment was in line with approved purpose.

An example of where we were unable to confirm the claim for payment was in line with the approved purpose is where the approved milestone was for the upgrade of a plant or mill. However, the claim for payments was for nails, concrete and materials of the like. Although tax invoices were provided for the purchase of the materials, it cannot be confirmed those materials were used for completion of the milestone.

14 instances were noted where supporting documentation provided with claims were not valid tax invoices per Australian Taxation Office requirements including:

- ▶ the supplier's identity and ABN;
- ▶ a brief description of what is sold, including the quantity (if applicable) and the price;
- ▶ the extent to which each sale is a taxable sale - this can be shown separately or, if the GST to be paid is exactly one-eleventh of the total price, as a statement such as 'total price includes GST';
- ▶ the date the document is issued;
- ▶ the amount of GST (if any) payable for each sale; and
- ▶ if the document was issued by the recipient and GST is payable for any sale - that the GST is payable by the supplier.

#### Recommendation 5

For future programs DAFF should implement procedures to ensure that grant payments are in line with terms of the deed, and validated by appropriate documentation. DAFF should require appropriate tax invoices to be rendered by grantees per the ATO requirements to ensure appropriate treatment of GST.

### 4.4.3 Monitoring progress and reporting

As required by the deed, progress reports, the final report and inclusion of milestones in the independent audit report must be received by the department prior to department reimbursement. 29 instances were detected where deed requirements pertaining to reporting were not fulfilled prior to reimbursement of the claim, including the receipt of progress and the final reports.

As part of deed requirements, grantees are required to submit independent audit reports verifying the grant and co-contributions were spent in accordance with the budget and the deed. 60 instances were detected where a complete audit report containing the income and expenditure statement was not evidenced on the grant file. Exceptions were noted where one or more of the following occurred:

- ▶ audit report was not evidenced on file;
- ▶ milestone payments were not included in the audit report;
- ▶ milestone or payment amounts detailed in the audit report were inconsistent with the deed; and
- ▶ milestone or payment amounts detailed in the audit report were inconsistent with the amount claimed and paid.

#### Recommendation 6

For future programs, payments should not be made by DAFF until the department is satisfied that the grantee has met the requirements of the deed including obtaining an adequate audit report which has been prepared and audited as per deed requirements.

### 4.4.4 Calculating 30 percent additional funding

An additional 30 percent of the original grant monies paid was announced in October 2007. This was to assist applicants in offsetting the income tax liability resulting from the original grant. The 30 percent was to be calculated based on the amount reimbursed.

There were 15 instances where the additional funding did not equate to 30 percent of the amount reimbursed. Exceptions noted instances where the 30 percent was calculated based on the amount identified in the deed as opposed to the amount reimbursed.

The treatment and administration of the additional 30 percent was not included in the program guidelines or the internal departmental guidelines due to the commitment being made subsequent to commencement of the three grants sub-programs. Although treatment and reporting requirements relating to the additional 30 percent of funding was not specified, the 30 percent still formed part of the grant payment and therefore should have been included in the audit report. 64 instances were noted where the audit report did not include the 30 percent additional funding received.

## Appendix A Abbreviations

ANAO	Australian National Audit Office
ATO	Australian Taxation Office
CRC	Cooperative Research Centre
DAFF	Department of Agriculture Fisheries and Forestry
ELDS	Electronic Log Docket System
ENGO	Environmental Non-Governmental Organisation
FMA	Financial Management Accountability
IDP	Industry Development Program
KPI	Key Performance Indicator
MOU	Memorandum of Understanding
NFPS	National Forestry Policy Statement
PDA	Personal Digital Assistant
RFA	(Tasmanian) Regional Forest Agreement
TCFA	Tasmanian Community Forest Agreement
TCSAP	Tasmanian Country Sawmill Assistance Program
TFIDP	Tasmanian Forest Industry Development Program
TSIDP	Tasmanian Softwood Industry Development Program

## Appendix B Stakeholders Consulted

Person	Position	From
Michael Wood	Assistant General Manager	Strategic Business, Forestry Tasmania
Andrew Blakesley	Director	Forest Policy, Department of Infrastructure Energy and Resources
Derek Goode	Program Manager	Department of Economic Development Tourism and the Arts
Ed Vincent	Executive Officer	Tasmanian Forest Contractor Association
Terry Edwards	Chief Executive	Forest Industries Association of Tasmania
Aiden Flanagan	General Manager	Forests and Forest Industry Council
Scott McLean*	State Secretary	CFMEU Forestry and Forest Products Division
Travis Wacey*	Policy Research Officer	CFMEU Forestry and Furnishing Products Division

\* Nominated representatives from the CFMEU were invited to participate as part of stakeholder consultation, however, declined to be involved.

