

Implementation of the Tasmanian Forest Contractors Financial Support Program

FINAL REPORT

to the Australian Government Department of Agriculture, Fisheries and Forestry

“If we did not receive the grant we would now have one bankrupt company which has been operating for 40 years, paying taxes, we would have put 6 employees out of work, so we thank those responsible for their efforts in getting us the grant.”



Department of Infrastructure,
Energy and Resources

30 May 2011

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SUMMARY

During the 2010 Federal election, the Australian Government announced a \$20 million Tasmanian Forest Contractors Assistance Package.

After a series of discussions with key stakeholders and the Tasmanian Government, the Australian Government announced on 23 November 2010 that the total level of assistance had been increased to \$22.4 million, and divide the assistance into a \$17 million program to be directed toward exiting contractor capacity and a \$5.4 million assistance program to support existing native forest harvest and haulage contractors who wished to continue in the industry.

The Tasmanian Government was formally asked to administer the assistance program, titled the *Tasmanian Forest Contractors Financial Support Program* (hereafter the Program) on behalf of the Australian Government under a funding deed agreement signed in December 2010. The Department of Infrastructure, Energy and Resources (DIER) administered the Program for the Tasmanian Government.

The purpose of the Program, as specified in the funding deed, was to *provide financial assistance to Tasmanian (harvest and/or haulage) forest contractors and subcontractors operating predominantly in the native forest sector and assist them to continue their operations in the broader contracting industry on the basis of other businesses having exited the sector.*

The Program was launched on 15 December 2010, with applications due by 4 January 2011. This was later extended to 7 January 2011. All applications were reviewed and contractors notified of their success or otherwise on or before 14 January 2011. The first acceptance was received on 17 January 2011 and payment made two days later.

The deed contained four key milestones, all of which were met by DIER, with this report representing the final milestone of the deed.

In total \$5.37 million was distributed to 53 contracting businesses through the Program. As per the deed requirements, a questionnaire was sent out to successful applicants to confirm their business operating status as at 30 April 2011. Fifty of the fifty three businesses (94%) reported that they were still in business, with the other three businesses reporting that they were currently stood down due to the eight week closure of Gunns Triabunna mill announced on 1 April 2011¹.

Sixty percent of contractors reported that business conditions have gotten worse since the assistance had been offered, again largely due to the eight week closure of the Gunns Triabunna mill in the south of the State. This closure has critically affected the success of the Program as many contractors who were hoping for additional contract volumes as other businesses exited the sector, instead found themselves stood down as the overall short term contracting task shrunk even further.

Only four businesses stated that the assistance had no affect on their business, mainly as the level of funding provided was insufficient given the business activity losses they were suffering. Feedback from contractors suggested that generally the Program has assisted contractors through this period of uncertainty, but the benefit was largely a short term stop-gap. Even contractors who gave low rankings to the Program, still obviously found the money useful. As noted above, in many cases it appears that it has been the further downturn in businesses from the Gunns Triabunna mill closure that has overridden the benefits of the Program.

¹ <http://www.asx.com.au/asxpdf/20110401/pdf/41xsqdd7vqf49f.pdf>

Ultimately 89% of successful contractors were satisfied with the Program, with 70% feeling the Program was good to excellent. No successful applicants gave an overall rating of “bad” and only six contractors felt it was poorly managed, three of which received low amounts of assistance from the Program.

Based on the high rate of contractors still operating at 30 April 2011, the overall satisfaction with the administration by successful applicants, and the delivery of all milestones, DIER considers the administration of the Program has been fully implemented in accordance with the agreed Program objectives and milestones.

BACKGROUND

During the 2010 Federal election, the Australian Government announced a \$20 million Tasmanian Forest Contractors Assistance Package.

The responsible Federal Minister, Senator the Hon Joe Ludwig MP, came to Tasmania soon after the election to discuss the implementation of this scheme with the Tasmanian Minister, the Hon Bryan Green MP and the relevant industry associations and unions.

After a series of discussions with these parties, the Australian Government decided to divide the assistance package into a \$17 million package to be directed toward exiting contractor capacity and a \$5.4 million *Tasmanian Forest Contractors Financial Support Program* (the Program).

The Tasmanian Government agreed to administer the *Tasmanian Forest Contractors Financial Support Program* on behalf of the Australian Government under a funding deed agreement.

The Department of Infrastructure, Energy and Resources (DIER) was asked to establish and administer the Program by the responsible State Minister, and the administration of the Program was delegated to the Secretary of DIER.

PROGRAM PURPOSE

The purpose, administrative arrangements and reporting guidelines for the Program was finalised through a funding deed between the Commonwealth of Australia and the State Government on 13 December 2010.

