TIMBER TOWNS VICTORIA

The Cessation Of Native Forest Harvesting In Victoria

Position Paper
September 2023

Our position in summary

TTV and its member councils have closely considered the implications of the cessation of harvesting of native forests in Victoria from the end of 2023.

> **Our position is that continued native forest harvesting is regenerative, viable and the lifeblood of many of our communities. We regret the closure decision.**

The impending termination of native forest logging presents a multitude of challenges for timber towns in Victoria, particularly in the east. This development threatens to unleash a wave of significant socio-economic impacts, with the potential to upend the lives of communities heavily dependent on the timber industry for their sustenance.

Each timber town nestled within Victoria's forests has a unique role in contributing to the state's economy. Eastern Victoria is primarily engaged in native forestry, supplying a wide array of timber products for various applications. Central Victoria, on the other hand, is known for its softwood plantations which are utilized for building materials, furniture production, paper manufacturing, and biomass energy. Western Victoria stands out for its plantation forestry, which bolsters numerous businesses and jobs along the fibre supply chain.

The deep symbiosis between these communities and the timber industry cannot be overstated. Fire fighting efforts, for instance, are heavily dependent on the resources and expertise provided by the industry. The earnings from these towns are often reinvested locally, significantly bolstering their community's social and economic vitality. Additionally, the communities have a profound connection with their forests, which provides them with a plethora of social, conservation, and recreational benefits.

However, this symbiotic relationship is set to face severe disruption by the end of 2023, especially in Eastern Victoria. Job losses are expected to be substantial, with approximately 2,650 jobs (both direct and indirect) slated to disappear based on independant 2021 TTV modelling. The regional economic output is also expected to take a hit, likely declining by an estimated $714 million. As a result, these towns could find themselves more dependent on external support, with their populations likely to dwindle due to the lack of employment and income opportunities.

The cessation of native forest harvesting is expected to have a ripple effect throughout local economies. This impact will stretch far beyond the timber industry, potentially putting at risk vital services such as vehicle and transport support, roadside rest stops, motels, and other manufacturing businesses within these communities. The healthcare sector is likely to experience reduced support, and the number of schools could decline. Sporting and community groups may also find it increasingly challenging to sustain their activities.

Furthermore, tourism, accommodation, and hospitality businesses could experience reduced patronage and face workforce shortages. The close relationship between the timber industry and tourism could lead to a downturn in both sectors. Another area of concern is the potential decrease in volunteerism, which is critical for community safety roles in regional towns. In addition, reduced access to public transportation could hamper residents' ability to access services in other towns.

Other impacts will include the loss of clean sawdust for the broiler industry, decreased availability of residual forest material for regional hospital heating, potential illegal firewood extraction, and the substitution of renewable heat energy sources with natural gas for protective cropping hot houses. It could also lead to the loss of generational knowledge linked to regenerative timber harvesting and land management, diminishing the community-forest connection. Road maintenance could become a significant issue, considering the timber industry has historically funded it through royalty payments.

Despite these anticipated challenges, there are potential opportunities for reinvention. There is expected to be increased engagement with landowners to pursue diversified farm forestry operations and enhanced collaboration with First Nations Australians, including Traditional Owners and Custodians. This could prove pivotal in reimagining the future of Victoria's timber towns and communities.

[1] Timber Towns Victoria (TTV) is an incorporated local government association representing the interests of municipal councils in relation to forestry on both public and private land. The Associations primary function is to provide a forum for local government to address the management of forest and forest industries and their impact on local communities.

In considering solutions for the future, Timber Towns Victoria and its members have focussed on immediate needs, transitional needs and long-term support.

Ultimately, the implications for our communities and timber towns in Victoria is that the state, councils, communities and industry need to:

1. Embrace Plantation Forestry: Timber towns in Victoria should focus on including plantation forestry, either broadacre or integrated with other farm activities (farm forestry or agro-forestry). Plantations can serve as a source of income from solid wood like timber building materials or environmental services income, including carbon credits.

2. Protect Access to Plantations: Ensure 'as of right' access to existing and future plantations, their harvesting, and extraction of timber, with the option of replanting when commercially viable. This will sustain the economic base of timber towns.

