

Draft Forest Management Plan
Supplementary Social and Economic Impacts Report

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Summary

This supplementary social and economic impact report has been commissioned by the Forest Policy Implementation Office on behalf of the Conservation Commission and the Forest Products Commission to extend understanding of the social and economic effects of implementing the Draft Forest Management Plan.

A key objective of this report is to provide information (and quantification where it is possible) to assist understanding of the socio-economic impacts associated with the timber management scenarios A and B.

The information provided in this report predominantly stems from stakeholders who are concerned about the social and economic effects associated with the decline of timber yields, particularly impacts on the timber and furniture industries and impacts on communities in the South West.

This report identifies a range of socio-economic issues including the following process issues:

- How socio-economic effects are considered in the decision making process
- The need to expand the stakeholder consultation process
- The need to provide a clearer picture of the impacts of Scenario A
- The need to get a clearer picture of affected South West communities
- The need for a comprehensive economic assessment
- The need to expand performance indicators for the evaluation of social and economic effects

This report focuses on socio-economic impacts for the timber milling industry, the furniture industry and communities within the Shire of Manjimup. Impacts described are *potential* impacts in that they are yet to be realised.

Stakeholder identification of impacts is largely linked to employment calculations (jobs and job losses) as employment is a significant indicator of social and economic change. As such, stakeholders are using figures to estimate the degree of effect rather than relying on general perceptions that could be based on fear or misunderstanding.

This report finds that the selection of Scenario B would clearly have more social and economic benefits than the selection of Scenario A.

Under Scenario B there would be:

1. More opportunities for the timber industry, the furniture industry and local communities.
- There would be approximately 1150 direct jobs in the timber industry associated with jarrah compared to 650 direct jobs under Scenario A (according to the Overview study).

- There would be fewer losses of existing direct and indirect jobs associated with the timber industry. The Overview study identifies that direct job losses in the timber industry have been estimated to be at least 750 for Scenario B.
- Estimates for job losses under Scenario A require a detailed economic assessment. However, it would appear that stakeholders believe that under Scenario A:
 - There would be at least 795 direct job losses in the timber industry
 - Two major timber milling firms would lose in the order of 348 employees
 - There would be 184 mill/processing job losses in the Shire of Manjimup.
 - There would be in the order of 385 direct and indirect jobs lost in the Manjimup Shire (These losses are additional to the 715 estimated to have been lost in the shire with the implementation of the Protecting Our Old Growth Forests Policy)
 - There would be a loss of employment in the furniture industry with job losses estimated to be in the order of 2000 initially and possibly more in the longer term
 - There would be a minimum of 2000 direct and indirect job losses in the South West

It should be noted that the figures quoted above are not cumulative.

- Of the two scenarios, furniture industry stakeholders would prefer Scenario B as it provides for continuity of supply from an experienced timber supplier and allows scope for the industry to continue. However the industry's preference would be for a larger allocation – in the order of 200,000m³ to provide the industry with an opportunity for growth.
 - Local communities, particularly in the shire of Manjimup, are also expected to benefit from Scenario B in terms of job opportunities and local investment opportunities and the Shire and many individual stakeholders have indicated a preference for Scenario B. However, the Shire would prefer a larger timber allocation (over 180,000m³) to enable a furniture manufacturing precinct to be established adjacent to the Manjimup Processing Centre – creating 200 new direct jobs.
2. There would be more opportunity for tourism associated with the timber milling and furniture industries.
 3. A slow down of the loss of population from the Shire of Manjimup could be expected as fewer job losses will be felt in the shire. This will have positive implications for small business viability, social infrastructure and social capital.
 4. Social and health problems being experienced in local communities are less likely to be exacerbated.

The difference between Scenarios A and B is a matter of opportunities as much as a matter of degree of effect on the existing socio-economic environment. Scenario B would provide far greater social and economic opportunities.

The management of social and economic impacts requires the mitigation of adverse effects, the enhancement of social and economic opportunities, the monitoring of social-economic trends and some further research to obtain quantifiable data. Suggestions are presented in this report to assist in impact management.