The purpose of the Program, as specified in the funding deed, was to *provide financial assistance to Tasmanian (harvest and/or haulage) forest contractors and subcontractors operating predominantly in the native forest sector and assist them to continue their operations in the broader contracting industry on the basis of other businesses having exited the sector.*

FUNDING DEED FINAL REPORT REQUIREMENTS

The agreement between the two Governments required that a final report be provided to the Australian Government by 30 May 2011 on the carriage and success of the Program. The funding deed specified that the report must contain details of:

- how the Program was run;
- key program documents including guidelines and application forms;
- the application process including methodology;
- the amount of money spent and who received it;
- demonstration of how the objectives were met; and
- how many grant recipients are still in business at 30 April 2011

The deed also required that the final report must provide

- Financial statements for the receipt, holding, expenditure and commitment of the funding, during the duration, including a full reconciliation against the budget; and
- A statement as to whether the Program was carried out in accordance with the objectives and milestones

This remainder of this report serves to meet these reporting requirements.

PROGRAM ADMINISTRATION

GUIDELINE DEVELOPMENT

The guidelines for the Program were developed through consultation with the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF), contractors representatives, their financial managers and staff in the Tasmanian Government Department of Economic Development, Tourism and the Arts (DEDTA) to ensure equitable and practical guidelines were established for the Program. The original Program Guidelines and application forms are provided in Attachment 1.

Various approaches were considered in developing the guidelines, with key considerations being the need to distribute these funds in a very short time period whilst using a transparent and equitable process, with low cost overheads to ensure the maximum amount of funds actually got to eligible contractors.

This time requirement precluded full business plan audits involving independent financial verification of business viability by third parties, and the final approach selected was based on that developed for the Tasmanian funded (\$1.8 million) *Forest Contractors Support Package* implemented in 2010 by DEDTA.

The final criteria were developed to minimise the administrative overhead for contractors, many of whom had already gathered the tonnage information required either for the previous Tasmanian Government *Forest Contractors Support Package* or the DAFF administered Exit Assistance Program. However, the criteria ensured that the essence of the Program's objectives could be achieved, namely that contractors must be running an ongoing harvest and/or haulage business, primarily operating in the native forest sector and which had been impacted by large decreases in delivery quota due to the collapse of markets in 2008 and 2009 placing them at need of financial assistance.

TIMEFRAME

The Program was launched on 15 December 2010, two days after the State Government agreed to administer the Program.

The Program was advertised in large advertisements in all three Tasmanian daily newspapers (The Mercury, Examiner and Advocate) (see Attachment 2). The Program Guidelines and Application Form were also made available on DIER's website.

Informal communication networks were also used to inform contractors, with the Tasmanian Forest Contractors Association notifying their members about the program, and DIER staff also notified a number of accountancy firms who were known to deal with forest contracting firms.

Applicants were advised of an initial closing date of 4 January 2011, with an undertaking to notify all applicants of their eligibility and payment by Friday 14 January 2011.

The initial Program guidelines contained a criterion that applicants could not apply for the DAFF administered Tasmanian Forest Contractors Exit Assistance Program, on the basis that a contractor could not receive both an exit and assistance funding package for the same business. However, in December 2010, DAFF requested that DIER amend the guidelines to allow contractors who had applied for the exit program to now be able to apply for the assistance program. This criterion changed to allow businesses that had been considered ineligible under the exit package, or who wanted to consider both options, the opportunity to do so.

The guidelines were changed that same day, with the application date extended for four additional days to 7 January 2011 to accommodate this change. The revised guidelines and application form are Attachment 3 and 4. Additional advertisements were placed in all three Tasmanian daily newspapers regarding this change (Figure 1).

**Tasmanian Forest Contractors
Financial Support Program**

Revised Guidelines and Closure Date

At the request of the Federal Government, applicants who applied for the Exit Assistance Package may now also apply for this Program. The closure date has been extended to Friday 7 January to allow for this process whilst still allowing enough time for applicants to consider offers from both Programs.

The Federal Government has made available \$5.4M for financial assistance to those contractors involved in the harvesting and haulage of native forest in Tasmania.

This is in response to the current restructuring of the industry and the significant impact this has had on those contractors in this sector.

The program generally provides one-off payments to businesses who, at the time of application, consider they have a future in the industry.

Applicants will not be required to identify the amount of funding required as this will be calculated according to validated shortfalls between set tonnages and actual deliveries, in the period between 1 January 2009 and 30 June 2010 and where applicants meet the eligibility criteria.

The timetable has been developed with the agreement of the relevant industry representative bodies who have stressed the preparedness of contractors to meet this timeframe.

