Submission to 'Inquiry into Public Native Forests Transition' – 2011 Legislative Council Government Administration Committee "A"

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Background

This submission has been prepared for the Legislative Council Government Administration Committee's 'Inquiry into Public Native Forests Transition', which is examining the 'impact of the proposed transition out of public native forest management and harvesting in Tasmania'. It focuses on the likely socio-economic impacts of the proposed transition, drawing on recent research undertaken as part of the 'Communities' research project of the Cooperative Research Centre for Forestry (CRC for Forestry).

The socio-economic impacts of a transition out of public native forest harvesting will depend on the nature of that transition: factors such as the timeframe over which a transition occurs, the extent of the transition (ie whether any harvesting will continue in some forests), and the support packages provided to assist those impacted will all substantially alter the likely impacts of the proposed transition. In recognition of this, this submission focuses not only on identifying the potential impacts, but also on identifying strategies that, if implemented, are likely to substantially reduce the negative socio-economic impacts of a shift out of native forest harvesting, and provide opportunity for positive change.

The following areas are focused on in the remainder of this submission:

- The impacts that uncertainty surrounding the proposed transition is *currently* having on businesses, workers and communities who depend on the forest industry

- The scope of *potential* impacts of the proposed transition through examining (a) how many people are currently directly employed in jobs that depend on native forest harvesting in Tasmania; and the communities they are located in, and (b) the vulnerabilities and capacities of those dependent on the native forest industry to change

- The *types* of socio-economic impacts that may occur as part of the proposed transition, noting that these will depend on a range of factors, in particular the timeframe over which the transition occurs, the extent and scope of the transition, and the support measures put in place to assist those impacted by the transition

- The types of support measures that should be considered when developing policies for implementing any future transition, and

- The potential socio-economic impacts of any future expansion of tree plantation based industry occurring as part of a transition out of use of public native forests for wood production.

Material drawn on in this submission

This submission draws on research undertaken since 2006 by researchers working in the 'Communities' project of the CRC for Forestry. This includes the following published reports, available for download at http://www.crcforestry.com.au/research/programme-four/communities/index.html:

- Schirmer, J. 2010. Tasmania's forest industry: trends in forest industry employment and turnover, 2006 to 2010. CRC for Forestry Technical Report 206. November 2010. CRC for Forestry, Hobart

- Loxton, E., Schirmer, J. and Dare, M. 2011. Structural adjustment assistance in the Australian forest industry: A review of recent experience and recommendations for best practice design of future structural adjustment packages. CRC for Forestry Technical Report No. 208. CRC for Forestry, Hobart

In addition, this submission draws on early data collected as part of a study currently under way, titled 'Socio-economic impacts of forest industry change'. This study is (a) examining the impacts of the recent downturn in Tasmania's forest industry on workers and businesses, (b) identifying the extent to which communities have been exposed to change as a result of the downturn, and (c) identifying the vulnerability and adaptive capacity of workers, businesses and communities to future changes such as the proposed transition out of public native forest management and harvesting. Information about the study is available at http://www.crcforestry.com.au/view/index.aspx?id=73266. Results of this study are expected to be published in July 2011. The early results referred to in this submission are preliminary only and do not include a full set of findings from the study. When unpublished findings from this study are referred to, they are referenced as 'Schirmer et al. forthcoming'.

The CRC for Forestry conducts independent research on the forest industry. The CRC is funded by a collaboration of the Federal government, universities, government agencies and forest industry companies. Researchers in the Communities project undertake their work independently and subject to the standards of the universities at which they are employed. The published research referred to in this submission is either in the process of being published as peer reviewed journal papers or already has been, ensuring it is subject to rigorous academic review; the results of the 'Socio-economic impacts of forest industry change' study will be similarly subjected to academic peer review to ensure it is rigorous and represents the highest possible quality research.

This submission also draws on broader learning from the field of social impact assessment (SIA), particularly with regard to understanding how people are typically impacted by change, and optimal strategies for reducing the negative impacts of change. Some additional studies examining the impacts of change in the Australian forest industry (including industry dependent on native forests and on plantations) are also drawn on.

Impacts of the 'anticipation' phase: the challenge of living with an uncertain future

When a major change is proposed, such as the transition out of public native forest harvesting currently under discussion in Tasmania, impact assessments often focus on predicting the likely impacts of the proposed change once it is implemented. However, an increasing body of evidence suggests that negative socio-economic impacts actually begin to occur before a change is implemented, during what is termed the 'anticipation' phase. The anticipation phase is the period in which a major change has been proposed, or is being negotiated, but no final decision has been made as to the exact nature or timing of implementation of that change.

During the anticipation phase, people who believed they may be affected by the proposed change commonly experience a range of impacts (see Walker et al. 2000 for a detailed discussion). The uncertainty of their future results in many people experiencing ongoing symptoms of stress, anxiety and depression, as they feel a sense of fear and helplessness about the future. Uncertainty about the future may also result in decisions to delay events such as buying personal assets (a house or car), or investing in their business (including undertaking regular maintenance or equipment replacement). This may lead to significant flow on economic impacts during the anticipation phase: for example, if many forestry businesses delay replacing capital equipment or undertaking equipment maintenance, businesses supplying and maintaining that equipment will experience a decrease in turnover.