1. INTRODUCTION

This social and economic impact report has been commissioned by the Forest Policy Implementation Office on behalf of the Conservation Commission and the Forest Products Commission to extend understanding of the social and economic effects of implementing the Draft Forest Management Plan.

This report can be regarded as a supplement to the social and economic information contained within:

- Chapter 9 of the Draft Forest Management Plan prepared by the Conservation Commission (July 2002).
- The Socio - Economic Assessment of the Forest Management Plan prepared by Coakes Consulting (August 2002).
- The Overview of Social and Economic Impacts Associated with the Draft Forest Management Plan prepared by the Social and Economic Impact Study Steering Committee (August 2002).

[Note: the latter two reports are contained within the one document entitled: Draft Forest Management Plan Social and Economic Impacts].

1.1 What this report can and can't do

This supplementary report is intended to progress understanding of the social and economic impacts of the Draft FMP by providing information that was not available in the earlier socio-economic study – specifically:

- Information on social and economic issues
- Information on social and economic impacts
- Additional impact management strategies

By providing additional information, the report should provide clarification and may provide some reassurance to those who have expressed concern that their issues were not addressed in the earlier study.

A key objective of this report is to provide information (and quantification where it is possible) to assist understanding of the socio-economic impacts associated with the Draft FMP and its timber management scenarios – Scenario A (a timber yield of 106,000m³ of jarrah per annum) and Scenario B (164,000m³ of jarrah per annum). The impacts described are *potential* impacts in that they are yet to be realised.

This report should not be regarded as the ‘final word’ on the social and economic impacts associated with the Draft FMP. This is because:

- The timeframe and budget for this study has not permitted a comprehensive filling of gaps that have been perceived in the Coakes study and further studies are required in some areas.

- This report does not attempt to summarise information provided in the public submissions received in response to the public exhibition of the Draft FMP as the contents of the submissions will be reported through a separate process. However, the report does draw upon some public submissions in the clarification of key issues and impacts.
- This report does not attempt to reproduce information contained within Government reports that discuss social and economic impacts (eg. reports from the Department of Mineral and Petroleum Resources, Water Corporation etc). However, some points raised in submissions from authorities are identified in this report.
- This report does not attempt to draw together information on socio-economic issues and impacts identified through different studies as the purpose of this report is to present additional information, not to provide an overview of the social and economic factors that need to be taken into account.

Decision making in relation to the final FMP will have the opportunity to draw upon the Coakes study, the Overview study, this report, public submissions and other relevant material.

2. METHODOLOGY

The supplementary report was prepared by an independent consultant with expertise in social impact assessment. The report was prepared within a short timeframe and a limited budget and involved the following scope of work:

- Review of the Coakes report, the Overview document, the Draft FMP and other relevant background material.
- A brief review of public submissions on the Draft FMP dealing with social and economic issues - in order to scope the issues raised.
- Liaison with specific Government stakeholder agencies (eg. Forest Policy Implementation Office, the Conservation Commission, CALM, Forest Products Commission) to obtain information and direction for the report.
- Consultation with stakeholders who had either not been involved in the Coakes study, or who had significant information to add to material previously submitted.
- Preparation of draft and final reports.

2.1 Stakeholder consultations

Those persons/organisations who responded to invitations for consultation were as follows:

- Jim Brosnan, Chamber of Minerals and Energy of Western Australia Inc
- Steve Crawford, Manager, Environmental Tourism Unit and Paula Turner, Niche Product Coordinator, WA Tourism Commission
- Ian Hearn, Furnishing Industry Association of Australia (WA) Inc
- Vern McKay, CEO, Shire of Manjimup
- Bob Pearce, Forest Industry Federation
- South West Development Commission:
 - Don Punch (CEO)
 - Carol Devitt (Chairman)
 - Ted Thompson (Board member)
 - Maureen Thurston (Board member)
 - Jon Birch (Manager Regional Services)
 - Dominique Van Gent (Manager Industry and Business Services)
 - Vanessa Lewis (Manager Information and Marketing Services)
 - Marilyn Morgan (Regional Coordinator Warren-Blackwood)

3. SOCIAL AND ECONOMIC ISSUES

3.1 Introduction

A number of socio-economic issues have been identified through the work carried out for this supplementary report. These issues require consideration and/or action. It will be helpful to briefly describe the issues here.

