

On-Island Processing Program Round 2

Program Guidelines



Contents

1. Aim	1
2. Funding available	1
3. Eligibility	2
3.1. Ineligible applicants.....	2
3.2. Eligible projects.....	3
3.3. Ineligible expenditure	3
4. Assessment	3
4.1. Assessment process	4
5. Timeframes	5
6. Contact details.....	5
7. How to apply	5
8. Grant funding agreement.....	6
9. Appealing a decision.....	6
10. Grant payments	6
11. Taxation and financial implications	7
12. Acquittal.....	7
12.1. How to acquit your grant	7
12.2. Failure to complete an acquittal.....	7
13. Publicity of grant assistance	7
14. True and accurate information	8
15. Right to information	8
16. Information collection and usage.....	8
17. Disclaimer	8

1. Aim

The Tasmanian Government has committed a total of \$15 million to the On-Island Processing Program (the Program) to grow the Tasmanian forestry sector's on-island processing capabilities. The first round of the Program was launched in 2021 with funding committed to seven projects.

\$8.5 million is now available for a second round of the Program which is designed to increase the value of Tasmanian wood, expand the state's sovereign capabilities, reduce the need for imported forest-based products, and create employment opportunities.

A particular focus of the second round will be increasing the value of Tasmania's new plantation hardwood resource, while also continuing to provide funding support to new, innovative uses for other types of timber.

This focus will be achieved with \$5 million of the total funding pool reserved for projects which are primarily focussed on processing Tasmania's hardwood plantation resource, supporting the transition to this new sustainable resource as it enters the supply chain in increasing volumes to the timber processing sector.

Grants will be made available to eligible timber processors to implement processing projects with demonstrated feasibility, a strong business case and demonstrated value-adding to the resource. The new resource offers the opportunity to develop quality products such as: sawn timber, veneer, engineered wood products or new high value timber products.

Projects which will be highly regarded are those best able to demonstrate viability and those providing the greatest increase in the value and/or return from Tasmania's hardwood plantation resource.

Depending on the size of the project and size of the grant, a successful applicant may be required to prepare a Tasmanian Industry Participation Plan. Guidance from the Department will be provided as required and general information can be found at:

[https://www.treasury.tas.gov.au/purchasing-and-property/tasmanian-industry-participation-plans-\(tipp\)](https://www.treasury.tas.gov.au/purchasing-and-property/tasmanian-industry-participation-plans-(tipp))

This program will be administered by the Department of State Growth on behalf of the Crown in Right of Tasmania.

2. Funding available

The Program has limited funding, with a round 2 funding pool of \$8.5 million. The Department reserves the right to increase this pool if additional funding becomes available.

\$5 million of the funding pool will be reserved for projects which are primarily processing the **Tasmanian hardwood plantation resource** (Reserved Amount). The Reserved Amount may be reallocated to projects with other feedstock types should there be no suitable projects of this type remaining within the merit list, at the Department's discretion.

Applicants may apply for grants ranging from a minimum grant of \$100,000 to a maximum grant of \$2 million. Applications outside these parameters may be eligible by exception on a case-by-case basis and considered within the assessment process.

Payments to successful applicants may be staged over multiple years to ensure the Program is managed within the available annual and overall financial allocation.

Where a successful applicant's project feedstock is proposed to be sourced through Sustainable Timber Tasmania's (STT) current sale of hardwood plantation logs (sale process), a provisional offer of funding may be made. Once the applicant has a signed wood supply agreement with STT, evidence of sufficient feedstock for the project must be provided within 8 weeks. Failure to provide this evidence within the timeframe may result in the provisional funding offer being withdrawn.

Applicants requiring feedstock through the sale process should detail in their application the impact on their project should they not be allocated their preferred volume of logs and the minimum volume of logs they require for a viable project.

Should a funding offer be withdrawn from a project, further funding offers may be made from the merit list, at the Department's discretion.

3. Eligibility

To be eligible for a grant you must:

- Be registered for tax purposes in Australia with an active Australian Business Number (ABN) and be registered for GST;
- Demonstrate existing financial viability of the business as well as the financial capacity to deliver the applicant's contribution toward the project and meet project contingencies; and
- In the case of joint applications or consortia, nominate a principal applicant who is the primary project proponent. Written evidence of the support and degree of project involvement of all parties must be provided.

Multiple applications may be submitted by the same applicant for different projects, however, applicants should advise project priority, as a maximum of \$2.0 million grant funding per applicant is available under the Program.

Applications submitted by a third party will not be accepted without evidence of permission in the application.

You may be asked to provide information or documentation to support your eligibility claims, either as part of the application process, or after you have submitted your application.

The information you provide may be subject to authenticity checks.

This program has limited funding. Not all eligible applications will receive a grant.