There is ample evidence that the current extended period of uncertainty about the future of the forest industry in Tasmania is having significant negative impacts on forest industry workers and businesses. Tasmanian forest industry businesses surveyed by Schirmer (2010) reported that uncertainty about the future – at that time driven more by general uncertainty about future markets and less by specific anticipation of a transition out of native forests – caused significant stress for business managers.

Schirmer et al. (forthcoming) are currently examining this issue in more detail. Early analysis of the findings of this study suggests that businesses and workers who depend on the native forest industry are experiencing the following impacts during the current 'anticipation phase' in the Tasmanian forest industry. It should be noted that not all businesses and workers are experiencing these impacts; however almost all have reported experiencing at least some of them.

- Impacts experienced by forest industry businesses:

  ➢ Uncertainty about the future, which in some cases is being responded to by delaying decisions to invest in development of the business including investment in training of staff, as well as delaying business activities that involve spending on long-term items such as capital equipment

  ➢ A small number of sawmills have reported loss of markets for their products, with some of their customers switching to producers who are considered to be more stable suppliers into the future. This has led to significant financial loss for the businesses involved

  ➢ Loss of skilled staff who have taken up employment opportunities elsewhere that have a more stable and certain future, and difficulty recruiting new staff

- Business managers are often reporting that they have had to increase their work hours to deal with the uncertainty produced by the anticipation phase, with extensive time spent participating in meetings to discuss the future of the industry, as well as in discussions with both suppliers and customers arising as a result of the uncertainty of the industry's future

- Inability to obtain finance from lending institutions. This impact was reported by the relatively small number of businesses who had sought finance, with lending institutions reported to be unwilling to extend finance in the current period of uncertainty. Several other businesses reported they had not attempted to seek finance, as they assumed it would not be available

- Business managers have almost all reported that their stress levels are higher than usual, in the sawmilling, harvest, haulage and forest management sectors of the native forest based industry. In interviews, they have reported a sense of helplessness and frustration, together with a strong desire for the current uncertainty to end so they are able to take action to plan for the future, and

- Some business managers reported actively considering closing their businesses, but being unable to do so due to high debt levels, lack of market for capital equipment, or a lack of buyers with an interest in purchasing a native forest-dependent business in the current uncertain environment.

- Impacts experienced by forest industry workers:

  - Uncertainty about the future has been reported by many workers to be associated with higher than normal stress and anxiety for both themselves and their families, with the stress of uncertain future employment having a range of negative impacts for workers and their families. This stress and anxiety is compounded for some workers by a concern that they may not be able to find alternative employment

  - Many workers report they and their families feel unable to plan for the future or make decisions regarding the future, as they don't know whether their employment will continue in the near future

  - Workers reported being more likely to consider looking for new jobs outside the forest industry than was the case before the period of uncertainty, and

  - A strong sense of helplessness and, for some, injustice regarding how decisions are being made about the future of the industry.

These impacts are significant, and are associated with ongoing job loss and business closure, with uncertainty itself creating significant negative impacts. These are then associated with flow-on impacts for communities dependent on native forest based industries, both through the flow-on effects of increased stress on those in the industry on their friends and families, as well as the tangible impacts of any reduced spending resulting from the uncertainty of the anticipation phase.

The impacts of the anticipation phase affect the ability of individuals and businesses to subsequently adapt to a transition out of native forest harvesting. For example, if a business has lost skilled workers as a result of a lengthy anticipation period, they are likely to have more difficulty in transforming their business to adapt to a transition out of native forest harvesting, as they have lost critical human resources needed to help them adapt successfully.

It is therefore critical that the anticipation phase be resolved as quickly as possible. The following quote from one business manager sums up a common theme expressed by many:

> *I'm at the point where I don't even care anymore what the decision is. I just want some certainty about the future, even if that means my business has no future* - Sawmill manager

While others in the forest industry feel more strongly than this particular sawmill manager about the nature of the ultimate decision, a common theme emerging in early results of Schirmer et al. (forthcoming) is a strong desire for an end to the uncertainty that has occurred not just over recent months, but recent decades as a result of ongoing conflict over native forest management in Tasmania.

Potential scope of impacts of a transition out of public native forest harvesting

Any transition out of public native forest harvesting will have a range of socio-economic impacts. The scope and extent of these impacts depend on a range of factors. This section of the submission examines the potential scope of impacts by identifying the number of direct jobs in Tasmania that depend on native forest harvesting, the communities most vulnerable to change based on the location of jobs in the native forest industry, and key vulnerabilities of forest industry businesses and workers to change. The following section then discusses common socio-economic impacts of major changes such as that proposed for the Tasmanian native forest industry.

How many Tasmanian workers depend on harvesting of publicly owned native forests for their employment?

The harvesting of public native forests in Tasmania for wood production creates a number of direct and indirect jobs. Direct jobs include those generated by the management of public native forests, harvest and haulage of logs, processing of logs into sawn timber, woodchips, and production of further processed products, as well as those generated in the specialist woodcraft sector, the furniture manufacturing industry, joinery producers, the building and construction industry and through the harvesting and sale of firewood.