Process issues

- How socio-economic effects are considered in the decision making process
- The need to expand the stakeholder consultation process
- The need to provide a clearer picture of the impacts of Scenario A (with quantification)
- The need to get a clearer picture of affected South West communities
- The need for a comprehensive economic assessment
- The need to expand performance indicators for the evaluation of social and economic effects

The process issues are described in more detail in Sections 3.2 and 3.3.

Industry issues

Industry issues not covered elsewhere in this report are as follows:

- The minerals and energy industry wants to protect access to areas that have the potential to host economic mineral, petroleum or hydrocarbon resources – particularly access to those areas that are of medium to high prospectivity.

Access issues are addressed in submissions provided by the Department of Mineral and Petroleum Resources and the Chamber of Minerals and Energy of Western Australia. A study on the social and economic impacts of reduced access to resources in areas covered by the Draft FMP has been commissioned by the Chamber and will be presented to Government for consideration.

- The Water Corporation considers that quantification of the economic and social benefits of water needs to be provided in the final FMP and will provide information accordingly.
- Local governments want continued access to basic raw materials (eg. gravel, crushed limestone). This issue will need to be resolved by discussions between CALM and the relevant local government authorities.

Other issues

- A number of stakeholders are concerned that there be adequate resources allocated to manage the fire risk associated with the greater area of national parks and conservation reserves. Stakeholders have claimed that timber industry restructuring has already resulted in a loss of experienced people and a smaller pool of volunteers and equipment is no longer in the bush ready for emergency use. Additionally, hazards on logging roads (eg. fallen trees) pose difficulties for access in fighting fires. The Final FMP can provide a response to these concerns.
- Some stakeholders have indicated that with logging trucks on public roads in the future (rather than logging roads) there will not only be more traffic hazards but it could appear to the public that logging activity has increased. The Final FMP can provide a response to these concerns.

3.2. How socio-economic effects are considered in the decision making process

A strong theme in the public submissions on the Draft FMP and in the limited consultation exercise undertaken for this report was:

- the need to give social and economic factors more weight in the decision making process (as they appear to some to have been secondary considerations)
- the need to integrate socio-economic studies into the final FMP

3.2.1 Giving social and economic factors more weight

Issues raised include the following:

- Need to give social issues priority.
- Need some trade-offs between ecological and socio-economic values – to ease socio-economic impacts without significantly affecting ecological values.

Changes to the distribution of reserves, revisions to the amount of mature habitat protected, revisions of boundaries, changes to buffer zones, a review of harvesting practices and other forest management suggestions have been made to conserve environmental values while reducing social and economic effects.

- Need to apply ‘precautionary principle’ to social and economic matters not just ecological matters.
- A need to focus on social and economic sustainability or community sustainability (want a viable community). The Draft FMP could have identified ecological sustainability and community sustainability and argued the difference. Some stakeholders consider that the draft FMP goes beyond sustainability to provide a “utopian” environmental platform. Other stakeholders are concerned at the

apparent lack of consideration given to timber volumes or the price of log resources required to sustain local communities and industries.

- Need social justice for local communities (social and economic impacts will be local and state wide but mostly felt at the local level). There is an absence of geographic social equity and inter-generational equity (limited opportunities for young people and future generations in the South West)
- Need to consider triple-bottom line (social, economic environment).
- Need to increase social and economic benefits from natural values.
- The decision making process diminishes the effectiveness of the social and economic assessment.
- Was an inadequate process, brief, timeframe and budget for the social and economic effects study.

3.2.2 Integration of studies

Issues raised include the following:

- The Draft FMP preceded the Coakes Study and the two reports could therefore not be presented as integrated document for the public exhibition period that concluded in October 2002. As the Draft FMP preceded the Coakes study it could not be influenced by it. There is a need to integrate the results of all the socio-economic studies into the final FMP so that it can balance socio-economic and ecological values and concerns.
- It was claimed that the process does not comply with CLM Act Sec 19 (2) principle which states that the decision making process should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations. Need an integrated approach to decision making.
- Uncertainty as to how deliberations on social issues will influence the political process. There is no specific champion for social issues at the cabinet level.