## Appendix C Grants Projects Funded

### Tasmanian Forest Industry Development Program

*The Australian Government provided \$42 million to 68 projects.*

	Recipient	Project
1	D.M. and S.J. Iles Pty Ltd Penna Tasmania 7171	Purchase of a Cat 515 grapple skidder, a Cat 325 excavator, a Cat 320D excavator, a VHLC Pulp-Mate head and boom and a Log Max 7000 harvesting head for native forest regrowth and plantations.
2	Forest Enterprises Australia Ltd Launceston Tasmania 7250	Installation and commissioning of a new saw line, log sorter, saw shop, kilns, moulder, and associated equipment at Bell Bay.
3	Aprin Logging Bridgewater Tasmania 7030	Purchase five mulching machines for inter-row/forest floor mulching and firebreak maintenance, non-commercial plantation and native forest thinnings and brash removal.
5	The Trustee for Aprin Logging Trust Bridgewater Tas 7030	Purchase a new falling machine, a new skidder and a new harvesting machine to process smaller diameter regrowth timbers.
6	AW Harvesting Pty Ltd Cooee Tasmania 7310	Purchase and operation of two Waratah 622B felling/processing heads and removal/alteration of existing excavators to process plantation timbers.
9	McKay Investments Pty Ltd Glenorchy Tasmania 7010	Kiln and reconditioner upgrade and construction of planing mill and jig truss at Glenorchy sawmill. Sawmill upgrade at Bridgewater sawmill and construction of storage warehouse, merchandising and distribution facility.
10	Britton Brothers Pty Ltd, trading as Britton Timbers Smithton Tasmania 7330	Installation of timber reconditioning chamber, two timber drying kilns, Dimter optimising docker, LOSP timber treatment plant and semi-automatic racking machine, and upgrade of dust extraction system.
12	G & W Harvesting Pty Ltd Penguin Tasmania 7316	Purchase of a Satco head, a Komatsu PC220-6 excavator, a Komatsu PC 228 excavator, a Valmet 890 forwarder, two Waratah processing heads, a John Deere skidder, a Vermeer chipper, a Mahoe electric sawmill and a kiln.
15	RJ & J Bishop Pty Ltd Irishtown Tasmania 7330	Purchase and fit out of Komatsu excavator with Waratah harvester head for use in regrowth forests.
20	Morgan Timbers (Tas) Pty Ltd Launceston Tasmania 7250	Purchase and commissioning of reconditioning machine, steam kiln, two docking saws and an end-matcher.
21	Casegrande Lumber Pty Ltd Launceston Tasmania 7250	Purchase of a Tigercat 822 feller buncher, two Waratah harvesting heads and a Hitachi excavator.
22	Kaym Pty Ltd Launceston Tasmania 7250	Purchase of a Timbco forwarder.