3.1. Ineligible applicants

The following are ineligible for this program:

- Local, State or Australian Government entities (including government business enterprises);
- A consultant or intermediary;
- Businesses subject to any legal disability, including bankruptcy or liquidation; and
- Unincorporated Associations.

3.2. Eligible projects

To be eligible for the grant projects must:

- Be based in Tasmania;
- Have an available applicant financial contribution of at least fifty percent, for example from available cash or debt facilities; and
- Substantially commence by 30 June 2026.
Applications commencing beyond this date may be eligible by exception on a case-by-case basis and considered within the assessment process and/or at the Department's discretion .

3.3. Ineligible expenditure

It is expected that projects under this program are "shovel ready". The following expenditure will be ineligible under the program:

- Feasibility studies;
- Research and development;
- Planning and development approvals; and
- Reimbursement of retrospective project expenditure.

For any queries about the eligibility criteria, contact the Forest Policy Branch by emailing forests@stategrowth.tas.gov.au.

4. Assessment

Applications that meet the eligibility criteria will be competitively assessed using the assessment criteria.

Assessment criteria	Weighting
1. Applicant's organisational capacity, including: <ul style="list-style-type: none">• the capacity of the organisation to deliver the project – most notably relevant project experience, existing resources, and infrastructure.• the technical capacity to undertake the project.• a strong business plan for future business stability, growth and development.	20%
2. Project viability, including: <ul style="list-style-type: none">• a business case and/or feasibility study – which should include a market analysis and risk assessment for the project.• a project plan including timeframes, milestones, deliverables, budget and a provisional payment schedule.	20%

<ul style="list-style-type: none"> • demonstrated feedstock availability (or evidence of participation in STT's hardwood plantation sale process), including an assessment of the impact on the supply of public sawlog or high-quality veneer logs (if any). • the ability to deliver and operate commercially, during and beyond the life of the grant, without requiring further funding assistance from the Tasmanian Government. • demonstrable value for money. 	
<p>3. How much the project will increase the value and/or return from the Tasmanian forest estate, particularly the Tasmanian hardwood plantation estate. This includes how much the project will:</p> <ul style="list-style-type: none"> • increase the value of Tasmania's wood and/or wood fibre (particularly where sourced from the Tasmanian hardwood plantation resource). • increase the market value of the final product/s. • increase the value and/or return from the forest estate. • reduce the risk from exposure to volatility in international commodity markets for woodchips and logs. • reduce the need for imported forest-based products. 	30%
<p>4. Economic and community benefit, including:</p> <ul style="list-style-type: none"> • the degree to which the project increases diversification of markets. • the broader benefit to the forestry and forest products supply chains in areas including: <ul style="list-style-type: none"> ○ building and construction with sawn and feature timber, ○ manufactured timber products, ○ high-value appearance grade veneers, and ○ new generation products such as biofuels, biomaterials and biochemicals. • the immediate and long-term employment opportunities. • the degree of improved utilisation of wood and/or wood fibre (particularly where sourced from the Tasmanian hardwood plantation resource). • the degree to which the project increases efficiency within the forestry industry. 	30%

4.1. Assessment process

Applications that meet the eligibility criteria will initially be assessed by a departmental assessment team, including a financial assessment, then forwarded to an assessment panel for final evaluation.

The assessment panel will establish a merit list based on the assessment criteria. The panel will recommend funding for projects from this merit list.

The \$5 million Reserved Amount (for projects which are primarily processing the hardwood plantation resource) will be applied to the merit list by the panel to maximise the overall value and/or return from Tasmania's hardwood plantation resource achieved by the Program.

During the assessment process the Department may, at its discretion, require further information to support or clarify an application. This information must be provided within three (3) working days, unless otherwise advised. Failure to provide further requested information within the timeframe may result in the application being unsuccessful.

5. Timeframes

Description	Date/time
Program opens for applications	16 May 2025, 11.00 am
Program closes	31 July 2025 10.00 am
Applications assessed by	30 September 2025
Applicants notified (estimated date)	31 October 2025

Applications will not be accepted after the program closes.

6. Contact details

For queries about this program, contact: forests@stategrowth.tas.gov.au.

7. How to apply

Applications should be submitted using SmartyGrants.

For assistance with using SmartyGrants, please see the [applicant help guide](#).

Contact us to discuss any issue preventing you from using SmartyGrants to submit your application.

1. **Prepare:** Read the program guidelines before starting your application, available at: <https://www.stategrowth.tas.gov.au/oipp2>
2. **Start:** The application form is available at <https://stategrowthtas.smartygrants.com.au/OIPP2>
3. **Confirm:** Ensure all information and documentation is accurate and attached. You may not be able to change an application or provide additional information after you submit your application.
4. **Submit:** You will receive an email notification after you submit your application. Keep this notification as confirmation of your submission.
5. **Assessment:** See section 4.1.