3.3 Actions addressing the issues

3.3.1 The need to expand the stakeholder consultation process

A need to expand the stakeholder consultation process has been recognised in the Coakes study and through work undertaken for this supplementary report.

An expansion of the consultation process is required to:

- Communicate with stakeholders not consulted during the Coakes study

- Permit some stakeholder organisations to provide further information
- Clarify information from some stakeholders

This study did involve some stakeholder consultations (see list in Section 2) however it is recognised that further consultations are still required. Stakeholders have identified the following requirements:

- Meetings between government representatives (officers and ministers) and South West Shires
- Meetings between government representatives (officers and ministers) and representatives from the furniture industry

3.3.2 The need to provide a clearer picture of the impacts of Scenario A

This supplementary report addresses this issue (see Sections 4 and 5).

3.3.3 The need to get a clearer picture of affected South West communities

Three key issues have been raised:

- Consider the effects on the health and wellbeing of communities, particularly in the most affected areas.
- Provide more information about the impacts at the local level (eg. impacts on families and communities).
- Consider the socio-economic implications for townships perceived as having not been given adequate consideration in the Coakes study.

This supplementary report provides some comment on the first two components of this issue (see Section 4) but time did not permit consideration of impacts on townships other than Manjimup.

3.3.4 The need for a comprehensive economic assessment

Several stakeholders want to obtain a clearer picture of the state of the local economy and the impacts of scenarios A and B on that economy. They want to see more quantification and the use of multipliers to identify indirect effects.

A detailed list of items suggested by stakeholders for economic analysis is provided in Section 6.

3.3.5 The need to expand performance indicators for the evaluation of social and economic effects

This supplementary report addresses this issue in Section 6.

4. SOCIAL AND ECONOMIC IMPACTS

4.1 Introduction

A key objective of this report is to provide information (and quantification) to assist understanding of the socio-economic impacts associated with the Draft FMP and its timber management scenarios as depicted in the table below.

	Scenario A	Scenario B
Jarrah	106,000m ³ per annum	164,000m ³ pa
Karri	31,000m ³ pa	62,000m ³ pa

In response to gaps identified in the earlier social and economic effects study, socio-economic impacts are considered under the following headings:

- The timber milling industry
- The furniture industry
- The Shire of Manjimup

Impacts described are *potential* impacts in that they are yet to be realised. Stakeholder identification of potential impacts is largely linked to employment calculations (jobs and job losses) as employment is a significant indicator of social and economic change. As such, stakeholders are using figures to estimate the degree of effect rather than relying on perceptions that could be based on fear or misunderstanding.

The accuracy of all employment predictions (stakeholder and government predictions) can only be ascertained when the Final FMP is implemented.

4.2 The timber milling industry

4.2.1 Background

Stakeholders have raised the following points:

- Since the implementation of the Protecting Our Old Growth Forests Policy, there has been no investment in the industry.
- WA has the best timber in the world with an industry that is no longer able to operate at world's best practice and be internationally competitive.
- The 106,000 m³ –164,000m³ jarrah timber yield spectrum is not appropriate. The current timber prescription of 182,000m³ is viable and could increase if a less precautionary approach is taken to habitat assumptions. At least 180,000m³ of jarrah is required to protect the timber industry and the Shire of Manjimup.
- The total jarrah allocation required for the nine mill proposals under consideration (including already committed allocations to mills in Greenbushes and Nannup

totalling 43,000m³) is 170,405m³ of jarrah. This compares to allocations of 106,000m³ for Scenario A and 164,000m³ for Scenario B. As such, neither scenario allows for all the mill proposals to be successful.