	Recipient	Project
26	Clennett Industries Pty Ltd Moonah Tasmania 7009	The purchase and installation of new sawing equipment, kilns and racking machine at the Bridgewater mill.  The purchase and installation of new planing, dust extraction and other equipment at the Moonah mill.
30	Koppers Wood Products Pty Ltd Longford Tasmania 7301	Acquisition of docking station and peeler.
33	Buffalo Valley Logging Pty Ltd Norwood Tasmania 7250	Purchase Timbco 425 feller buncher, Komatsu 228 with Logmax 9000 processor, Valmet 890 forwarder and a Kobelco 20 ton excavator.
34	CK Forest Management Pty Ltd Norwood Tasmania 7250	Purchase of Cat 325C High Wide with forestry guarding package and cut-off saw
35	Buffalo Valley Logging Pty Ltd Norwood Tasmania 7250	Purchase of native regrowth thinning equipment, including Timbco 445 EXL feller buncher with Quadco shear head, Timbco 445 EXL feller buncher with Waratah 622B processor, Timbco 445 EXL feller buncher with Waratah 622B processor and Valmet 890 forwarder
36	K-Mac Forestry Systems Pty Ltd Tolmans Hill Tasmania 7007	Purchase of new feller buncher with Rosin felling head, pre-tracking excavator and excavator with Waratah harvesting head.
39	Newtown Timber and Hardware Pty Ltd trading as Whiteline Timber Products Dandenong South Victoria 3175	Install a vacuum kiln and moulder at its mill in Launceston to improve the efficiency of the drying operations and add value to timber.
43	Howells Logging Pty Ltd Orford Tasmania 7190	Purchase of mechanical harvesting and processing equipment to assist in the transfer from reliance on old-growth forest to using material from regrowth forests and plantations — a Komatsu PC270-8 high wide excavator, a second hand Rosin Falling Head and a second hand Kobelco SK330 excavator.
47	Nothrop Logging Pty Ltd Mooreville Tasmania 7321	Purchase of an excavator and two Waratah harvesting heads and fitting to assist the transition from old-growth forests to plantations
48	North West Softwoods Pty Ltd Forest Tasmania 7330	Purchase of a Waratah harvester, log harvester control, Kobelco Unicorn 11 harvester and a Caterpillar 320C with Talon Log Grab and hydraulic cut off saw to enable the company to move to mechanical harvesting from manual harvesting.
50	Chatwin Logging Pty Ltd Burnie Tasmania 7320	Purchase Tigercat 822 feller buncher to assist the grantee to move from native forest harvesting into plantation harvesting
51, 52, 54	ITC Timber Tasmania Pty Ltd Launceston Tasmania 7250	Transport of secondhand Head Rig from Victoria to Southwood, Tas. (including its refurbishment and an extension and upgrade to premises); and, at the Mowbray mill, a drymill optimising docker (docking machine, dust extraction, sorting table, and associated equipment) and boiler replacement.
69	Tasmanian Eucalypt and Native Seeds Pty Ltd Brighton Tasmania 7030	Purchase of 14 Maxicoup 4005 electric pruners to replace manual loppers and saws.

	Recipient	Project
70	Saunders Logging Pty Ltd Dilston Tasmania 7252	Purchase of Timberjack 560D Skidder, Komatsu PC220-7 with processing head for use in plantations, Komatsu PC220-7 with processing head for use in native forests, Timbco faller and Tigercat 620C skidder.
71	Statewide Forest Services Pty Ltd Granton Tasmania 7030	Purchase 10 Maxicoup 4005 electric pruners to replace manual loppers and saws.
72	Berwick Excavator Hire Pty Ltd Burnie Tasmania 7320	Purchase Tigercat 822 feller buncher and Waratah HTH 622B harvesting head for transition from old growth native harvesting to regrowth and plantation harvesting.
73	Les Walkden Enterprises Pty Ltd Youngtown Tasmania 7249	Purchase of a Caterpillar D6 dozer, a Komatsu PC300-6 excavator with processing head, a Komatsu PC300-7 excavator with processing head, a Peterson infield chipper and a Peterson wood recycler.
74	Tas Mechanical Harvesting Pty Ltd Smithton TAS 7330	Purchase four Kobelco SK 250 excavators and a Tigercat 635c skidder.
75	Riella Pty Ltd Bridport Tasmania 7262	Purchase a ZX240LC-3 Hitachi excavator with cut off saw and a John Deere 648H skidder.
76	Perotti Brothers Enterprises Pty Ltd Lachlan Tasmania 7140	Purchase of mechanical harvesting equipment for thinning eucalypt plantations to promote the production of high-value sawlogs and veneer logs.
77	Wilson Logging Pty Ltd Triabunna Tasmania 7190	Purchase of Hyundai excavator, a Hyundai R290LC-7 excavator with felling and debarking head and two VHLC cut-off saws
79	Wildcat Contracting Pty Ltd Smithton Tasmania 7330	Purchase of a Cat 320C excavator with Komatsu K-saw, and fitting.
80	Gondwana Forest Products Lower Longley Tasmania 7109	Purchase of tree fern quarantine facility infrastructure, tree fern tractor refurbishment and purchase of a boom sprayer for salvage harvests of live tree fern stems from plantation coupes to supply export markets.
81	CJR Excavations Launceston Tasmania 7250	Purchase of a Caterpillar 320cu excavator to assist with heaping of logging debris and scarification of soil, and construction of tracks for access for vermin control in native forests.
82	LNG Refuellers Pty Ltd Launceston Tasmania 7250	Conversion of natural gas into LNG storage and transportation of the fuel, creation of a refuelling network; and conversion of trucks to run on LNG.
84	A.G. & G.R. Padgett Pty Ltd Carrick Tasmania 7291	Purchase of a Kobelco High -Wide excavator.
87	Ta Ann Tasmania Pty Ltd Hobart Tasmania 7000	Establish a rotary veneer plant at Circular Head, including purchase, installation and commissioning of lathes, drying equipment, boiler, log yard, deck and construction of buildings.
88	Fielding Logging Pty Ltd Riana Tasmania 7316	Purchase of a Tigercat 822 harvester and a Waratah H622 processing head.