Revised guidelines and application forms for this Program can be found on www.dier.tas.gov.au/forests or phone 6233 2110.

The program will be offered via one round of funding:

Open: Wednesday 15 December 2010
Close: Friday 7 January 2011 ****EXTENDED****
Applicants advised: from Friday 14 January 2011


Australian Government


Tasmania
 Explore the possibilities

Department of Infrastructure, Energy and Resources

FIGURE 1 REVISED ADVERTISEMENT RUN IN LOCAL TASMANIAN NEWSPAPERS

As part of this requested change, DAFF undertook to inform the contractors they were dealing with in their Exit Assistance Program that they could now apply for the assistance program. This process covered all those applicants who were eligible under the Program, regardless of whether they received funding or not. This totalled just over 80% of the applicants, including those that were most likely to be eligible for the Exit Assistance Program due to the similarity of criteria.

There were 15 applicants who had been deemed ineligible under the Exit Assistance Program who were not part of the group contacted by DAFF, and hence who were not explicitly made aware of this change to the selection criteria by DAFF through this process. DIER was contacted just before the final closure date by several contractors who were in this category, and who had become aware of the change in the eligibility criteria through other mechanisms.

All businesses who contacted DIER about this on or before Monday 10 January 2011 were given 24 hours to submit an initial application, and up to an extra three days to submit a full application. One contractor contacted DIER nearly two weeks after the close of the application, saying they had only just found out they could apply for the Financial Support Program. They were told it was too late to apply.

EVALUATION PROCESS

Given the tight time frames and that the application process wasn't a competitive process all applications were processed and checked as they were received. A total of 62 applications were received.

This process was undertaken by two DIER staff, one staff member entered the data and did an initial check of eligibility flagging any areas of concern, and the second (John Dawson, a review panel member) validated the data entry was correct, and followed up with the applicants and their principals where queries or inadequacies arose.

This process involved the entering of applicant's details into a central database, and verification that the contractor was operating a valid business during the eligibility period and that the actual and quota tonnages under each contract were correct and verified by a principal (primary party) as being true and accurate.

Applicants whose applications didn't appear to meet one or more of the eligibility criteria were contacted, the situation explained, and they were given the opportunity to provide further information or put forward a case for consideration by the evaluation panel.

All correspondence and amendments to any applications following this process was recorded on DIER's document management system, TRIM.

The evaluation panel met on Tuesday 11 January 2011. The panel consisted of:

- Kim Creak (Chair, DIER)
- Steven Jarman (DEDTA); and
- John Dawson (DIER)

Each application was considered against the eligibility criteria (listed in the attached Program Guidelines). The panel confirmed that each business was a valid native forest harvest or haulage contractor, and for each contract, that the actual and quota tonnages were correct, the contract type confirmed, changes to the original application noted, and the eligibility of each applicants contract against the eligible contract volumes then agreed.

A small number of applicants required further follow up for further information before a decision could be made, and this was undertaken by Kim Creak and John Dawson, with the full panel agreeing to final determinations on these matters via email over the next few days.

Fifty four (54) applications were finally deemed eligible. Two (2) sub-contractor applications were voluntarily withdrawn and considered under the principal contractor's application, and six (6) applicants were deemed ineligible.

Once the eligibility of all contractors had been finalised, the final payments were calculated taking into account the maximum payment caps outlined in the Program Guidelines. The maximum payment was calculated to be \$2.5107 per tonne, and the full \$5.4 million was allocated in this round of funding.

The Secretary of DIER was briefed on the evaluation panel's recommendations on 13 January 2011. He endorsed the panel's recommendations and approved notification of the payments the next day.

All eligible contractors were emailed or faxed notifications of their offer on 14 January 2011. Follow up phone calls were made to the contractors' nominated contact on the same day to ensure the fax or email had been received.

DAFF were also sent a list of all applicants for cross verification against the list of applicants offered exit packages to ensure no businesses would be offered both exit and assistance funding.

Ineligible contractors had already been advised that their application was likely to be deemed ineligible, and they were sent letters on 14 January 2011 to confirm this.

Applications who had provided email addresses were sent funding deeds over the weekend of the 15-16 January 2011, with the remaining funding deeds mailed out on 17 January 2011. In a few cases where insufficient information existed contractors were requested to provide information. In the case of two applicants with complex trust structures, advice was sought from the Crown Solicitor on wording issues which delayed sending out the deeds by a few days. These contractors were informed about this delay and its reasons and if requested were sent draft copies of the funding deed for their review in the interim.

The first deed was returned on 18 January 2011 and payment made two days later.