Approximately 3780 jobs were generated directly by native forests in Tasmania as of 2010, excluding firewood collection and sale[1], with this figure likely to have declined somewhat since this time as a

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[1] This estimate is based on the findings of Schirmer (2010) that in September 2010, the native forest industry generated 2033 direct jobs, excluding small-scale woodcraft and firewood production. In addition, Farley et al. (2009) estimated that in 2009 a further 1750 jobs were generated in the specialist woodcraft sector (this estimate does not include 250 jobs in the 'large scale' industry which involve processing special timbers that are then utilised by the woodcraft sector). In interviews conducted for Schirmer et al. (forthcoming), some downturn was reported in the woodcraft sector as a result of decreased tourism (a primary market for woodcraft), and as such it is likely that fewer people are currently employed in this sector than was the case in 2009. Firewood collection and sale generates further employment based on public native

result of ongoing job losses in the industry. Schirmer et al. (forthcoming) are currently producing more up to date estimates of employment, which suggest that 5% of jobs have been lost since September 2010.

The large majority of these jobs are generated based on harvesting of publicly owned native forests, with less than 10% likely to be generated based on privately owned native forests, and likely less than 5%. This estimate is based on early analysis of findings to be reported in Schirmer et al (forthcoming), and at the time of writing it was not possible to provide a more specific estimate of the proportion of jobs dependent on public versus private native forests.

Publicly owned native forests therefore generate approximately 3400 direct jobs at the time of writing this submission in April 2011, including production of sawn timber, woodchips and woodcraft, but excluding firewood production. It should be noted that jobs based on private native forests often depend on the presence of the public native forest sector, with private native forest harvesting and processing viable because it is added to activity occurring in public native forest to achieve the economies of scale needed for economically viable production.

These direct jobs generate indirect employment, in particular via generating demand in the supply sector to the industry (eg mechanics, fuel suppliers, equipment sales), spending of wages by workers (providing jobs in retail and service sectors), and in downstream markets such as retail sales of wood products. Based on spending patterns reported by businesses, a majority of spending on supplies, and spending of wages, occurs in Tasmania. In many cases, but not all, downstream jobs are located outside Tasmania, with many native forest sawn timber products being further processed in Victoria in particular, and woodchips largely exported to Japan or China. Sawdust residues are largely sold within Tasmania, to stables, chicken farms or other enterprises requiring sawdust. The indirect employment generated by publicly owned native forest harvesting has not been estimated by Schirmer (2010) or Schirmer et al. (forthcoming). Investment is needed in robust and independent economic analysis of the indirect employment generated as a result of public native forest harvesting.

Schirmer (2010) found that the number and proportion of jobs dependent on native forests (excluding jobs in woodcraft and firewood production, which were not examined by Schirmer 2010) has declined over time, from 3460 people employed in 2006 to 2033 in 2010. However, the decline in the native forest based industry has not been uniform across the sector. As reported by Schirmer (2010), and examined further in Schirmer et al. (forthcoming), several smaller sawmills, and some larger sawmills, have maintained or expanded their business activity while others have downsized their processing or closed. Those who have maintained or expanded their native forest based sawmilling:
- are typically those servicing appearance timber markets (although some also sell into the structural timber market)

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forests, with the exact employment generated not able to be estimated in this submission due to limited information available on this sector.

- often report maintaining viability by seeking new markets for their residues, an action that ensures maintenance of profitability in an often low margin industry. All reported that low returns for residues threatened their business viability

- have relatively secure markets either based in Tasmania or on the mainland, and

- often engage in retail sales or value adding activities as well as traditional green sawmilling and drying.

An exit out of harvesting public native forests therefore has potential to threaten at least 3400 direct jobs, as well as an unknown number of indirect jobs, currently generated by this industry within Tasmania.

What is the capacity of forest industry workers and businesses to adapt to change?

The impacts of a transition out of harvesting public native forests depend in part on how vulnerable forest industry businesses and workers are to change, and their capacity to adapt to this change. Schirmer et al. (forthcoming) are currently analysing the capacity of businesses and workers to adapt to change. The following key points are drawn from early analysis of results.

In general, forest industry businesses and workers are highly vulnerable to change at present. Their capacity to adapt to change has been significantly reduced as a consequence of the impacts of the downturn occurring in the forest industry since 2008, which has resulted in substantial loss of income for a large number of businesses (particularly contractors), as well as large numbers of job losses and business closures in the industry (Schirmer 2010). The downturn has resulted in many businesses operating at a loss, experiencing considerable stress, and also in loss of skilled workers from the industry. While the downturn has not affected all businesses in the industry, with some native forest sawmillers reporting their business has remained stable or even grown, those affected (particularly harvest and haulage contractors and silvicultural contractors) have typically used all available financial and personal resources to cope with the downturn, with little to no resources remaining to them to cope with further change.

Sawmills dependent on harvesting of public native forests are highly vulnerable to change. All sawmill managers whose business depends solely on native forests report that it is not possible to convert their current infrastructure to process plantation timber; while some believe it will be possible to utilise plantation timber when existing plantations reach a suitable age to harvest green sawn timber from them, they believe the timeframe before this timber is likely to be available is too long (most estimate it would be decades) for their business to survive. Perhaps more importantly, the shift required is not just one of switching from native forest sourced timber to plantation timber; many native forest sawmills service markets that are specific to native forest timber and which eucalypt plantation timber cannot currently replace. Therefore a transition out of native forest harvesting will require these businesses to either close, downsize substantially, or completely change the nature of their business including both infrastructure and markets. Sawmillers are dependent on Tasmanian native forests and have no substitute inputs economically available to them. Sawmillers vary in their business management skills and motivation to develop their business,

with some having diversified their business into retail sales and further processing in recent years, while others remain focused on green sawmilling and drying.