- Economic impacts have already occurred in the selection process for the ten mills. Some existing companies will not get any timber. The selection process has been weighted towards whole bole, not experience in the industry. Mills using the 1st and 2nd grade cuts are lower on the list. No small company on the list is a furniture wood supplier. The process has taken too long and that the industry is ‘floundering’

4.2.2 Selection of Scenario A

Stakeholders further claim that:

- Under Scenario A, the largest proponent firm will not receive their specified allocation, and will not be able to continue operations at 3 jarrah mills. This firm has indicated the loss of 115 full time mill employees.
- Another proponent firm with two mills would lose in the order of 100 direct jobs.
- Under Scenario A, the Manjimup Processing Centre could not continue, with a loss of 81 full time jobs.
- The Pemberton karri mill which currently employs 52 persons would close as it requires a minimum allocation of 45,000m³ of first and second grade karri sawlog per annum. However, the Overview Study indicates that the State Government has made a commitment to the mill that will enable it to continue and grow.
- Job losses would be felt in the local government areas of Manjimup, Collie, Harvey, Murray and Serpentine-Jarrahdale.
- WA downstream manufacturers would be severely affected by the loss of a significant supplier of jarrah.
- The Forest Industries Federation of WA estimates the loss of a minimum of 2000 direct and indirect jobs in the South West.
- Strategies necessary to develop the timber industry and ensure it can be internationally competitive cannot occur.

4.2.3 Selection of Scenario B

- If Scenario B is selected then eight of the nine mill proposals for jarrah currently under consideration can receive their specified allocations. One firm with mills in two shires would not receive an allocation. This will directly affect about 100 jobs.

- The Manjimup Processing Centre can continue to operate.
- There would be approximately 1150 direct jobs in the timber industry associated with jarrah (including harvesting, haulage and forest management sectors) compared to 650 direct jobs under Scenario A - a difference of 500 (source: the Overview Study (August 2002)).

4.3 The furniture industry

4.3.1 Background

Stakeholders have raised the following points:

- The furniture industry has grown significantly in the past six years (from almost nothing) and currently requires 80,000m³ of jarrah log per annum and employs approximately 10,000 people (manufacturing, supply, retailing and transport sectors) with about 4,000 of these jobs directly related to Jarrah products.
- Export sales are worth \$55m per annum with overseas sales accounting for \$25m of the total. The WA furniture industry turns over \$800m per annum. WA has 10-12% of the manufacturing base of the Australian furniture industry and provides 26% of Australia's furniture exports.
- The potential of industry is enormous and the industry is working to improve technology to increase its efficiency and therefore its competitiveness at the national and international levels.
- The furniture industry is one of the few export orientated, high value added processing industries that can be established in South West rural communities and be sustainable in the long term.
- The industry needs guaranteed supply from mills to permit business confidence and long-term viability.
- Rather than encouraging value-adding, the FMP could lead to an industry that is small, fragmented and without investment.
- By not considering the furniture industry the draft FMP and Socio - Economic Assessment study down plays significant economic and social effects.

4.3.2 Selection of Scenario A

A significant industry would be damaged if Scenario A is selected as:

- Job losses in the furniture industry have been estimated to be 2000 within 12 months. Given the number of jobs related to jarrah products in the furniture industry now (4000), job losses could be greater in the longer term.

- The main supplier of timber to the furniture industry could not continue to operate and the furniture industry has relied on the product quality and regular supply provided by that supplier. Many furniture businesses would exit the industry or reduce their scale of operations and employment.
- There would be job losses in the region and in Perth (from large and small firms). Two of the largest firms have identified potential job losses in the order of 400 direct jobs.
- There would be a loss of export markets (\$55m per annum).
- There would be no room to grow the furniture industry at the national and international levels.
- Opportunities to move furniture businesses to the South West (eg. the proposed industrial/furniture precinct in Manjimup) will be lost.

4.3.3 Selection of Scenario B

Under Scenario B:

- The furniture industry could continue but there would be no growth.

When considering scenarios A and B the furniture industry would clearly identify Scenario B as the one offering the most to the industry. However, the furniture industry would prefer the allocation were in the order of 200,000m³. This allocation would allow for growth in the industry (eg. export sales could double in the next six years and jobs could increase by 4000).