6. **Notification:** We will notify you with the outcome of your application.

You may be asked to provide information or documentation after you have submitted your application.

You must provide this information within three working days, unless otherwise advised. Failure to provide the information within the timeframe may result in the application being unsuccessful.

The information you provide may be subject to authenticity checks.

8. Grant funding agreement

If your application is successful, you will be required to enter a legally binding funding agreement.

The funding agreement, along with these program guidelines, provide the grant terms and conditions.

You will not receive payments until the funding agreement is completed.

9. Appealing a decision

If your application is unsuccessful, you may appeal the decision.

The appeals process ensures that all applicants have been treated fairly.

We will consider appeals that relate to administrative process issues in grants management.

All requests must be in writing and addressed to the Director Resources Policy. Your request must be received within 28 days from the date of State Growth notifying you of the decision about your application.

For further information about the appeal process, contact forests@stategrowth.tas.gov.au.

10. Grant payments

If your application is successful, you will be asked for your bank account details to receive your grant payment.

The bank account must be in your name. You may be asked to provide a copy of your bank statement or a letter from your bank as confirmation.

Providing incorrect bank account details may result in significant delays or not receiving your grant payment. We cannot guarantee the recovery of funds paid to an incorrect bank account.

You will be required to return some or all the funds if:

- you do not complete the activities required under the funding agreement;
- you do not use any or all of the funding provided;
- your situation changes in a way that prevents completion of the grant; or
- we find that the information provided to us is false or misleading.

11. Taxation and financial implications

Grants distributed under this program may be treated as income by the Australian Taxation Office (ATO).

We strongly recommend that, prior to applying, you seek independent advice from a tax advisor, financial advisor and/or the ATO, about the possible tax implications for receiving the grant.

Grants distributed under this program attract Goods and Services Tax (GST).

All applicants must be registered for GST and the grant amount will include GST. A valid tax invoice must be supplied by the successful applicant to State Growth.

Information on invoices can be found on our Business Tasmania website:

www.business.tas.gov.au/manage_a_business/invoices

12. Acquittal

If your application is successful, you must provide an acquittal at the conclusion of the grant.

An acquittal is a statement that confirms the grant was completed as per the funding agreement.

12.1. How to acquit your grant

We will send you an acquittal form using SmartyGrants.

Your acquittal must include:

- a report on the activities completed and their outcomes;
- a report on the income and expenditure; and
- evidence such as invoices, receipts and images.

On completion of the project, we will ask you to provide a Statement of Expenditure certified by an independent, professional auditor. You will be responsible for the cost of obtaining the certified Statement of Expenditure.

12.2. Failure to complete an acquittal

If you do not satisfactorily acquit your grant by the due date:

- you may be required to return the funding to the State Growth; and
- you may be ineligible for other grants from State Growth.

Contact us to discuss any issue preventing you from acquitting your grant.

13. Publicity of grant assistance

State Growth is accountable for its spending of public funds, including providing grants. As part of the accountability process, State Growth may publicise, without further notice, information about the grants

provided, including the level of financial assistance, the identity of the recipient, and the purpose of the financial assistance.

If you have received a grant from State Growth:

- despite any confidentiality or intellectual property right subsisting in the grant funding agreement or deed, a party may publish all or any part of the grant funding agreement or deed without reference to another party, and you consent to the disclosure of your name in this context.
- all obligations under the *Personal Information Protection Act 2004* (Tas) still apply.

14. True and accurate information

You must take care to provide true and accurate information. Any information that is found to be false or misleading may result in action being taken and grant funds, if already provided, may be required to be repaid to State Growth.

15. Right to information

Information provided to State Growth may be subject to disclosure in accordance with the *Right to Information Act 2009*.

16. Information collection and usage

Personal information will be managed in accordance with the *Personal Information Protection Act 2004*. This information may be accessed by the individual to whom it relates, on request to State Growth.

State Growth may use and disclose the information you provide for the purposes of discharging its functions under the Program Guidelines and otherwise for the purposes of the program and related uses. State Growth may also use information received in applications and during the delivery of the project for reporting purposes.

17. Disclaimer

Although care has been taken in the preparation of this document, no warranty, express or implied, is given by the Crown in Right of Tasmania, as to the accuracy or completeness of the information it contains.

The Crown in Right of Tasmania accepts no responsibility for any loss or damage that may arise from anything contained in or omitted from or that may arise from the use of this document, and any person relying on this document and the information it contains does so at their own risk absolutely.

The Crown in Right of Tasmania does not accept liability or responsibility for any loss incurred by an applicant that are in any way related to the program.



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