3. Diversify Economic Activities: Relying solely on tourism is not sustainable for the future of all timber towns. Communities should place greater value on land management activities and the interface between land-use and manufacturing, including food production, packaging, and transport services, to create a more diversified economic base.

4. Invest in Infrastructure: The maintenance of road and rail networks is crucial for sustaining communities and their economic activities. Governments, councils, and the state should collaborate to retain and support necessary community services, such as fuel, mechanics, and other related support.

5. Address Fire Risks: With climate change and other factors driving more frequent and potent bushfires, timber towns should be supported by comprehensive and ongoing state-funded programs for effective fire risk management and firefighting capabilities. This is especially vital because many timber towns and communities will lose their primary fire fighting capability: the industry's workforce and its equipment, knowledge and commitment.

6. Legislative and Regulatory Support for Plantation Forestry: To encourage the expansion of plantation forestry solutions, legislation and regulations should ensure that plantation resources are maintained and utilized for various outcomes, such as production of solid wood, pulpwood, and carbon farming.

7. Support Farm Forestry and Agro-Forestry Initiatives:
Encourage and accelerate farm forestry and agro-forestry initiatives where they already exist, as growing trees on farms and processing them locally can diversify income, employment, and wealth generation while promoting land management and regeneration.

8. Sustain Wood Processing Capability:
Support wood processors with viable plantation or other resources to maintain existing wood processing capability and capacity, especially in higher-value products and value-adding to the resource. This can help sustain timber towns and communities.

9. Embrace Digital Infrastructure:
Timber towns should focus on improving digital infrastructure to become future digital work hubs, as location need not be a barrier, and regional Victoria can offer great places to live and work.

10. Explore New Applications for Wood Supply:
Given the changing nature of wood available in Victoria, timber towns and communities can contribute to meeting deficits in packaging timber supply. Smaller communities can operate small operations to supply local pallets, fruit, and other timber packaging supplies to support regional communities.

11. Provide Support for Transition:
Recognise that timber towns will undergo changes, and some may need support to reimagine and reinvigorate themselves for a sustainable future.

Overall, these recommendations aim to ensure the economic and environmental sustainability of timber towns in Victoria, promoting a diversified and thriving future for these communities.
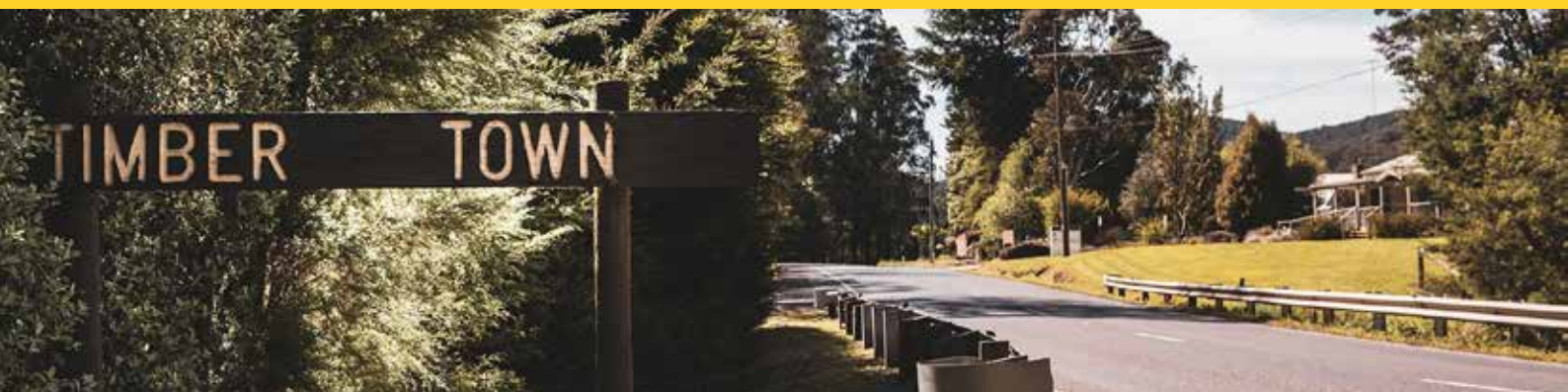
The current situation

Victoria's timber towns have faced great turbulence in recent years, across the whole of the State, but especially in the East.