A deadline of 28 February 2011 was set for applicants to return their completed deed and tax invoice, 52 of the 54 applicants had returned their deeds and been paid by this date. As per the funding deed requirement, DAFF were provided with a minimum of weekly updates on payment progress and issues.

Of the remaining two applicants, one was eventually chased up and paid in March, but the final applicant after failing to multiple requests to respond to concerns of the selection panel about their eligibility, and verbally confirming that they were not an actively operating native forest contracting business at the time of the program was deemed ineligible.

This situation led to an amount of \$37,586 being unspent from the program funds. DAFF's nominated officer requested that this money be returned to the Tasmanian Department of Treasury.

PROGRAM EXPENDITURE

APPLICANT OFFERS

There were 54 initial successful applicants, one of which was later deemed ineligible, and the amount of funding paid to each of the 53 successful applicants is shown in Table 1.

TABLE 1 TRADING NAMES AND GRANT AMOUNTS

Trading Name	Grant (GST Exclusive)*
Howell Logging Pty Ltd	\$113,785
Kevin Morgan Pty Ltd	\$300,000
Graeme and Elaine Cox T/A Cox Logging	\$27,748
T. P. Bennett & Sons	\$17,028
Samjack Pty Ltd	\$100,000
Select Logging Pty Ltd	\$150,959
KJ and SM Williams Pty Ltd	\$100,000
AKS Forest Solutions Pty Ltd <i>(including subcontractors)</i>	\$97,621
PL and NR Voss Pty Ltd	\$185,057
Harback Logging	\$123,582
Riella Pty Ltd	\$30,016
WB & BP Triffett Logging Pty Ltd	\$105,515
Aprin Transport Pty Ltd	\$72,873
T & D Contract Harvesting Pty Ltd	\$21,301
Michael James Hansson	\$4,017
T & LP Cowen and Son	\$32,313
KG & KJ Marsh	\$24,969
DJ & SM Scott Pty Ltd	\$55,085
D K Bowen Pty Ltd	\$51,321
Highlander Operations Pty Ltd	\$31,587
Taslog Transport Pty Ltd	\$100,000
Taslog Pty Ltd	\$141,983
TFA Contracting Pty Ltd	\$106,846
Teds Forest Management	\$75,344
Tasmanian Timber Harvesting Co Pty Ltd	\$271,015
Rodane Pty Ltd	\$165,551
Radfords Logging Enterprises Pty Ltd	\$14,150
Dave and Bec Triffett Holdings Pty Ltd	\$11,539
P and J Stone Pty Ltd	\$45,569
D M and S J Iles Pty Ltd	\$79,198
Wildcat Contracting Pty Ltd	\$29,621
Tas Timber and Transport Pty Ltd	\$135,880
Gillie Harvesting Pty Ltd	\$37,585

Trading Name	Grant (GST Exclusive)*
Red Roo Contractors	\$128,423
A and P Barker Logging Pty Ltd	\$66,976
Arbre Pty Ltd	\$256,304
EA Triffett and Son Pty Ltd	\$162,282
Beams Bros Pty Ltd	\$140,017
DJ and PA Scott Pty Ltd	\$30,312
Jordan Brothers	\$144,707
Dave Wagner Pty Ltd	\$300,000
Heybridge Enterprises Pty Ltd	\$21,374
SFM Forest Products (<i>including subcontractors</i>)	\$300,000
Woodland Management Pty Ltd	\$79,233
KJ Padgett and Co Pty Ltd	\$100,000
Oakley Logging Pty Ltd	\$78,364
Saunders Logging Pty Ltd	\$158,592
Oldina Logging Pty Ltd	\$28,622
Les Walkden Transport and Les Walkden Timber Harvesting	\$272,556
Wiggins and Dean Logging Pty Ltd	\$29,576
Neville Wray and Co Pty Ltd	\$47,144
Whatley Haulage Pty Ltd	\$100,000
Gerwood Pty Ltd	\$58,871

* Payments were capped at \$200,000 for the combined harvesting contracts for a business and \$100,000 for the combined haulage contracts for a business, so the maximum payment to any one business was capped at \$300,000.

The total amount of funding initially offered actually exceeded the \$5.4 million by a small amount (\$4,690). This occurred due to an error in the tonnage information provided by the contractor's principal following a request from DIER for additional information. This error was only picked up after the final rates had been calculated and offers sent out to contractors, and as this was neither the principal's or contractor's fault, DIER elected to pay the contractor at the calculated \$2.5107 per tonne for the discrepancy. This funding was initially drawn from the administrative funds provided by DAFF to administer the Program, however with the subsequent ineligibility ruling on one contractor the funds were allocated against the primary \$5.4 million.