4.4 The Shire of Manjimup

4.4.1 Background

Stakeholders have raised the following points:

- The Shire of Manjimup has a long history of economic ups and downs but has always had the timber industry to sustain it.
- The Manjimup Shire community is experiencing social and economic ‘freefall’ due to changes in the native timber industry and there is nothing in the Draft FMP to alleviate the socio-economic impacts in the Shire.
- In 2001 the native timber industry in the Shire of Manjimup comprised 10 sawmills, the Manjimup Processing Centre, a chipmill, forest management and harvesting and haulage. The industry provided 572 direct jobs and 829 indirect jobs for a total of 1401 jobs overall. [Note the Shire used a multiplier of 1.45 in its employment calculations based on a study quoted in their submission – Islam and

Johnson (1997) *Agriculture and the Western Australia Economy: An Input - Output Analysis.*].

- In Sept 2002 there were 280 direct jobs and 406 indirect totalling – 686 jobs overall. This represents a job loss of 715 since 2001 – due to the Protecting Our Old Growth Forests Policy.
- The Shire of Manjimup believes there is evidence of a range of social and health problems within the Shire – problems exacerbated by the restructuring of the native timber industry and other changes to employment (eg. job losses in the vegetable canning business, the pine saw mill closure and a loss of small businesses). Problems within the community are perceived to include:
 - Lack of hope, anxiety and depression
 - Increasing suicide attempts (particularly by young men who have no hope because they expected to follow fathers and grandfathers into the timber industry)
 - Drinking and other substance abuse
 - Increasing domestic violence
 - Poverty (not enough money for food in some households)
 - Financial difficulties due to depressed property prices
 - Lack of social capital
 - Increasing social divisions within the community (exacerbated by the loss of work in some sectors, the arrival of people seeking ‘lifestyle’, the relocation of large numbers of Homeswest tenants to rental properties in Manjimup (and the lack of organisations to assist people to integrate into the community).
- The absence of submissions from some sections of the Shire community can be attributed to frustration with the FMP process, sense of alienation and cynicism. The use of proforma submissions can be attributed to a sense of disempowerment and to the fact that literacy levels are low in some households.
- There is some debate about the level of unemployment in the Shire. While the June 2002 quarter figure was 3.9% (a fall from the June 2001 figure of 4.5%) it is possible that the figures do not represent the real level of unemployment as:
 - There has been an out migration of unemployed people (looking for work elsewhere)
 - People with redundancy payments may not show up in unemployment figures until later
 - Some people who would otherwise be working, would have retired prematurely
 - Some people will have only part-time work or casual work (in the absence of full time opportunities) and are therefore under-employed
- An unemployment rate of 3.9% or 260 people in the Shire of Manjimup is still a significant figure at the local level in a population in the order of 10,000 (June 2002). It is particularly significant given an environment in which there has been, and will continue to be, business closures, the absence of alternative employment

opportunities and the limited ability of some unemployed persons to acquire work because of limited education.

- The South West Development Commission has identified in the order of 187 businesses with under 5 employees that are most at risk from the FMP. The main sectors at risk are retail, property and business services, accommodation, cafes and restaurants, wholesale trade and transport and storage. The Shire has experienced a number of business closures within the past year. Manjimup and Northcliffe have particularly experienced losses of small businesses.
- From the viewpoint of some stakeholders, there is no industry to replace the social and economic benefits provided to Manjimup shire by timber industry now.
- The tourism industry has been cited as an opportunity but in reality it is unlikely tourism will replace jobs lost through timber industry restructure, particularly in the short-term. This is because:
 - The tourism industry contains professional and skilled persons and many people retrenched from the timber industry will not have the appropriate education and skills
 - Sections of the tourism industry are suffering at the moment due to international, national and local events
 - The tourism industry is run by the private sector and government intervention opportunities are limited
 - Some local communities can be reluctant to use tourism as a catalyst for change (particularly when they are experiencing ‘pain’ in the early stages of transition)
- Future tourism opportunities are likely to come through the establishment of iconic features and events, the wine and food industries, the furniture industry and the craft wood industry.