	Recipient	Project
89	C.R. Nothrop Pty Ltd Heybridge Tasmania 7316	Purchase of a log forwarder to assist the grantee to move from timber from old-growth forests to plantations
90, 111	Andrew Lette Pty Ltd Springfield Tasmania 7260	Purchase of mechanical harvesting and haulage equipment for use in north east of Tasmania – high wide excavator, excavator with single grip processing head, excavator, intermittent disc saw, purpose built feller-buncher with self levelling base, grapple skidder, excavator with single grip processing head, Timberjack 560D skidder, ZX240 excavator and John Deere 648G skidder
93	Tasmanian Forest Contractors Association Ltd Kings Meadows Tasmania 7249	Purchase a harvesting, excavating and forwarding simulator to support the training of new and existing members of the industry and assist in promotion to encourage new participants to the workforce.
95	MC Cartage Enterprises Pty Ltd Somerset Tasmania 7322	Purchase two used Caterpillar 322B excavators.
96	Gunns Ltd Launceston Tasmania 7250	Purchase of a Weinig Powermat moulder and its installation at the grantee's Launceston timber processing plant for the production of parquet flooring and other products.
98	Gunns Ltd Launceston Tasmania 7250	Installation of a Stanley wall frame line and its installation in Launceston to produce pre-made wall frames from lower quality logs.
100	Paper Australia Wesley Vale Tasmania 7310	Purchase and install three natural gas boilers to eliminate the use of fuel oil and reduce the use of liquefied petroleum gas at its pulp and paper mills at Wesley Vale.
101	Casegrande Lumber Pty Ltd Launceston Tasmania 7250	Purchase of mechanical harvesting equipment — a Tigercat L830 feller buncher, a Waratah harvesting head, a Valmet 425 EX harvester, a Valmet 425 EX harvester, a Valmet 425 EXL harvester, a Valmet 425 EXL harvester, a Valmet 890.3 forwarder, a Tigercat 1075 forwarder.
102	Southcape Harvesters Pty Ltd Glen Huon Tasmania 7109 Fax: (03) 6266 6497	Purchase of a Komatsu PC300-7 high-wide excavator and cut-off saw and a Komatsu PC270-8 high-wide excavator.
104	Eastern Tiers Logging Pty Triabunna Tasmania 7190	Purchase of a Komatsu PC220-7 and Waratah harvesting head, a Caterpillar 330C excavator with VHLC head, a John Deere 748G grapple skidder and a Komatsu PC270-7 excavator.
105	Eastern Tiers Logging Pty Triabunna Tasmania 7190	Purchase of a Valmet Model 445 EXL feller buncher with Quadco shear and a Valmet Model 425 EX base processor with Waratah 622B harvesting head.
106	Allen Brittain Pty Ltd Dover Tasmania 7117	Purchase of Hitachi Hydraulic Excavator fitted with Rosin falling head and a John Deer Grapple Skidder.
108	Forest Industries Association of Tasmania Limited Hobart Tasmania 7001	Purchase 180 PDAs (personal digital assistant) to electronically capture and track log information from harvesting operations through to sawmilling and processing – through Electronic Log Docket System (ELDS).
112	BIS Industrial Logistics North Sydney NSW 2060	Construction of a softwood chipping plant at Norske Skog's integrated wood processing facility at Boyer

	Recipient	Project
113	H & K Timber Pty Ltd PROSPECT TAS 7250	Upgrade of premises to make it more suitable for roof truss manufacture, timber dressing and sales, storage and distribution including completion of an electrical upgrade and additions and purchase of a component docking saw, a truss jig and press, and timber dressing and extraction equipment
114 115	Tas Paper Pty Ltd Mt Waverley VIC 3149	Upgrade of the receival facility at Burnie paper mill to accommodate and process 'wet lap' pulp, including construction of a storage facility and roadworks and acquiring a dewiring machine, conveyors and turntable.  Purchase of paper winder for the Wesley Vale mill.