SUBCONTRACTOR ISSUES

In developing the guidelines for the Program, it was accepted that the funds were to assist contractors who owned expensive capital equipment (with commensurate interest payments) in the native forest harvest and haulage industry and whose cash flow had been affected by significantly below contract deliveries. However in two cases intermediary firms who held harvest and/or haulage contracts, but who then subcontracted this work out to actual on the ground crews also applied for the package. In both cases at least some of their subcontractors had also applied for the assistance package.

In the short time frame available to develop the guidelines, this situation had not been considered. Both of these businesses were technically eligible under the published criteria. They both validly argued that they had also suffered financial hardships and losses due to the downturn.

Discussions were held with these businesses seeking a way to resolve this issue as the evaluation panel determined that the two contractors could not be paid for the same tonnage shortfall. Fortunately, in both

cases the principal contractors agreed to pass on the portion of each payment relating to the subcontractors shortfall to the relevant subcontractors and the subcontractors willingly withdrew from the process on this basis.

As part of this process, DIER forwarded letters to both the contractors and subcontractors detailing the amount the subcontractors would have been paid so that this payment could be passed on in full to the subcontractor.

PROGRAM AND ADMINISTRATION COSTS

A final financial report will be prepared and presented to DAFF by 30 June 2011.

Of the \$5.4 million, \$5,316,414 was paid to 53 contracting businesses, and the residual funds (\$37,586) are being held by the Tasmanian Treasury, as requested by DAFF, to be offset against the next General Payment of funds from the Australian Government.

DAFF also provided a 4% administration budget (\$216,000) to DIER to pay for the State's expenses in administering this Program.

As at 20 May 2011, on a cash basis, \$181,385 has been expended on the administration of the Program, and DIER expects that once full costings come in, including a contribution towards costs incurred by DEDTA for assisting with the running of the Program which have not yet been brought to account, DIER will fully expend all of the administrative funds provided.

PROGRAM PERFORMANCE

DAFF has requested that DIER report on the number of grant recipients still in business at 30 April 2011.

To meet this request a questionnaire (Attachment 5) was sent out to the 53 successful contractors asking them to identify their operating status as at 30 April 2011, how much the funds helped the business, and also to provide feedback on different elements of the Program's administration².

This section reports on the results from the questionnaire.

It is noted that this questionnaire was only sent out to successful applicants as the primary purpose of the survey was to ascertain their operating status and the effect of the funding. The questionnaire was not sent to the seven unsuccessful applicants to the Program, or the applicant who was later ruled ineligible.

It is acknowledged that as the questionnaire responses were not anonymous, and recipients were asked to return the questionnaire to DIER, that this may have introduced a positive bias into the returns, although evidence suggests that contractors felt quite uninhibited in providing a frank and open evaluation of the Program.

BUSINESS OPERATING STATUS

Of the 53 businesses that received funding, 50 businesses (94%) reported that they were still in business at 30 April 2011, with the remaining three businesses (6%) reporting that they were no longer operating.

All three of the businesses that reported they were no longer operating noted in the comments that their businesses were not actually closed, but were currently not operating due to the announced eight week closure of the Triabunna mill and that their future was uncertain. Several other contractors in this situation reported themselves as still being in business.

Technically therefore 100% of the businesses that received funding were still "in business" but the future of many is very uncertain.

² DIER stipulated participation in this survey as a funding deed requirement, and all recipients therefore returned completed forms.