Other processors – i.e. those that currently process sawn timber into further processed products – reported more ability to adapt to a transition out of native forest harvesting. These processors have more ability to source sawn timber inputs from outside Tasmania, although some reported that if Tasmanian harvested sawn timber was no longer available they would consider shifting their business to the mainland. Some also felt they could concentrate more on aspects of their business such as retail sales, or shift to more utilisation of plantation timber, depending on the type of processing they were engaged in.

Harvest and haulage contractors have limited ability to shift their business activity from the native forest to plantation sector, although this depends on the nature of their capital equipment – some are more able to make this transition than others. Many businesses in this sector are operating at a loss and have high levels of debt, substantially reducing their ability to adapt to future change.

A critical factor reducing ability of many forest industry businesses to adapt to change is the high level of stress business managers are under, together with the impacts of ongoing change in the industry over many years. Many report that they feel a lack of motivation to continue to operate their forest industry business, and continue to run their business either in order to support their employees, because they don't feel they have alternative options, they have a strong cultural attachment to the industry, or they have too much debt to be able to exit the industry. Almost all report feeling a strong sense of injustice about proposed changes to the industry, and experiencing high levels of stress that have increased in recent years. These factors are all suggestive of reduced ability to adapt successfully to change as the stress, anxiety, anger and sense of injustice felt by many business managers can reduce ability to make optimal long-term decisions, something that is already difficult to do given the uncertain future of the industry.

Forest industry workers, meanwhile, are more varied in their capacity to adapt to change. In general, capacity to adapt to change is considered to be influenced by a person's level of skills and educational attainment, financial position, psychological outlook, and access to social capital (support from networks of family and friends), as well as external factors such as the availability of alternative employment near where workers currently live. These factors vary widely across the forest industry workforce – for example, some forest industry workers have low levels of educational attainment and formal skills, reducing their ability to access new employment, while others have high levels of skills; some earn higher than average incomes and others substantially lower than average. It is not possible to generalise which of these characteristics are more common than others across the entire workforce. Schirmer et al. (forthcoming) will include some detailed analysis of the vulnerability and adaptive capacity of forest industry workers by industry sector.

Which communities are most vulnerable to change?

The Tasmanian communities most vulnerable to change are those which (a) have highest dependence on employment generated as a result of harvesting publicly owned native forests, and (b) with high vulnerability to change.

The communities with highest dependence on native forest generated employment are shown in Figures 1 and 2. Figure 1 shows the total number of people estimated to be employed in jobs directly dependent on the harvesting of native forests for timber production, with the exclusion of small scale woodcraft and firewood production, as of September 2010. The councils of Launceston, Huon Valley and Circular Head have the highest numbers of workers, although a large number of councils have more than 100 people working directly in the native forest industry, and hence likely have many more indirectly dependent on the industry. The workers are shown based on where they live (rather than where they work), as workers typically spend a high proportion of their wages and access many services near their place of residence, and hence the communities they live in will experience negative impacts if these workers lose their jobs.

Figure 2 shows the level of dependence on native forest industry jobs by identifying the proportion of the employed labour force working in the forest industry. This is a better measure of dependence than the absolute number of jobs, as the loss of 50 jobs in a community with only 500 people will likely have a greater impact than the loss of 50 jobs in a city such as Hobart. The councils most dependent on the native forest industry based on this measure are Circular Head, Glamorgan-Spring Bay, Central Highlands, Huon Valley and Dorset, with all of these having more than 3% of their workforce directly employed in the native forest industry and likely a substantial proportion depending indirectly on the presence of the industry.
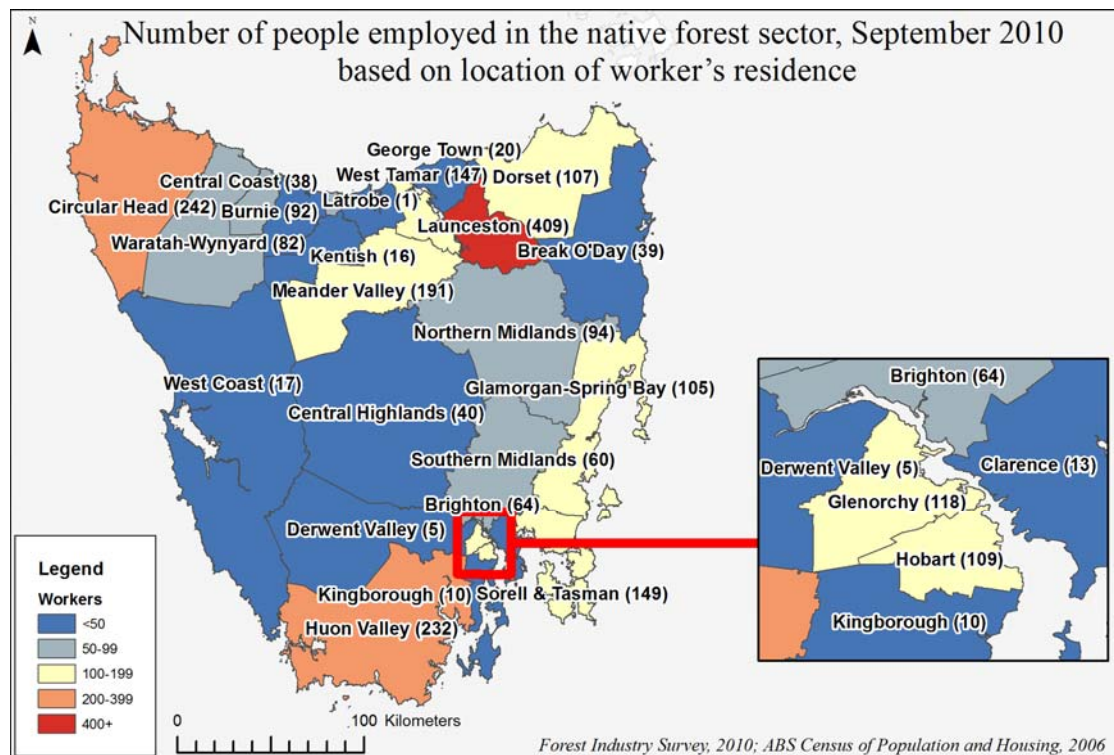