## Tasmanian Softwood Industry Development Program

The Australian Government provided \$10 million to 17 projects.

	Recipient	Project
1	Kevin Morgan Pty Ltd Launceston Tasmania 7250	Purchase new harvesting equipment: a Valmet 445EXL feller buncher, a Waratah harvesting head, a TigerCat 870C harvester, a Waratah 624 Harvester head, a TigerCat 620C Log Skidder and a Komatsu PC300-7 excavator.
3	Koppers Wood Products Pty Ltd Longford Tasmania 7301	Acquisition of docking station and peeler for processing longer lengths of pine.
5	Branxholm Sawmill Branxholm Tasmania 7261	Replace saw mill and create new log line and deck upgrade, and decommission the old mill.
6	Chris Hall Investments Pty Ltd Scottsdale TAS 7260	Purchase a Timberjack 1710D forwarder, a John Deere 748H Skidder, a Komatsu PC 320-7 excavator and a Rosin CF750 head for harvesting in softwood plantations.
7, 15	Mechanised Logging Pty Ltd Newstead Tasmania 7250	Purchase of a Valmet 890 forwarder, 425EXL harvester and 445 base with Quadco saw, and a Komatsu PCU 220-6 excavator for thinnings in softwood plantations.
8, 9, 20	Timberlands Pacific Pty Ltd as agent for Softwood Tasmania (Operator) Pty Ltd Launceston Tasmania 7250	Three projects involving fertiliser application, mechanical waste thinning, and wildling management to increase sawlog yield and improve log quality
11, 14	Norske Skog Paper Mills (Australia) Ltd Boyer Tasmania 7140	Upgrade bleaching plant and expand thermomechanical pulping capacity.
16	Forest Enterprises Australia Ltd Launceston Tasmania 7250	Installation of a new chemical treatment plant at the Bell Bay mill.
18	K.J. & B. Mahnken Pty Ltd Karoola Tasmania 7267	Purchase of mechanical harvesting equipment for use in softwood plantations - 3 Komatsu excavators, Waratah HTH624 harvesting head, Waratah HTH24 harvesting head, Madill shovel logger, Komatsu PC220-7 excavator, Waratah HTH622B harvesting head, Komatsu PC300-6 with Waratah 26 head excavators, Trans-Gresco TG88 8-wheel-drive skidder, Trans-Gresco TG88 8-wheel-drive skidder, Komatsu PC300 high-wide excavator with Waratah processing head, Komatsu PC300-7 excavator, Komatsu PC300-7 excavator, Komatsu excavator loader.
21	Auspine Ltd Scottsdale Tasmania 7260	Purchase of up to 150,000 cubic metres of sawlogs from Strahan, Flinders island and King Island for supply to Auspine's Scottsdale softwood sawmill.
23a	Statewide Forest Services Pty Ltd Granton TAS 7030	\$88,805.60 (excluding GST)
25	Wright's Harvesting Pty Ltd Riana Tasmania 7316	Purchase of harvesting equipment - Hitachi ZX225 High-wide excavator, Waratah HTH 616 Harvesting head refurbishment and fitting to new excavator.