4.4.2 Selection of Scenario A

As claimed by the Manjimup Shire, the adoption of Scenario A would have significant economic and social consequences. These consequences are difficult to quantify in the absence of a detailed social and economic profile but are considered to include:

- Loss of jobs in the timber industry (due to closures of a jarrah mill and the Manjimup Processing Centre and the consequential losses of jobs in related sectors). The Shire of Manjimup has estimated that with Scenario A, job losses in the shire would total 1100 since the introduction of the Protecting Our Old Growth Forests Policy. This figure assumes a job loss of 385 associated with Scenario A itself

- No relocation of furniture firms to Manjimup
- Loss of small businesses
- Continued depression of the local property market
- Loss of tourist potential offered by the furniture industry
- Out-migration of more of the shire's population
- Exacerbation of existing social and health problems

4.4.3 Selection of Scenario B

The Shire's view is that adoption of Scenario B would have less economic and social effects for the Shire of Manjimup than Scenario A as:

- A jarrah mill and the Manjimup Processing Centre can continue
- It provides more opportunities for the Shire to revitalise itself and grow in new directions

5. COMPARISON OF SCENARIOS A AND B

The selection of Scenario B would clearly have more social and economic benefits than the selection of Scenario A.

Scenario B provides more opportunities for the timber industry, the furniture industry and local communities.

Scenario B would provide for more employment in the timber industry associated with jarrah and karri. The Forest Industries Federation of WA and other timber industry stakeholders have indicated their preference for Scenario B.

Of the two scenarios, furniture industry stakeholders would prefer Scenario B as it provides for continuity of supply from an experienced timber supplier and allows scope for the industry to continue. However the industry's preference would be for a larger allocation – in the order of 200,000m³ to provide the industry with an opportunity for growth.

Local communities, particularly in the shire of Manjimup, are also expected to benefit from Scenario B in terms of job opportunities and local investment opportunities and the Shire and many individual stakeholders have indicated a preference for Scenario B. However, the Shire would prefer a larger timber allocation (over 180,000m³) to enable a furniture manufacturing precinct to be established adjacent to the Manjimup Processing Centre – creating 200 new direct jobs.

Under Scenario B:

- There would be approximately 1150 direct jobs in the timber industry associated with jarrah (including harvesting, haulage and forest management sectors) compared to 650 direct jobs under Scenario A - a difference of 500 (source: the Overview Study (August 2002).
- There would be fewer losses of existing direct and indirect jobs associated with the timber industry.
- The Overview study identifies that direct job losses in the timber industry have been estimated to be at least 750 for Scenario B.
- Estimates for job losses under Scenario A are variable and figures are difficult to compare because different calculation methodologies were used by stakeholders and this study could not undertake a detailed economic assessment.

However stakeholders have identified that under Scenario A:

- There would be at least 795 direct job losses in the timber industry
- Two major timber milling firms would lose in the order of 348 employees
- There would be 184 mill/processing job losses in the Shire of Manjimup.
- There would be in the order of 385 direct and indirect jobs lost in the Manjimup Shire (These losses are additional to the 715 estimated to have

been lost in the shire with the implementation of the Protecting Our Old Growth Forests Policy)

- There would be a loss of employment in the furniture industry with job losses estimated to be in the order of 2000 initially and possibly more in the longer term
- There would be a minimum of 2000 direct and indirect job losses in the South West

[Note these figures are not cumulative].

Furthermore under Scenario B:

- There would be more opportunity for tourism associated with the timber milling and furniture industries.
- A slow down of the loss of population from the Shire of Manjimup could be expected as fewer job losses will be felt in the shire. This will have positive implications for small business viability, social infrastructure and social capital.
- Social and health problems being experienced in local communities are less likely to be exacerbated

The difference between Scenarios A and B is a matter of opportunities as much as a matter of degree of effect on the existing socio-economic environment. Scenario B provides more opportunities.

The differences between Scenarios A and B on the economic environment can be predicted using employment figures and assumptions, and these differences require more detailed scrutiny than this study can provide.

However, changes to job numbers are only one measure of economic effects and economic wellbeing. A clearer understanding of economic impacts would have to figure in a range of economic indicators including future economic opportunities. Such quantification has not been possible in this exercise but does need to be taken into consideration.

The differences between Scenarios A and B on the social environment are not easy to measure. For example, at the local level, any further job losses are going to have social repercussions. However there is no formula to identify what the nature and the scale of social effects would be, even knowing that Scenario B will provide for more direct and indirect employment than Scenario A and more growth opportunities.