Figure 1: Number of workers employed in the native forest industry (public and private), excluding small scale woodcraft and firewood production, September 2010
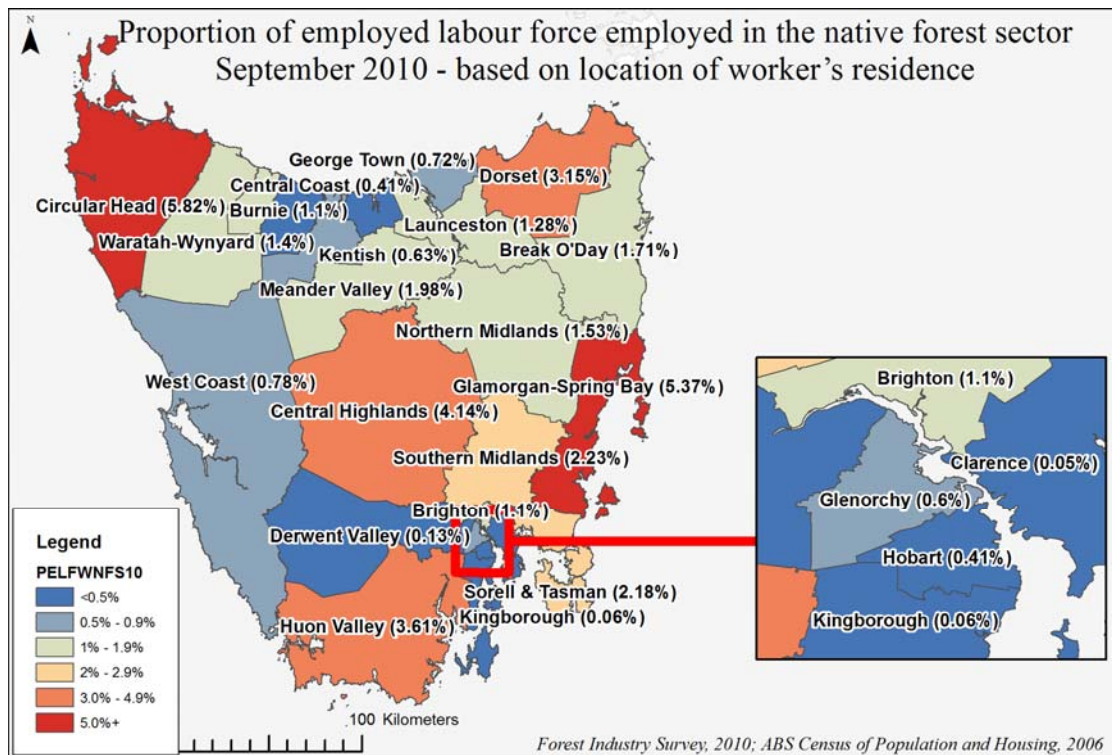
Figure 2: Proportion of the employed labour force employed in the native forest industry (public and private), excluding small scale woodcraft and firewood production, September 2010

These figures identify which communities are most exposed to the potential impacts of change in the industry. Further work is needed to identify the ability of these communities to adapt to change, with a thorough assessment of the vulnerabilities and capacities of these communities needed. This analysis needs to identify factors such as whether alternative employment opportunities exist outside the native forest industry, and the likelihood that a transition out of native forest harvesting will lead to changes in the viability of the local economy, in property values, and in the likelihood of people migrating out of the community.

What types of socio-economic impacts may result from a transition out of public native forest harvesting?

The types of socio-economic impacts that may occur as part of the proposed transition will depend on a range of factors, in particular the timeframe over which the transition occurs, the extent and scope of the transition, and the support measures put in place to assist those impacted by the transition. Socio-economic impacts are classified in many ways, but generally include social, cultural, economic, health and environmental impacts (Slootweg et al. 2001, Vanclay 2002).

It is important to recognise that a change to an industry will impact different people in very different ways. Social impact assessment practitioners now commonly discuss industry changes as leading to socio-economic change, with these socio-economic changes then having a range of impacts on different individuals depending on their individual circumstances (Vanclay 2002). For example, a transition out of harvesting of publicly owned native forests may result in loss of employment for many people, which is a socio-economic change. How that loss of employment impacts people will depend on their circumstances – a worker who is near retirement age, owns their house outright,

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has no dependent children and receives a large redundancy payment may not experience any significant negative impacts, while a worker who is younger with a large mortgage, young children and receiving only a small redundancy may experience significant and long-lasting negative impacts.