## Tasmanian Country Sawmills Assistance Program

*The Australian Government provided \$4 million for 23 projects.*

	Recipient	Project
1	Goshen Sawmill Goulds Country Tasmania 7216	Purchase & installation of mill waste wood chipper
2	Kelly Gang Timbers Pty Ltd Deloraine Tasmania 7304	Purchase and installation of a twin edger and associated equipment, upgrade electric wiring, and extend premises to add value to lower quality logs.
7	G.L. and V.N. Barber Pty Ltd Launceston Tasmania 7250	Purchase new primary breaking down equipment to process low grade regrowth sawlogs (infeed table, band saw, controls, outfeed table and roundabout).
4	Bakes Sawmill Pty Ltd Sheffield Tasmania 7306	Purchase of moulder, finger jointer, press, docking system and shed (project was not completed).
11	Torenius Timber Pty Ltd Forcett Tasmania 7173	Purchase of end-matcher & reconditioning chamber. Upgrade of green timber sorting area  Note: project not completed.
12	Mirragong Pty Ltd Longford Tasmania 7301	Purchase and installation of a kiln dryer and a reconditioner.
14	Smart Timber Solutions Pty Ltd Longford Tasmania 7301	Upgrade sawmill to assist processing of lower grade logs and plantation logs involving construction of new sawmill building at Longford, purchase and installation of a resaw bench, an automatic saw sharpener and Woodmizer multi-head band saw, and installation of a Grey breaking-down twin saw and carriage, transfer decks and a screw compressor.
15	I. and J. Kelly Dunalley Tasmania 7177	Installation of a glue-laminating plant to add value to short logs involving purchase and installation of a finger joint profiler, rear finger joint press, front finger joint press, shed and concrete, kiln, and associated items.
17	Torenius Timber Pty Ltd Forcett Tasmania 7173	New six-head moulder purchased, installed and operating
19	Gondwana Forest Products Lower Longley Tasmania 7109	Purchase of a forwarder, two kilns and a sanding and finishing machine. Purchase and installation of a bandsaw mill and a twin edger.
20	Low Impact Logging Pty Ltd Liffey Tasmania 7310	Purchase a portable Peterson ASM sawmill.
21	Maclaine Enterprises Deloraine Tasmania 7304	Extension & renovation of existing kilns and purchase of new equipment to process smaller logs - a Band Saw Re Saw, a Leadermac Moulder, a Pop Up Docking Saw, a Hopper and Ducting Blowers, MPB End Matcher, and a Jefferson Knife Grinder - and a set up desk for moulder & timber movement.

	Recipient	Project
22	R.A. and L.E. Cunningham (Blue Tier Enterprises) Deloraine Tasmania 7304	Purchase of a log forwarder, kiln materials, a 4-edge planer and a generator.  Purchase of materials and construction of shed.
23	Tasmanian Timber Pty Ltd LONGFORD TASMANIA 7301	Installation of kilns, Dry Mill storage shed, moulders, edgers and other equipment to add value to sawn timber purchased from St Leonards Sawmill.
24	McKay Investments Pty Ltd Glenorchy Tasmania 7010	Purchase and installation of loading and turning equipment, a saw bench, board edger and associated equipment, and timber handling and conveying equipment for mill upgrade at St Helens.
25	Stronach Timber Industries Scottsdale Tasmania 7260	Construction of a factory building and purchase and installation of band saw, multi-rip saw and ancillary equipment for the production of pallets for local and overseas markets.
27	Huon Valley Timbers Pty Ltd Huonville Tasmania 7109	Install a 68m <sup>3</sup> kiln at the Glen Huon sawmill, purchase and install a six head moulder, a re-conditioner, a slab dressing machine and a board edger to add value to native timbers. Construct a new building to house equipment/ workshop and install new electric switchboard/wiring.
30	Mathews Timber Pty Ltd Vermont, Victoria, 3133	Construction of mill buildings at Roger River and purchase and installation of a headrig, a bandsaw sharpener, a compressor, a Gibson resaw bench, sawdust extraction equipment, a chipper and a kiln.  Note: project only partially completed.
31	D.J. and P.H. Blair and Sons Mole Creek Tasmania 7304	Upgrade to sawmill involving purchase of a gangnail press and construction of a building to store dressed timber ready for gangnailing lengths together.
37	Phillips Sawmill Pty Ltd Geeveston Tasmania 7116	Upgrade sawmill through purchase and installation of a Mahoe Portable Sawmill, a Five Head Moulder, a Frontline Press, Extended Clamps (set of 2) and a dust and shaving extraction system.

**Adelaide**

Ernst & Young Building  
121 King William Street  
Adelaide SA 5000  
Tel: +61 8 8417 1600  
Fax: +61 8 8417 1775

**Brisbane**

1 Eagle Street  
Brisbane QLD 4000  
Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100

**Canberra**

Ernst & Young House  
121 Marcus Clarke Street  
Canberra ACT 2600  
Tel: +61 2 6267 3888  
Fax: +61 2 6246 1500

**Melbourne**

Ernst & Young Building  
8 Exhibition Street  
Melbourne VIC 3000  
Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777

**Perth**

Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000  
Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436

**Sydney**

Ernst & Young Centre  
680 George Street  
Sydney NSW 2000  
Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959

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