



Department of  
**Jobs, Tourism, Science  
and Innovation**

# Native Forestry Transition

## Small Business Development and Diversification grants Round 2 guidelines





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# 1. Overview

## 1.1. Native Forest Transition Plan

The Native Forestry Transition Plan (NFTP) was developed in response to the Western Australian Government's decision to end native logging in Western Australia. The NFTP sets out the support mechanisms that aim to retain skilled workers in our regional towns, support businesses to transition or exit native forestry and, drive industry growth and diversification across the affected communities in the South West of our State.

Since 2021, the Western Australian Government has committed a total of \$80 million to support impacted businesses and communities through three program pillars. The Department of Jobs, Tourism, Science and Innovation (JTSI) administers the NFTP and the associated funding.

Further information on the NFTP pillars and other programs is available at [Native Forest Transition \(www.wa.gov.au\)](https://www.wa.gov.au/government/department-of-jobs-tourism-science-and-innovation/native-forest-transition).

## 1.2. About the grant

The NFTP's Small Business Development and Diversification (SBDD) program aims to help businesses reliant on Western Australia's native forest industry to remain open and invest in job creation by diversifying, expanding and/or being innovative.

The SBDD is a \$15 million contestable grants scheme that provides up to \$400,000 (excluding GST) to eligible businesses. Round one was announced in April 2023, awarding \$7.2 million across 21 small businesses. \$7.8 million remains available under Round 2.

Applications will open on **Friday, 20 October 2023** and close at Midday, Wednesday 20 December 2023.

Prior to receiving funds, successful grant applicants must enter into a signed Financial Assistance Agreement (FAA) with JTSI (see Section 5, Funding Conditions). This agreement must be executed (signed) before project work commences.

Projects must be substantially progressed within 6 months and completed within 12 months of the FAA being executed.

Businesses that have previously received SBDD funding under Round 1 cannot apply for this Grant.

**These Guidelines have been developed to support eligible businesses to apply for the SBDD grants. The Guidelines must be read in conjunction with the SBDD Frequently Asked Questions (FAQs), prior to the submission of an application.**



## 1.3. Objectives

The objective of the SBDD program is to support projects that create new or protect existing jobs. To be eligible, projects must also meet one or more of the following objectives:

- Business Expansion – expanding diversified business operations.
- Future Proofing – strengthening already diversified business operations.
- Industry Diversification – entering a new market or industry with a new product.
- Innovation – development and implementation of a new or significantly improve product or process.

Any application that fails to address the jobs component will not be assessed and will be deemed ineligible.

# 2. Eligibility

## 2.1. Eligibility Criteria

The SBDD is open to any business in Western Australia, as long as they meet the criteria set out below.

Eligibility Criteria		Accepted Evidence
1.	Demonstrated reliance* of 50 per cent or more, on the Western Australian native forestry industry or reliance on native forestry or native forest products.	<ul style="list-style-type: none"><li>• Full financials for 2020-2021 and 2021-2022 financial year.</li><li>• A third-party endorsement of business accounts from a certified accountant, certified financial advisor or certified tax expert or a statement of compliance.</li><li>• A list of all native forest suppliers and customers evidenced through attached invoices, receipts and contracts etc.</li></ul> <p>*It is the responsibility for the applicant to prove a demonstrated reliance on the native forestry industry.</p>
2.	Registered Australian Business	<ul style="list-style-type: none"><li>• Copy of your ACN or ABN.</li></ul>
3.	Valid legal entity that can enter into a legally binding funding agreement with the	<ul style="list-style-type: none"><li>• Copy of your ACN or ABN.</li><li>• Deed of agreement (e.g. Trust, Partnership)</li></ul>



Western Australian Government.	<ul style="list-style-type: none"><li>• Copy of insurance.</li></ul>
4. Solvent businesses or organisation.	<ul style="list-style-type: none"><li>• Full financials for the 2021-2022 financial year; and</li><li>• A third-party endorsement of business accounts from a certified accountant, certified financial advisor or certified tax expert or a statement of compliance.</li></ul>

**Demonstrated reliance:** The *demonstrate reliance* threshold has been set at 50 per cent. This means that an eligible business must be able to prove that 50 per cent of its turnover or operations is derived from the commercial native forest industry.

The JTSI can provide some advice and guidance on meeting the above. However, it is advised that applicants work with their accountants to determine and source evidence to demonstrate the 50 per cent threshold.