The types of impacts a person may experience include, but are not limited, to the following (these are reproducd from Loxton et al. [2011]; see this report for a more thorough description of different impacts that may occur as a result of an exit out of harvesting publicly owned native forests):

- **Psychological impacts:** Stress, depression, and other mental health impacts may result from a transition out of native forest harvesting. These can in worst case scenarios be accompanied by increased rates of suicide, domestic abuse, relationship breakdown and other serious social problems (Hill et al. 2008). These psychological impacts can be exacerbated by a strong sense of injustice often felt by workers if they believe decisions that have affected their livelihood are unfair or unjustified, something recorded when workers in the forest industry lost employment as a result of the Regional Forest Agreement process. Currently, many workers are experiencing these types of impacts during the anticipation period; in some cases, making a decision that gives improved security of livelihood can improve mental health, for example if workers feel they now have a secure and certain future, or are given adequate support to exit the industry.

- **Impacts on the living environment:** If a transition out of native forest harvesting leads to large-scale job losses, this may impact on residential property markets in towns with high dependence on the forest industry, with house prices falling and few or no buyers. This can in turn make it difficult for workers to seek jobs elsewhere, as they may not be able to sell their house for an adequate price to cover their mortgage or afford to buy elsewhere; it can also reduce ability to raise capital to invest in new business ventures. In some cases, this may also be associated with an influx of new residents taking advantage of cheap housing, creating significant social change. A large loss of employment in a town may also lead to significant out-migration of local population, and consequent loss of local services and social networks, with local communities experiencing ongoing decline and loss of social support (both formal and informal).

- **Economic impacts:** A transition out of native forest harvesting has potential for a range of economic impacts on those affected. These include loss of income through both loss of employment and underemployment; and flow on impacts from this such as difficulty servicing debt, changes in values of investments and assets that are impacted by the transition (such as business capital equipment, or housing prices as discussed above). These economic impacts may be experienced not only by those directly employed in the native forest industry, but by those working in upstream and downstream businesses (eg suppliers of fuel and mechanical repair services who lose business), and in the retail sector in communities significantly impacted by change. Forestry businesses may be impacted through being unable to access finance or service debt. The extent and duration of economic impacts depends largely on whether workers and businesses can find new economic opportunities to replace those lost as a result of the transition out of harvesting publicly owned native forests, which in turn depends on factors such as the availability of alternative

employment; mobility of workers to shift to areas with available jobs; and whether workers have the skills needed to take up employment in new jobs. Positive impacts are possible where making a decision about the future of native forest harvesting provides greater certainty to businesses, enabling them to invest for the future and maintain their workforce.

- **Cultural and community impacts:** Schirmer *et al.* (2008) found that forest industry workers in some locations demonstrate a strong 'attachment to place', as well as a strong cultural attachment to working in the forest industry. Depending on the availability of alternative employment opportunities in local communities, forest industry workers made redundant as a result of an exit from public native forest harvesting may need to move to other towns to find suitable employment. The impact of this transition is two-fold: affected stakeholders may lose their cultural identity and social networks (although over time they may also benefit from integrating into positive social networks in their new community), and rural communities lose valued members of their community, reducing the richness and strength of local social networks and support structures, and in many cases reducing membership of groups such as sporting clubs and volunteer fire brigades. If a rural community loses a large number of residents, loss of services may occur, as discussed earlier. If new industries emerge in place of public native forestry, this may re-energise some rural communities, but will typically also be associated with ongoing changes in the local culture of the community that are sometimes difficult to adjust to. The impacts of change in the forest industry will interact with other trends influencing communities at the same time; a community already experiencing rural decline is likely to be more negatively impacted by loss of native forest related industry than one which is experiencing growth in employment and population and has a strong and dedicated leadership base.

- **Family impacts:** Any change to the lives of workers dependent on publicly owned native forests for a living will also impact their families. These impacts are varied and depend partly on direct impacts felt by forest industry workers. For example, during the anticipation period many forest industry business managers have reported having increased workloads, as discussed earlier. Longer work hours typically reduce a person's ability to participate in family or community activities. Conversely, if an exit out of native forest harvesting enables some people to downsize their business while maintaining adequate income, they may experience reduced stress levels and increased time to spend with family, something Loxton et al. (2011) found occurred for some workers as a result of the RFAs in NSW. Families of workers are impacted by stress, depression and anxiety about the future when workers lose their jobs or experience underemployment and loss of income. They are also impacted if the family has to shift to a new town to seek new employment, with the associated disruption to schooling and social support networks.

- **Impacts on those involved in negotiations:** A sometimes unrecognised impact is the impact major policy changes have on those responsible for implementing them. Evidence from the RFA processes suggests that many government agency staff experienced stress and burnout as a result of participating in lengthy negotiations and implementation of the regional forest agreements. Similarly, members of the forest industry who sacrificed considerable time and,

in many cases, costs (eg travel, accommodation and income lost due to time spent away from normal work to participate in discussions) experienced significant stress.

- **New opportunities:** It is well recognised that with any change in access to resources there is the potential for negative impacts. However it is equally important to recognise that with change comes new opportunities. Studies carried out to assess negative impacts should also identify positive impacts and the measures that can assist people to maximise such benefits (O'Faircheallaigh 2009). Displaced workers need to be supported to identify alternative livelihoods, whether within or outside the forest industry. This requires assessment of whether and what types of alternative jobs are available in the localities where workers are displaced, as well as assistance for those seeking to develop new opportunities (e.g. through skills training and business planning assistance). Loxton et al. (2011) found, when examining impacts of implementation of the Regional Forest Agreement in northern NSW, that while job loss was accompanied by fear, people who found new, stable employment often enjoyed their new lifestyle, even if they had also enjoyed their old job and still felt a sense of injustice at losing it.