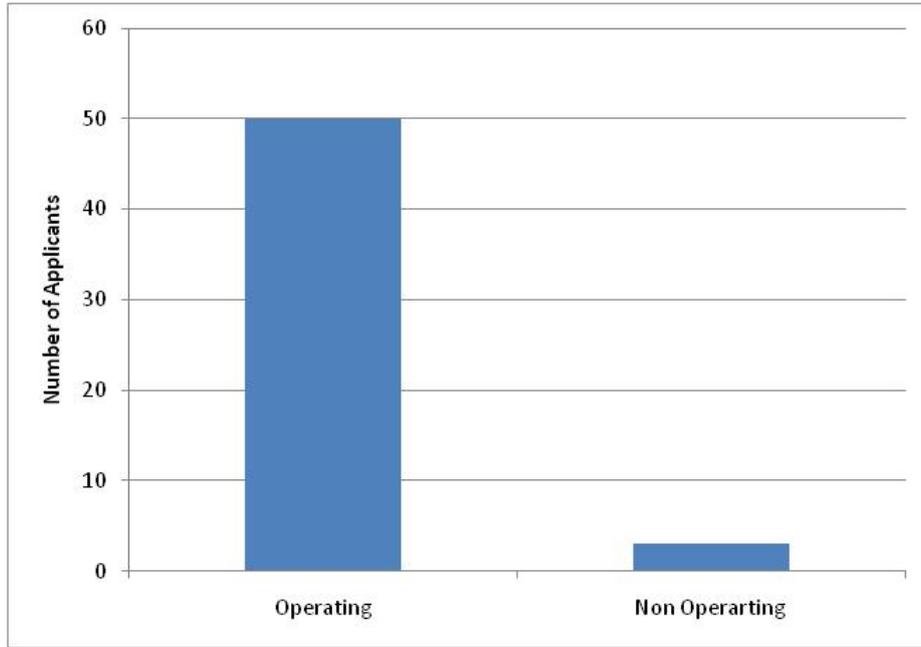


FIGURE 2 NUMBER OF BUSINESS REPORTED AS OPERATING AT 30 APRIL 2011

Those businesses that reported as operating were also asked to provide a further comment on business conditions. As can be seen in Figure 3, over 60% of operators reported that conditions were worse or reported that they are shut down since January 2011. Only two operators reported that business had actually improved.

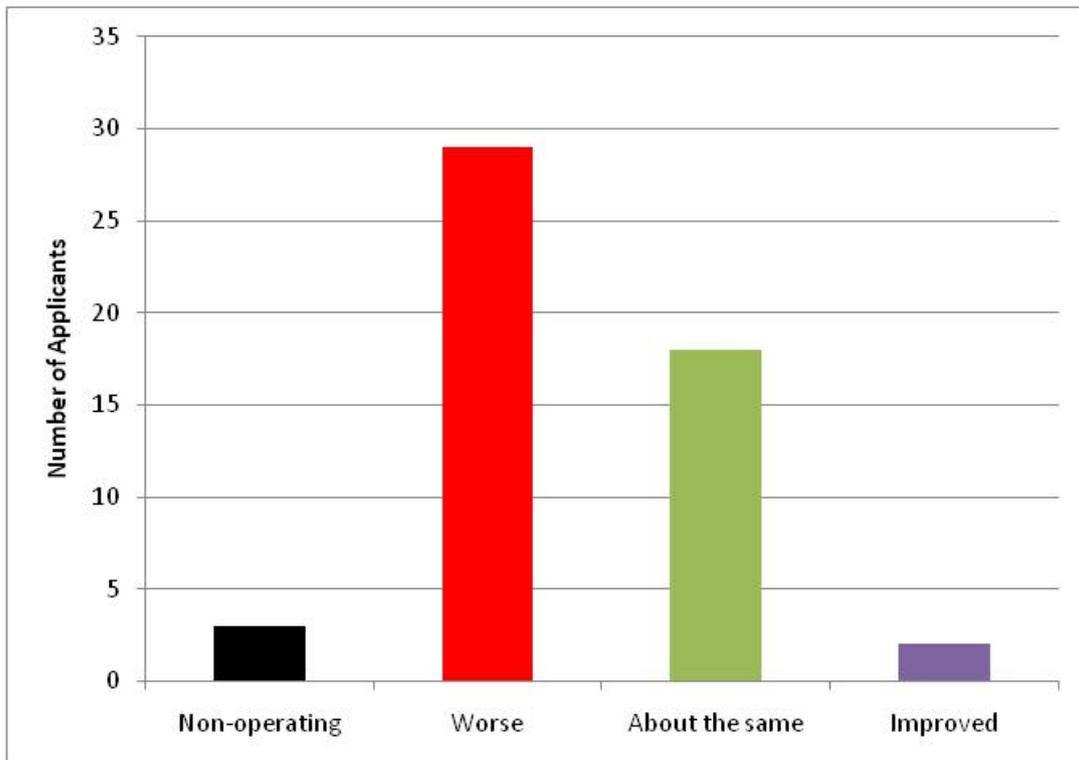


FIGURE 3 OPERATING CONTRACTORS PERCEPTION OF CHANGE IN BUSINESS CONDITIONS

Based on the comments that accompanied this question (see Table 2), the driving factor in this response appears to have been the closure of Gunns Triabunna mill for eight weeks which significantly worsened conditions.