For example, job loss may or may not lead to movement out of the South West, job loss may be a contributing factor to ill health but the relationship between job loss and ill health cannot be quantified in advance, job loss can lead to financial hardship for individuals and households but how each individual/household will respond cannot be identified in advance in the absence of one - on - one consultations.

Possibly one way of measuring impact would be to consider impacts on social infrastructure. Different community services and facilities have different population thresholds and the smaller the population loss, the more likely services and facilities with large population thresholds can remain.

However, this kind of exercise would also need to take into account the fact that some people will remain in their local communities (providing threshold numbers) but will not be able to afford to use the services and facilities. It would also need to take into account that needs for social infrastructure will change according to the population profile and economic circumstances.

While certain social impacts can be, and have been, predicted the management of actual impacts requires the consideration of a range of indicators of socio-economic wellbeing. These indicators include employment data, income data, population data, data on businesses, health, education opportunities, community welfare and vitality (as measured by a variety of criteria) and range of community services and facilities.

As such, this study recommends the collection of more data and monitoring of the socio - economic environment in order to identify and implement the most appropriate impact management measures.

6. IMPACT MANAGEMENT

The management of social and economic impacts requires the mitigation of adverse effects, the enhancement of social and economic opportunities, the monitoring of social-economic trends and some further research to obtain quantifiable data.

Mitigation

It is recognised that a number of economic and social programs are being implemented in response to the consequences of the Protecting Our Old Growth Forests Policy.

If Scenario A is selected then it is suggested that the following measures be considered to mitigate adverse social and economic effects:

- More support to community welfare and health support services to deal with more individuals and families suffering economic and associated hardships.
- State government agencies work with the Shire of Manjimup to address the implications of the closures of a mill and the Manjimup Processing Centre, the closures of more small businesses and a likely loss of population. This might include identifying strategic directions for the future of the Shire including economic development opportunities and community development opportunities.
- Consultation with the furniture industry to better understand concerns and identify support opportunities.

The timeframe for this study did not permit consultations with locally based stakeholders to identify specific mitigation requirements. As such, it is suggested that there be consultation with affected communities and Shire Councils (particularly Manjimup, Bridgetown-Greenbushes and Collie).

Enhancement of opportunities

If Scenario B is selected there will be an opportunity for State government assistance to develop tourism strategies related to the furniture and wood craft industries.

For stakeholders such as the Shire of Manjimup and the furniture industry a jarrah timber allocation over 180,000m³ would be preferable to allow for industry growth overall and growth within Manjimup.

Monitoring

Monitoring requires collection of baseline information and monitoring of trends to identify when action is required. Monitoring could include:

- Annual socio-economic surveys of key towns in the South West most affected by timber industry restructuring (including monitoring of physical and mental health)
- Annual socio-economic survey of the timber industry
- Annual socio-economic survey of the furniture industry

Monitoring would assist in addressing performance indicators for the implementation of the FMP. From a socio-economic perspective, a number of performance indicators could be considered. Suggestions include:

- Number and diversity of jobs created
- Growth of local economies
- Growth of the furniture industry
- Number of tourism initiatives
- Population growth in former timber-dependent towns
- Development in former timber-dependent towns (planning and building applications)
- Health indicators
- Club/organisation membership numbers

Further studies

The need for further research has been identified by some stakeholders. This includes:

- Rigorous economic studies (using appropriate multipliers) addressing such matters as:
 - More accurate quantification of job losses under scenarios A and B
 - Quantify the resources required to manage a greater area of national parks and conservation reserves
 - Quantify the implications for domestic and export markets
 - Quantify the implications for import markets (replacement timber in the absence of local resources)
 - Quantify the implications for agriculture and horticulture in the South West
 - Quantify the effects on silviculture in the South West
 - Quantify the effects on tourism in the South West and identify how tourism can be used to provide alternative employment opportunities
 - Consider the implications for property values (rural land adjacent to national parks and conservation parks, and land and buildings within ‘depressed’ townships)
 - Quantify the impacts on subdivision potential
 - Consider detailed strategies for providing alternative employment in current timber dependent communities
 - Further studies of the social environment (to allow for monitoring of effects so that management strategies are appropriate)
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