The turbulence, entirely out of the control and mainly outside the influence of the respective local governments and their citizens has culminated in the announced conclusion of native forest harvesting, by the end of 2023.

For many timber towns, the people and businesses in them, the consequences of the closure of native forests will be devastating. Their livelihood and lifeblood is being ripped from them, with the risk some towns will decline, to the detriment of the community, the people who live in them and the state as a whole.

Out of sight, but front of mind

Timber towns scattered across Victoria, nestled within the state's abundant woodlands, play a substantial role $741mil pa to the economy. Each town, distinguished by their regional attributes, contribute unique products vital to Victoria.

Eastern Victoria, with a predominantly native forestry industry, provides diverse timber products for housing, furniture, and agriculture. It supports the region's pulp, paper, and packaging industry, including sawmilling operations for maintaining critical community assets like piers and bridges.

Central Victoria, home to both native and plantation forestry, focuses on softwood plantations. This region supplies sawnwood for buildings and furniture, wood panels for construction and flooring, resources for pulp, paper, and packaging manufacture, biomass energy, and even bedding for the broiler chicken industry.

In contrast, Western Victoria is anchored by plantation forestry, which sustains businesses and employment throughout the fibre supplies value chain. This sector supplies vast amounts of wood fibre, exporting most hardwood while using softwood nationally in building and agricultural industries, along with some exports. This region contributes significantly to national export income.

In conclusion, Victoria's timber towns, though not always in the spotlight, are economic powerhouses that significantly impact both regional and national sectors with their diverse forestry contributions.

Timber towns are community towns

Timber towns epitomize community-industry symbiosis. Residual products from the timber industry, like woodchips, bark, and sawdust, find local uses, contributing to animal care and regional hospital energy generation.

This industry plays a significant role in community safety, especially firefighting, using its equipment and expertise. It's hard to envision maintaining similar protection without this industry's contributions.

Residents of timber towns live and spend locally, bolstering their communities. They are the pillars of local sports clubs, volunteer groups, and social-economic contributors.

The bond between these communities and their forests is profound. The inhabitants nurture their forests, valuing them for the social, conservation, and recreational benefits they offer. In return, these forests enhance residents' physical and mental well-being, reinforcing this essential connection between timber towns and their forests.

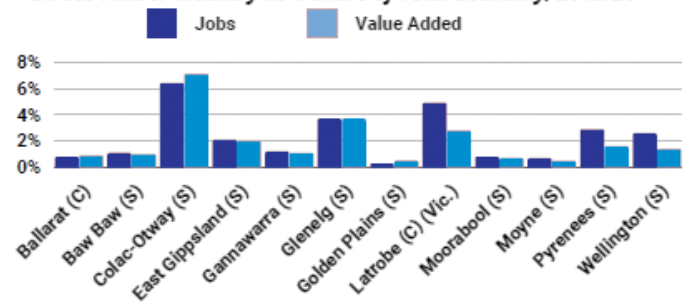# How our towns and regions will change

The end of 2023 will bring significant changes to our timber towns, particularly in Eastern Victoria, due to the cessation of the native forest industry. We anticipate around 2,650 direct and indirect job losses based on the 2021 TTV modelling, causing a regional economic plunge of an estimated $714 million. The reduction of these employment opportunities will inevitably lead to shrinking town populations, requiring increased external support.

The ripple effect of these job losses will spread to community services indirectly tied to the industry, such as transport support services, rest stops, motels, and other manufacturing businesses. The absence of these amenities will heavily impact the community.

Moreover, community health care and schooling will suffer. Declining school numbers may lead to consolidations or closures, and reduced health care support will complicate community health management.
Similarly, the sustainability of sporting and community groups will be threatened due to a smaller population and reduced service availability.