TABLE 2 COMMENTS PROVIDED ON QUESTION 1

Status	Comments
Non-operating	Gunns have closed my business until further notice.
Gotten worse	[BUSINESS NAME] have been temporarily closed for 8 to 10 weeks due to the fact that our principal contractor Gunns Limited has installed a shutdown on all production. They stopped us from working completely and we have had no choice but to stand down all our staff. It is unknown at this stage whether Gunns will allow us to resume working.
Remained about the same	We are operating still at about half quota we need to be operating at to stay viable. At the moment we have harvesting work with [BUSINESS NAME] fifty per cent of our monthly quota as with Gunns business has not been good since Gunns closed Triabunna as we had 4 days notice that they were closing for 3 months. We as a company did not need that. Hoping things are better soon so we can settle down, and finally, have some confidence in our industry.
Gotten worse	The forest component of the business is not operating due to the closure of Gunns Limited Native Forest Woodchip Operations. Our business is still currently operating as we have secured some other work outside of the forest industry.
Gotten worse	Close of all pulp mills until further notice.
Gotten worse	Work finished 25 March when Tamar woodchip closed, haven't heard of start up date to this stage (May 10).
Gotten worse	Business is on hold at the moment due to Gunns closing the Triabunna chip plant until further notice.
Gotten worse	Due to Gunns Limited closing Triabunna Mill.
Non-operating	Gunns closure of Triabunna mill. Uncertain of re-opening.
Non-operating	Gunns sent a fax to say closed for 8 weeks.
Gotten worse	Gunns has shut down for 8 weeks, last cart was 19/4/2011

Note: Where information that could be used to identify a specific contractor was included in the comment these have been removed.

IMPACT OF GRANT FUNDS

Recipients were asked to rank the difference that the grant funds made to their business, and as can be seen in Figure 4 the impact ranged from no impact right through to “saved the business”.

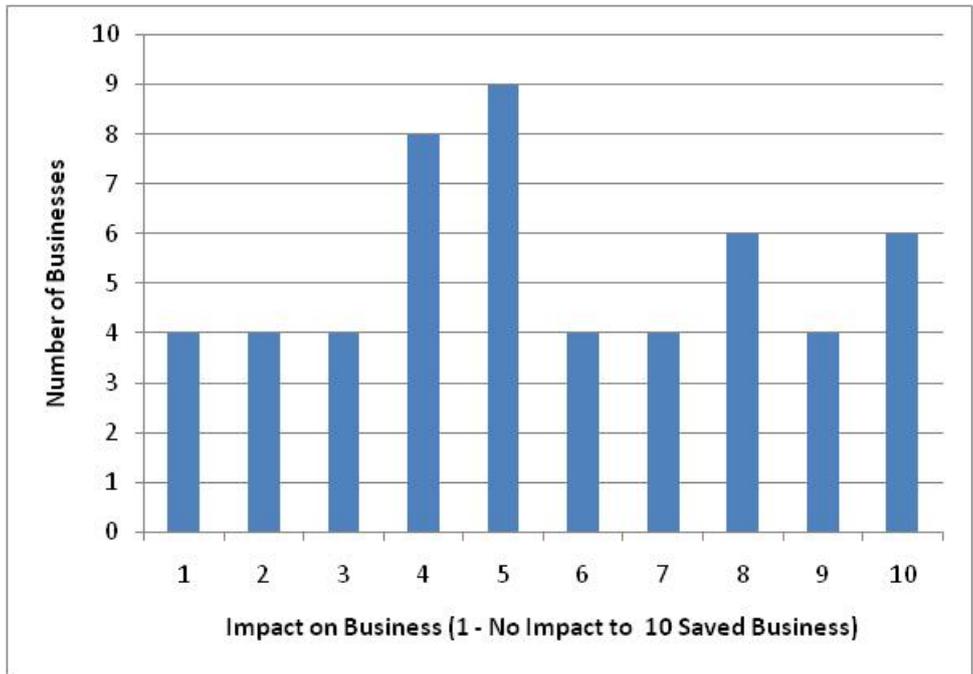


FIGURE 4 IMPACT OF FUNDS ON BUSINESSES

Only four business stated that the Program had no affect on their business (rating of 1), and the comments made around this criterion (

Table 3) showed a high variation in the way contractors used this money.

The comments in

Table 3 show that the Program assisted contractors through this period of uncertainty in many different ways. Even contractors who gave low rankings still obviously found the money useful, but just not enough to support them for more than a very short period of time. In many cases it appears that it has been the further downturn in businesses that has overridden the benefits of the Program.