While this list of impacts indicates a range of potentially significant changes may result from a transition out of native forest harvesting, the extent and severity of negative impacts will depend on a number of factors. These include:

- The timing of the transition. A longer timeframe for transition will provide more time for businesses, workers and communities to plan for the change, and develop new business activities and opportunities to replace those lost. It is important to set a clear but incremental timeframe that allows adequate time for adjustment, and to recognise that a sudden change has greatest potential for negative impact due to the lack of time in which to plan for transition and seek alternative employment and opportunities.

- The extent of the change – whether all public native forests would be unavailable for harvesting, or some would still be available and if so which.

- The support strategies put in place to reduce negative impacts and provide opportunities for positive change, discussed in the following section of the submission. Support strategies can range from direct financial payments to people directly impacted by change, to development of proactive strategies to increase opportunities in either the forest industry or other industries as a way of minimising negative impacts of change. It is important that these strategies are underpinned by a realistic assessment of potential opportunities and the capacity of unemployed workers and business owners to identify and take advantage of new opportunities.

Support measures that should be considered if a transition out of public native forest harvesting occurs

If a proposed transition out of harvesting public native forests occurs, there is a need to identify what strategies can best minimise negative impacts and maximise opportunities for positive change as part of the transition. Critical to this is undertaking proactive work to understand the

vulnerabilities of different groups to this change (e.g. different types of forest industry business, workers in the industry, and communities dependent on the industry), so that assistance strategies can be developed that help overcome these; and to identify the skills and capacities of these groups, so strategies can be designed that build on and utilise these.

Loxton et al. (2011) reviewed the effectiveness of previous structural adjustment assistance provided in the Australian forest industry, and identified a number of critical factors that should be considered when developing support packages:

- **Support measures need to be provided not only to those who directly lose employment or business activity, but the communities they live in, and in some cases upstream and downstream businesses and workers (where they can demonstrate loss of business).** Targeting support more broadly ensures that some negatively impacted groups do not 'miss out' – for example, in the RFA process some communities felt that they did not benefit from payments given to support forestry businesses and workers, as the forest industry members who received these funds often shifted out of the community to find new employment, leaving the community experiencing negative impacts but with little or no support to cope with this.

- **Support needs to be provided early, and continue for an appropriate period of time**. Some support is needed during the anticipation period; in the case of the Tasmanian forest industry, where an extensive downturn and loss of employment has already occurred in the industry since 2008, businesses, workers and communities are currently experiencing extensive negative impacts. Providing support to assist them now, during the anticipation period, can improve their capacity to cope with the subsequent change that would result from a transition out of public native forest harvesting.

- **The assistance provided will be more effective if it goes beyond simple cash payments to include social and psychological support measures.** There has been a trend in recent years to providing competitive cash grants as a way of 'buying out' effort in natural resource industries where access to a resource such as a fishery or forest area is being reduced. However, the psychological stress experienced by many business managers and workers during a period of substantial change can make it difficult to plan to use cash payments effectively or sensibly. The provision of well-designed and targeted financial counselling services and mental health counselling can ensure that they are assisted to plan for their future, and develop new opportunities that may generate new jobs faster than would otherwise be the case.

- **Those eligible for assistance should be provided support in applying for that assistance.** A common obstacle experienced by people attempting to access assistance packages is difficulty understanding and completing application forms. This can disadvantage those with limited literacy or resources – often the people who most need assistance. Provision of adequate administrative support is essential to ensure all those eligible are able to apply for assistance if they wish to.

- **Ensure people eligible for assistance are aware it exists.** A common problem encountered when reviewing the effectiveness of support packages is a lack of awareness of their existence; comprehensive communication strategies are essential to ensure all those eligible have the opportunity to apply for assistance.

- **Provide transparent processes for determining who receives assistance, and clear grievance procedures and dispute resolution mechanisms.** Transparency is essential, as it provides opportunity for applicants who have been rejected to appeal decisions and ensures the process is just and fair.

Consideration should be given to provision of the following forms of assistance

- **Business assistance:** This may include grants to assist businesses to exit the industry, downsize operations, or restructure their business to target new activities (e.g. shifting to work outside native forests). Clear criteria are needed for eligibility for assistance, and independent auditing of applications for funding to ensure funds are distributed appropriately.

- **Worker assistance:** Many workers may need assistance to seek and obtain new employment. This may include providing training opportunities to gain new skills or to enable workers to obtain certificates for skills they have informally developed; providing peer support networks; assistance with identifying employment opportunities, preparing CVs and preparing for job interviews; and relocation assistance where workers incur the cost of shifting to a new town to find new work. Financial assistance in the form of additional redundancy payments or other financial payments assisting families to cope after a worker has lost their job can also be of considerable benefit.

- **Community assistance:** Community assistance measures may take many forms, from provision of grants for community events that can help address issues of community wellbeing, to development of strategic plans for communities to help them identify alternative future opportunities when faced with negative impacts from a transition out of harvesting of public native forests.

- **Financial counselling:** To provide skills in financial planning for the future, as well as assist in applying for and planning for the use of financial assistance.

