

Appendix C:

Audit scope and method

Scope of this audit

Who we examined

We examined the following agencies:

Agency	Their key responsibilities
Department of Energy, Environment and Climate Action	Leading the delivery of the Forestry Transition Program. It does this in partnership with the Department of Jobs, Skills, Industry and Regions, ForestWorks and local councils
ForestWorks	Delivering the Worker Support Program and Opal Worker Support Service. It also provides eligible workers and their families with financial support and tailored services
Valuer-General Victoria	Providing valuations for plant, equipment and other business assets, which forms part of the assistance offered under certain Forestry Transition grant streams

Our audit objective

Is the Forestry Transition Program supporting former native timber workers, forestry businesses and communities to transition from the end of native timber harvesting?

What we examined

We examined:

- the government's processes to deliver the Forestry Transition Program
- the outcomes from transitioning away from native timber harvesting.

We did not examine:

The ...	because ...
Timber Supply Chain Resilience Package	the Department of Jobs, Skills, Industry and Regions advised that all manufacturers receiving support are outside the impacted communities.
Business Transition Support Vouchers	it predates the Forestry Transition Program and was a legacy program delivered as part of the <i>Victorian Forestry Plan</i> .
Harvest and Haulage Support Package	it predates the Forestry Transition Program and was a legacy program delivered as part of the <i>Victorian Forestry Plan</i> . This package also overlaps with the department's broader operational responsibilities.
local development strategies and the community development fund	they are only in preliminary stages of rollout.

As part of the broader Forestry Transition Package, the Gippsland Plantation Investment Program aims to plant 16 million softwood trees by 2030 to increase the domestic supply of softwood timber. In time, this can provide economic benefits to communities affected by the decision to end native timber harvesting. The Gippsland Plantation Investment Program is out of scope for this engagement because our focus is on immediate support for impacted communities.

Aspects of performance examined

Our mandate for performance audits and reviews includes the assessment of economy, effectiveness, efficiency and compliance (often referred to as the '3Es + C').

In this audit we focused on the following aspects:

Economy	Effectiveness	Efficiency	Compliance
○	●	●	●

Key:

- Primary focus
- Secondary focus
- Not assessed

Conducting this audit

Assessing performance

To form a conclusion against our objective we used the following lines of inquiry and associated evaluation criteria.

Line of inquiry	Criteria
1. Are the Department of Energy, Environment and Climate Action's processes to administer forestry transition grants and support payments in line with relevant guidelines?	1.1 The Department of Energy, Environment and Climate Action's administration of forestry transition grants aligns with its grant application guidelines and the Department of Treasury and Finance's <i>Better Grants by Design</i> .
	1.2 The Department of Energy, Environment and Climate Action awards forestry business support packages in line with the application guidelines.
2. Is the Forestry Transition Program supporting eligible workers and businesses that need assistance to transition from reliance on native timber harvesting?	2.1 The Department of Energy, Environment and Climate Action monitors, evaluates and reports on the delivery and effectiveness of its supports for forestry and timber workers and businesses.
	2.2 Forestry and timber workers maintain employment, find new employment, retrain for other industries, or make a supported transition into retirement.
	2.3 The Department of Energy, Environment and Climate Action's business support programs assist businesses in affected localities to adapt operations, remain viable where appropriate, create employment opportunities for forestry and timber workers, or close if they choose.

Our methods

To conduct the audit, we:

- reviewed in-scope grant guidelines, policies and processes against the *Better Grants by Design* guide and Forestry Transition Program rules
- recalculated payment amounts using National Employment Standards tables and guideline formulas
- examined milestone tracking documents and progress reports against grant agreements for compliance and consistency
- extracted data to identify approval flows, missing fields and compliance with Forestry Transition Program guidelines
- interviewed key staff from the department, ForestWorks and the Valuer-General Victoria
- examined data from the department's Forestry Transition Program dashboard up to 30 June 2025, covering 1,542 worker support recipients
- recreated each grant application end to end using the department's processes and manuals to identify gaps in administrative controls
- developed a sampling strategy to select and review a sample of:
 - 2 Worker Support Program grant recipients (ForestWorks and Gippsland Trades and Labour Council, which is previously known as Latrobe Valley Authority)
 - 30 of the 103 Victorian Timber Innovation Fund and Forestry Transition Fund business grant recipients
 - all 96 business support package recipients
 - 50 Worker Support Program participants' case files for needs assessments, referrals, outcome evidence, and evidence of training and employment. This includes 47 of the 1,462 ForestWorks participants and 3 of the 80 Gippsland Trades and Labour Council/Latrobe Valley Authority participants.

Level of assurance

In an assurance review, we primarily rely on the agency's representations and internally generated information to form our conclusions. By contrast, in a performance audit, we typically gather evidence from an array of internal and external sources, which we analyse and substantiate using various methods. Therefore, an assurance review obtains a lower level of assurance than a performance audit (meaning we have slightly less confidence in the accuracy of our conclusion).

Compliance

We conducted our audit in accordance with the *Audit Act 1994* and ASAE 3500 *Performance Engagements* to obtain reasonable assurance to provide a basis for our conclusion.

We complied with the independence and other relevant ethical requirements related to assurance engagements.

We also provided a copy of the report to the Department of Premier and Cabinet and the Department of Treasury and Finance.

Cost and time

The full cost of the audit and preparation of this report was \$683,000.

The duration of the audit was 10.5 months from initiation to tabling.