## 2.2. Ineligible

The following organisations are ineligible for funding:

- Local, State, or Federal Government Authorities/Agencies;
- Government Trading Enterprises (GTE's);
- Individuals (without an ABN);
- Trusts that are not incorporated and are unable to enter into a FAA with the State Government. (A trustee may apply on behalf of a trust where it meets the eligibility requirements set out above);
- Any business that has received a New Industries Development Fund Grant; and
- Any business that has received Business Transition Program (BTP) payment of more than \$400,000. BTP businesses who have received less than \$400,000 can apply for the difference up to \$400,000.

The following projects are ineligible for funding. Projects that:

- do not demonstrate sustained employment and/or the protection of existing jobs;
- include activities outside of Western Australia;
- request retrospective or contingency funding;
- request funding for
  - the purchase land;
  - salaries/employment of new or existing staff;



- core business, such as purchasing off-the-shelf software or costs of generic software associated with the normal administrative functions, recruitment activities; advertising and legal advice; and
- operational costs, such as maintenance, office upgrades, rent, insurance, telephone;
- would require ongoing assistance from the Western Australian Government; and
- request GST payments (this applies to GST registered organisations only).

### 3. Assessment criteria

The SBDD grants will be awarded to proposals that demonstrate a commitment and capacity to create new jobs and diversify their business or industry. Assistance will be flexible and tailored to specific project proposals and may include:

- support to develop and commercialise new business opportunities to replace native forest revenue streams;
- support for specific technology infrastructure, plant or equipment that supports development of new or expands diversified business opportunities; and
- support to protect and create existing jobs, particularly for displaced timber workers.

All applications will be assessed using the weighting criteria below.

Assessment Criteria	Weighting
<b>Jobs</b> - Creating new or protecting existing jobs	<b>40%</b>
<b>Demonstrated alignment with SBDD objectives (minimum of 1)</b> - Business Expansion - Industry Diversification - Future Proofing - Innovation	<b>40%</b>
<b>Value for money</b> - Justification of the cost (financial, social or environmental) against the project's expected benefits and results.	<b>20%</b>

**Calculating jobs:** In your application, please specify the number direct jobs that will be employed through the business to support the development and sale of the businesses good and services (e.g. the construction phase of a project should not be included).



You will need to include the number of hours per week that will be dedicated to each role and provide evidence to substantiate the estimate such as a business plan and turnover/profit projections.

A full-time employee (FTE) is calculated as 1.0 FTE (38 hours per week). If a role is less than 38 hours, it is considered part time and you will need to calculate the proportion of the FTE via the formula: **(role hours/38) x 100 = percentage of FTE.**

For example, a role that is 20 hours a week will be calculated as (20hs/38hrs) x 100 = 52. Therefore, the role is 50% or 0.5 FTE.

In addressing the assessment criteria above, applicants must submit a business plan to demonstrate their commercial soundness of the project, required for funding.

Key business plan components are set out in the table below:

<b>Key Business Plan Components</b>	
<b>Business Strategy</b>	Business vision/mission Business goals Business size/position in market
<b>Product overview</b>	Product (outcome of project) overview Distinguishing features of product (including technical basis) Target market
<b>Commercial soundness of the proposal</b>	Market analysis (trend/ market size/competitors/ barriers to entry) Demand analysis and demonstrated customer need Price point and justification Ability of the business to generate revenue and profits
<b>Business readiness</b>	Implementation plan Marketing plan Recruitment and skills development plan Project budget (including quotes, investment)
<b>Gantt Chart</b>	Activities and tasks that are to be done Start and end date for activities Milestones and milestone dates
<b>Organisation capacity</b>	Financial capacity Robust governance structure Capacity of key personnel (including CVs) Previous experience in delivering similar scale projects
<b>Evaluation</b>	Project objectives and outcomes Performance measures and data collection methods





## 4. Application and assessment process

### 4.1. How to apply

In order for an application to be assessed by the State, the applicant must submit a complete application electronically through the using the Native Forestry Transition online Smarty Grants portal at: [nft.smartygrants.com.au/SBDDR2](https://nft.smartygrants.com.au/SBDDR2) on or before the application closing time.

Receipt of the application will be determined by the date and time shown that the complete application is electronically submitted.

Lodgement of electronic files may take time and the applicant must make its own assessment of the time required for full transmission of their application.