Furthermore, the tourism, hospitality, and accommodation sectors face the risk of reduced patronage and a limited workforce due to these changes. A decrease in volunteerism for crucial community safety roles

Direct Timber Industry as a Share of Total Economy, 2019/20
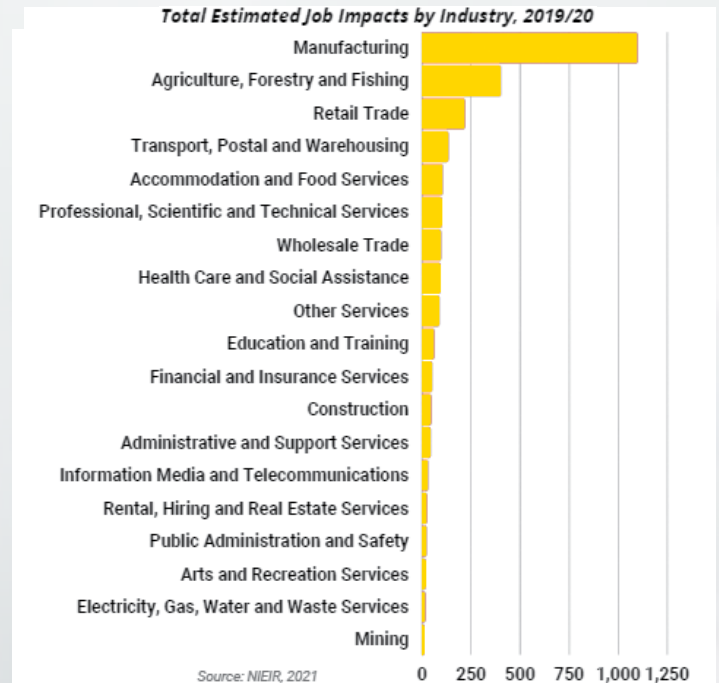
Source: NIEIR, 2021

is also expected, exacerbating the problems associated with diminished public transport access, further isolating these communities.

The closure of native forests for harvesting goes beyond job loss, impacting other industries as well. The role of the timber industry extends to housing, furniture, and other sectors, but its closure signifies a broader socio-economic upheaval for these towns.

The path ahead will be challenging but underscores the need for resourceful adaptation and strong community support systems.

Far beyond its role as a supplier of timber for housing and other structures, for flooring, furniture and other products, the closure of native forests for harvesting will have the following additional impacts:

- Loss of tens of thousands of cubic metres of **clean, dry, bacteria free saw dust** for bedding used by the broiler industry, (In some cases this supply is expected to be replaced by straw and similar products with increased bio security implications, requiring increased processing and transportation).

- Loss of residual forest material to provide **biomass heating to regional hospitals**

- Loss of access to **sustainably harvested firewood** options for human warmth, with increased likelihood of illegal extractions.

- Loss of **renewable heat energy sources** from biomass to provide heat for protective cropping hot houses for the horticulture sector (tomatoes and the like), with the expected replacement being natural gas.

- Loss of **generational knowledge of regenerative timber harvesting** and native vegetation / land management that supports fire suppression, contributes to fire management and focuses on protection of the natural landscape, as well as communities.

- Loss of **connection with the bush** creating more disconnect with the environment. Foresters know the bush and care for it as they have done so for many generations. Cessation of the native forestry will only diminish the connection between communities and the forests.

Total Estimated Job Impacts by Industry, 2019/20

Source: NIEIR, 2021

- **Road maintenance** may be deeply problematic in the future, especially for the regions previously reliant upon the native forest sector for the royalty payments that have historically funded roads. Meantime, the recently completed Timber Industry Road Evaluation Survey (TIRES) for 2023-27 identifies 167 roads requiring maintenance or upgrades expected to cost $128.6 million at the time of evaluation.

In the face of industry changes, local industries and government will strengthen partnerships with landowners and farmers, fostering diversified forestry operations. Crucial to this transformation is the increased engagement with First Nations Australians, whose knowledge, experiences, and cultural needs will be central to the reshaping of Victoria's timber towns and communities.

Actions to support timber towns now and achieve a just transition

The Victorian Government's decision to phase out native timber harvesting by 2030 was difficult for communities to understand and harder to adapt. The dismantling of that undertaking with a closure date 1 January 2024 makes adaptation almost impossible.