TABLE 3 CONTRACTOR COMMENTS ON FUNDING IMPACTS

Rating	Comment
1	The amount received covered 1 month of payments only (machinery and insurance) It had no impact on our accounts payable that are in arrears or of helping us to get out of our overdraft.
2	We were shutdown on the 17th of December 2011 and Gunns Limited would not allow us to return to work till the end of January. So the grant funds only assisted us with operating costs for the month we were shutdown. We used the funds to keep the business
2	Funding was appreciated but far from adequate.
3	The reason for my rating [3] was we were not paid enough \$ per ton for the tons in quota we lost in the previous 18 months of our operation. In our case we are a stump to mill operation. We did what we thought was fair and paid half of what we received with our cartage sub-contractor.
3	It was not enough to catch up on all things, so we have therefore more monthly expenses than we had 2 years ago.
3	Help to pay a deposit on buying a second hand skidder to reduce maintenance down time.
4	Payment was small but appreciated thank you.
4	Helped immensely to pay outstanding accounts.
4	We lost \$700,000 in cartage, not \$70,000 but it all helps thanks.
4	Because stopping and starting of work. Gunns do not care!
4	Kept me out of financial difficulty for a bit longer.
5	Will help make lease payments while Gunns are not operating. Currently no work (nil quota) for May until - unknown.
5	The funds were of great value at the time but the subsequent closure of Gunns Triabunna chip mill has eroded that assistance and we are now again in a perilous position.
5	Enabled us to be pay off some of our equipment
5	We were able to implement some much needed repairs.
5	Difficult to objectively assess the benefit - Particularly helpful to harvesting operations - which on the basis of margins should possibly have had 2/3rds of the benefit and transport 1/3. The quantum of funds, whilst very much appreciated had alleviated problems for only a few months.
6	The funds were very much appreciated in keeping us afloat until Triabunna mill is opened - Apparently in June 2011
6	Dramatically helped with cash flow and allowed payment of long term debt.
7	Enabled us to continue business without concerns of finance difficulties, late payments of debtors has been the most concerning.
7	Any assistance helps.
8	It enabled us to continue to pay creditors.
8	If the stoppage continues for any length of time nothing will save my business but in the short term it will be helpful.
9	It allowed us to pay up on superannuation, workers compensation, employee entitlements and some arrears payments on equipment. Sure could do with another payment if you have any left.
10	Able to keep the men on and working.
10	Without the grant we have no doubts with overdue finance and other payments the company would have been forced to close. We are however faced with the same predicament now that Gunns Ltd has closed the Triabunna Mill.
10	As I have kept some money aside, I am able to make our skidder payments for the next few months.

Note: Where information that could be used to identify a specific contractor was included in the comment these have been removed.

The relationship between grant size and impact of funds (Figure 5) showed that whilst there was a positive correlation between the level of funds received and the recipient's satisfaction with the program, the relationship was quite weak, and many contractors who only received small grant amounts (<\$100,000) still gave very high ratings on the positive impact it had on their business.

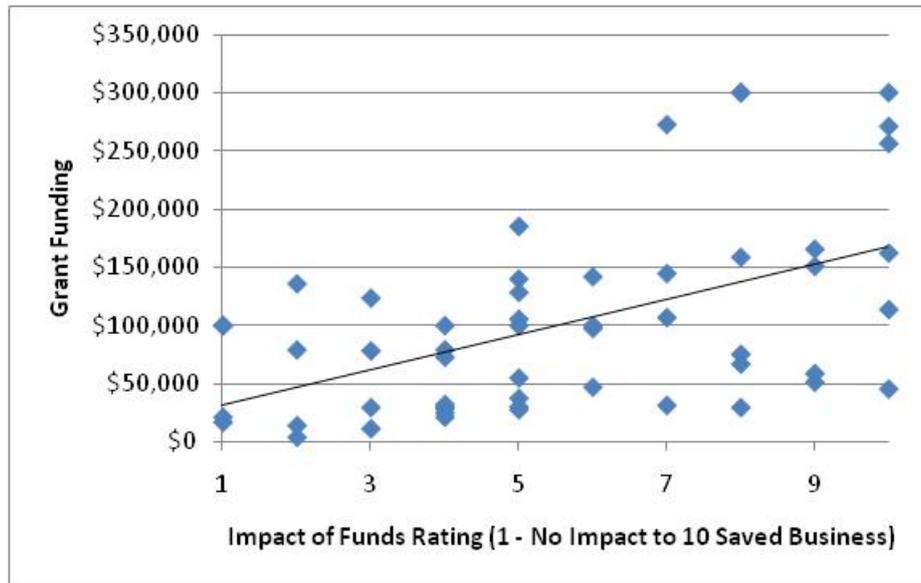


FIGURE 5 RELATIONSHIP BETWEEN GRANT AMOUNT AND "IMPACT ON BUSINESS"

ATTACHMENTS

1. Original Guidelines
2. Original Application Form
3. Revised Guidelines (22 December 2010)
4. Revised Application Form (22 December 2010)
5. Example Questionnaire sent out to Successful Applicants
6. DIER Review of the Tasmanian Forest Contractors Financial Support Program Delivery