- **Psychological counselling:** To assist those impacted to address issues of stress, depression and anxiety arising from the change, and plan constructively for their future.

- **Support for the support providers:** Funding to those groups that already provide support and assistance to potentially impacted groups is often a cost effective way of providing support through a transition process.

Appropriate targeting of assistance measures, and estimating their likely cost, requires careful analysis of the likely impacts of change. Often this early analysis is not invested in, and in some cases this has resulted in a 'blow out' of assistance costs.

Socio-economic impacts of expansion of plantations and associated industry

Associated with the call for a transition out of harvesting of publicly owned native forests has been a proposal that the native forest based industry be replaced by expansion of the plantation industry. It is important to note that an expansion of the plantation industry itself has potential to be associated with a range of positive and negative socio-economic impacts. Expansion of the plantation industry is likely to involve establishment of new tree plantations on cleared agricultural land in Tasmania, as well as establishment of processing facilities to manufacture plantation-based products.

Any expansion of tree plantations on agricultural land is likely to be associated with some social controversy, with past expansion attracting concern and generating some disputes in rural communities (see Schirmer and Tonts 2003, Schirmer 2007 and Williams 2008 for detailed exploration of some of this social controversy). Schirmer (2009) examined available evidence to shed light on common debates about the social impacts of plantation expansion on agricultural land in Tasmania. She found that plantation expansion is not associated with higher than average rural population loss – but does not support population growth unless accompanied by investment in downstream processing. She did find that expansion of plantations may be accompanied by a shift in the location of employment from smaller towns to larger regional centres, with the plantation industry often generating employment more in these larger centres than small rural towns. Rapid expansion of plantations can also result in change in rural land prices, which benefits those wishing to sell land, but disadvantages those wanting to purchase land such as farmers aiming to expand their farm enterprise to stay economically viable. Just as importantly, expansion of plantations is associated with a change in the people who live on the land – when plantations expand via the large-scale purchase of rural properties, farmers often shift off the land and are replaced by new residents who may have few links to the local community. This can be associated with considerable social change in the community, and loss of social capital. Expansion of smaller scale farm forestry is not associated with the same types of social change, but faces more difficulties with regard to achieving economies of scale and high rates of uptake.

The establishment of new processing facilities to process plantation timber will create jobs for the Tasmanian economy. However, it is questionable whether these facilities would generate a similar number of jobs to those currently generated by native forest harvesting, for the simple reason that modern processing facilities tend to be built to process on a larger, more efficient scale and require less labour than the generally relatively older processing infrastructure currently operating in some sections of the native forest industry (see Schirmer et al. 2008 for a brief discussion of changes in manufacturing efficiency over time).

Expansion of the plantation industry must therefore be viewed realistically as a strategy that will be associated with some social conflict in rural communities, and social change in those communities as the type of people and jobs shift as a result of plantation expansion. It must also be understood that plantation expansion is unlikely to replace jobs lost in the native forest industry, with more mechanised and efficient harvesting and processing in particular associated with generation of fewer jobs. While this is common for any industry – modern manufacturing facilities in any industry tend to create fewer jobs than older facilities, a result of rapidly improving efficiency through technology – it

does mean that expansion of the plantation industry should not be viewed as being able to act as a simple replacement for native forest dependent jobs.

Concluding remarks

A large number of people will potentially be impacted by any transition out of harvesting of publicly owned native forests in Tasmania. While it is tempting to assume that the potential for impact will inevitably translate into consequences such as widespread loss of employment, this is not necessarily the case: previous experience shows that people are often better able to adapt to change than is at first predicted, reducing the extent of negative impacts that result from a change such as a transition out of harvesting public native forests. It must also be recognised that current trends in the industry suggest that the industry is likely to experience ongoing negative change in the absence of a change such as a transition out of harvesting of publicly owned native forests, with a range of factors reviewed by Schirmer (2010) associated with ongoing job losses in the industry. However, a person's ability to adapt to change is dependent on many factors, including the availability of alternative employment, personal characteristics such as their skills and age, and the extent to which they have access to adequate resources to help them adapt. On both these fronts, there is reason to be concerned about the ability of those currently directly or indirectly dependent on native forests for their livelihood to adapt successfully to a transition out of public native forest harvesting. Many forest industry workers and businesses are currently under a high level of stress and have a reduced ability to adapt to further change due to the ongoing impacts of the extensive downturn in the industry in recent years and the psychological impacts of ongoing conflict over the use of Tasmania's native forests. In some forest industry dependent communities, there is a lack of available alternative employment, although further work is needed to identify the capacities and vulnerabilities of these communities to change.

For a transition out of public native forest harvesting to occur without being associated with significant and ongoing negative impact, it will be necessary to put in place appropriate support mechanisms. These need to go beyond cash payments intended to compensate businesses, to providing more specific support for workers who lose employment to help them prepare CVs, obtain appropriate skills, and find alternative livelihoods.

Psychological and financial counselling are important support mechanisms, as without providing appropriate counselling many of those affected by the transition may experience levels of stress, anxiety and depression that prevent them from planning effectively for the future and identifying new futures outside the native forest industry.

Support is also needed for those communities with high dependence on the forest industry, to identify new economic activities to maintain population in the community and assist members of the community in adjusting to change.

Support mechanisms require careful targeting to the needs of workers, businesses and communities; their costing cannot be estimated until further detail is known about the likely nature and timing of any transition out of public native forest harvesting.

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