Businesses and communities worked to implement the 2030 closure decision. The acceleration means a 'normal' and orderly transition is unachievable. The financial and emotional stresses on businesses, impacted councils, the community and families have been dramatically compounded.

Timber towns and communities and their councils need immediate support, through to 2030:

- Immediate and ongoing Mental Health support for workers and their families as they come to terms with the decision.

- Meaningful and scaled financial support to continue service delivery into communities where the timber industry's closure will result in reduced populations and declining rates revenue.

- Future state visualisation ideation and planning support to allow communities to redefine their future and to inform future programs of support.

- State legislation and necessary regulation ensuring 'as of right' access to plantations for establishment, management, harvesting, extraction and replanting.

- State taxation and fee concessions, including foregone rate support to Councils, to encourage further plantation establishment.

2030

- Specific, targeted, and proportionate support for communities to develop and/or maintain fire fighting and other community safety and well being capabilities and capacity, including the physical resources and equipment. TTV understands this will come at significant expense to the State.

Imagining the timber towns of tomorrow

Timber communities understand their sustainability relies on an economic foundation. Plantation forestry, either broadacre or integrated with farming (agro-forestry), will likely dominate future timber towns in Victoria. Some plantations will focus on solid wood extraction for income, while others will tap into environmental services like carbon credits.

The future decisions of plantation land owners within the industry will dictate access to and re-plantation of these areas.

Communities value the connection between land-use and manufacturing, such as food products and related services.

Road and rail network maintenance is critical for sustaining regional economies. Timber towns are often at the heart of these services—fuel, mechanics, etc.—backed by Councils and State funding, ensuring the continued availability of these services.

Firefighting, a crucial element of timber towns, is primarily driven by the industry. The closure of native forest harvesting will significantly reduce resources and expertise in this area. Given the increasing bushfire threats due to climate change and less active fire management, it is crucial for timber towns to be equipped with state-funded programs to manage fire risk and ensure firefighting capabilities effectively.

Specific opportunities for the future

Victoria's timber towns face significant transition challenges but viable future opportunities are within reach, with the right support. These include resource management, processing innovations, and improved digital and physical infrastructure.

Resource

Many communities already possess plantation resources. Ensuring these plantations' maintenance and encouraging expansion requires 'as of right' land use legislation. Mixed land use planning for plantation forestry and supporting farm forestry initiatives can diversify regional income, employment, and wealth generation. A comprehensive stocktake of private native forest resources would aid decision-making processes for processors.

Processing

Preserving wood processing capability will be challenging, requiring support. Where plantation or private native forest resources can sustain processors, a viable future is possible. High-value product creation and value-adding operations, such as Australian Sustainable Hardwoods and Radial Timbers, are expected to flourish. These investments primarily aim for socio-economic support for timber towns with a secondary objective of promoting climate-friendly building products.

Private native forest and plantation supply changes offer new opportunities, including meeting packaging timber deficits. Disaggregated supply models for these products can support regional communities.

Transport and digital infrastructure

Our communities, potentially the future's digital work hubs, are not just timber towns but great living and working places. Ensuring digital infrastructure is up-to-date and efficient is vital for these communities' future. Similarly, improved road and rail networks are key to a better future, whether supporting industries or emerging roles.

Timber towns in Victoria have a path to future prosperity, albeit a narrow one for some. This journey requires support to reimagine and reinvigorate communities. The future might lessen the timber component, shifting the emphasis to plantations over native forests. Regardless, change is inevitable and will impact the residents of these towns.

The focus of Timber Towns Victoria is on immediate needs, transitional needs, and long-term support when considering future solutions. The future of Victoria's timber towns will be different, but with the right measures, it can be sustainable and prosperous.

Solutions for a thriving future in timber towns

While difficult times are yet to be fully realised in many of our communities, there is a pathway that can see timber towns in Victoria thrive into the future.

For some communities, the reality is there is only a narrow path to a genuinely sustainable future. Navigating that journey requires support for communities to reimagine and reinvigorate themselves. In some cases, the 'timber' component of that future will diminish, be different (with the shift to an emphasis on plantations instead of native forests, for example) and even become an historical artefact.

Whatever the specific future holds for Victoria's timber towns, they will be altered and the people who live in them will be impacted by that change.