The applicant must inform the JTSI of any changes in the status or circumstances of the Application between the time of its submission and its assessment, by email to [NFT@jtsi.wa.gov.au](mailto:NFT@jtsi.wa.gov.au).

### 4.2. Assessment

A multi-agency State Government assessment panel has been established to assess the SBDD grant applications.

Prior to an application being assessed by the assessment panel, JTSI will undertake a preliminary assessment of the eligibility criteria. Applications that do not meet the eligibility criteria will not be reviewed by the assessment panel. Unsuccessful applicants will be notified following the full assessment process.

JTSI will refer eligible applications, to a third party for confidential and independent due-diligence, and depending on the nature of the application, technical assessment.

The assessment panel will meet review and score all eligible applications based on the assessment criteria. The panel will shortlist applications to make recommendations for funding to the Minister for Forestry.

The assessment panel will be overseen by a probity officer to ensure that the meeting is held with proper conduct and that any real, perceived or potential conflicts of interest are managed appropriately.

The Minister for Forestry makes the final decision on funding.





### 4.3. Step by step process

The following offers outlines the SBDD process.

<b>Step 1</b>	SBDD Grant opens – Friday, 20 October 2023
<b>Step 2</b>	Applicant to review the SBDD Guidelines, FAQs and the application template.
<b>Step 3</b>	Applicant to ensure that the organisation, the project and project activities are eligible for funding.
<b>Step 4</b>	Applicant to draft application and business plan; and submit before the close date.
<b>Step 5</b>	SBDD Grant closes – midday Wednesday, 20 December 2023.
<b>Step 6</b>	JTSl reviews all application to confirm eligibility. Applications deemed ineligible do not proceed.
<b>Step 7</b>	Eligible applications are referred to third party for due diligence and technical assessment, where required.
<b>Step 8</b>	JTSl to send all eligible applications to the assessment panel with third party pre assessment where required
<b>Step 9</b>	Assessment panel assess applications for recommendation of funding in early February 2023.
<b>Step 10</b>	JTSl refers recommended projects to the Minister for Forestry for final decision.
<b>Step 11</b>	Minister makes final decision funding decisions and announces successful applicants. JTSl notifies non successful applicants and provides general feedback.
<b>Step 12</b>	Successful applicants and JTSl negotiate and execute Financial Assistance Agreements (FAA).
<b>Step 13</b>	JTSl disperse awarded funding based on negotiated milestones in FAAs.



## 5. Funding conditions

Successful applicants will be required to enter into a funding agreement with JTSI. The funding agreement will be negotiated with the successful applicant before funding can be awarded and is required to be finalised within 12 weeks of the funding offer.

If an agreement cannot be negotiated within this timeframe, the funding offer may be withdrawn.

The funding agreement must be signed by both the proponent and a government representative before the funded activities can commence.

Payments may be made in instalments corresponding to delivery against agreed milestones. A milestone payment schedule outlining payment amounts and dates for payment will be discussed with the recipient when negotiating the agreement. In this case, claims for payment will need to be supported by appropriate evidence and payment will only be made following provision of evidence that milestone conditions have been met.

Payments will be made electronically into the applicant's nominated bank account.

Recipients are required to submit a baseline evaluation report, periodic project reports and final project acquittal demonstrating progress/completion against the key milestones, deliverables and outcomes of the funded project.

All specific items to be acquitted will be identified in the funding agreement.

If a recipient of funding fails to comply with any requirements in the funding agreement, the applicant may be required to repay some or all of the SBDD funding received.

### **Confidentiality**

JTSI will treat all information provided as confidential and commercial-in-confidence where relevant.

### **Personal information and disclosure**

JTSI may collect personal information for the purposes of administration and evaluation of an application. If the relevant information is not provided by applicants, JTSI and the State Government assessment panel will be unable to assess the application for funding.

Information from the application may be disclosed to other Western Australian Government agencies and may be published on the JTSI website, provided disclosure is consistent with relevant privacy laws, including the *Privacy Act 1988*. Personal information will be used and stored in accordance with Australian Privacy Principles (APPs) set out in the *Privacy Act 1988*.



## **Program Evaluation**

The outcomes of the SBDD grants will be monitored and evaluated throughout the program implementation and amendments may be made to these guidelines to improve the effectiveness of the program.

## **Contact**

If you have any questions about the program email [NFTEnquiries@swdc.wa.gov.au](mailto:NFTEnquiries@swdc.wa.gov.au) or phone (08) 9777 1555.



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