

Victorian forestry factsheet; employment, economics and water

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Employment

19 out of 20 jobs in the Victorian forestry sector are already based on plantations (Deloitte, 2017; VAFI, 2017). The native forest logging sector is a small part of the Victorian forestry industry.

There are only around 500 FTE jobs directly employed in the native forest logging industry (Deloitte, 2017) and will be assisted with a \$120 Million transition package.

Around 1,500 people are employed in processing manufacturing that use some proportion of wood from native forests (Deloitte, 2017). Over 850 of these 1,500 jobs are at the Australian Paper mill in Maryvale which already sources a majority of its wood from Victorian plantations and supports over 5,500 jobs across Victoria (Australian Paper Sustainability Report, 2018).

In North East Victoria the forestry industry is already based in plantations and is large employer in the region with many hundreds of people employed in the planting, management, harvesting and haulage of plantation wood. Major local businesses who rely on plantations include Alpine MDF, Alpine truss, Visy and D&R Henderson who alone directly employ 400 hundred people with the sawn timber, MDF products and laminated particleboard produced at their Benalla plant from plantations (D&R Henderson, 2019).

Hardwood sector booming in plantations but decreasing in native forests

The Australian hardwood plantation log harvest has more than doubled over the past five years to 11.3 Million m³ in 2017–18 (ABARES, 2018).

In 2017–18 Victoria continued to have the largest total area of commercial plantations of Australia's states and territories (420,600 ha), which includes 196,300 ha of hardwood plantations and 223,400 ha of softwood plantations (ABARES, 2019).

There is currently over 3 Million tonnes of hardwood plantation woodchips being exported out of the Port of Portland alone (Spec.com.au, 2017), which is twice the total fibre requirements of Australian Paper's Maryvale paper plant (Australian Paper Sustainability Report, 2018).

In 2009, the state-wide estimated sustainable harvest levels of sawlogs from native forests was 500,000 m³ per year (VEAC, 2017). This has now reduced to 230,000 m³ of sawlogs per year in 2020/21 according to the most recent Resource Outlook from VicForests (VicForests, 2017).

This decline of over 50% is predominantly due to bushfire affecting large areas of forests in native forests and previous overharvesting. VicForests currently still do not factor in the possibility of future fires into their Resource Outlook and security of supply for its customers.

Bushfires are much harder to control in native forests where access is severely limited in mountainous areas, with this topography greatly increasing the speed in which bushfire may spread. In contrast, plantations have much greater access for bushfire prevention and suppression and are typically located on relatively flat land that is generally surrounded by cleared paddocks.

What the native forest dependent part of the forestry industry is saying

According to a recent ABC article (ABC, 2019):

“Mick McKinnell made a lot of money chopping down trees, but the former Healesville logger saw the writing on the wall two years ago and swung the axe. ‘There is no economic forest left out there that can have a financial benefit, so we just walked. The reality is that I would love the timber industry to continue, but if the wood's not there it's just not there — it's a finite resource and if the commercial volumes aren't there anymore there's nothing we can do about it’. (In the same article): ‘They should have been planting extra trees 15 years ago’ one frustrated mill owner said.”

Local Benalla sawmillers Ryan & McNulty, who process wood sourced from native forest, are part of the G6 Sawmillers who called for a transition to plantations in 2018 (G6 Sawmillers, 2018). Their media release states:

“The G6’s plan is to remove Victoria’s reliance on native forests by transitioning to plantation supply by 2040”

“To do this we need a willing and committed government that fully supports a sound forest policy that ‘bridges the gap’ between where we are today and where we need to be”

“We need urgent action to make Victoria the ‘Plantation State’ of Australia”

Funding to support affected workers and the industry transition to plantations

The Premier announced a \$120 Million transition package to support affected workers.

Additional funding the industry has received from the State **in the past two years** includes:

\$110 Million for plantation establishment

\$60 Million package for the Heyfield timber mill for the State government to become a major shareholder and to restructure equipment for plantation log processing. This separate assistance from taxpayers equates to \$240,000 per job at this one mill alone.

\$11 Million to VicForests for areas designated for Leadbeater's possum

\$18 Million for pre-logging surveys

\$18 Million for the Regional Forest Agreement Modernisation Program

A 2016 economic analysis by PricewaterhouseCoopers (PwC, 2016) showed:

It takes over \$5 Million in capital investment for one full-time job equivalent in native forestry in Victoria, which is around 10 times what is required compared to plantation forestry

Capital investment employment impacts are extremely low in native forestry with just 0.2 fulltime equivalent jobs in direct employment and 0.63 FTE in flow on employment per \$1 million invested, compared to 1.74 FTE in direct employment and 7.29 FTE in flow on employment for the forestry sector

Profitability of native forestry in Victoria is 31% lower than the Australian forestry sector

Water losses from logging native forests in our water catchments

Water yield from Ash forests decreases when logging converts older forests to young age classes due to an increase in transpiration and rainfall interception (Vertessy et al., 2001). Or stated another way; logging converts older forests to younger, thirstier forests.

High rainfall forests occupy the water catchments relied upon by Melbourne and the Goulburn-Broken river system. It has long been known that water yield from Ash forests found in these areas reduces by 50% after 30 years and takes 150 years on average to return to maximum levels of water yield (Kuczera, 1987).

Goulburn-Broken catchment

The logging in the headwaters of the Goulburn-Broken catchment which feeds Victoria's food bowl, sustains rural communities and is critical for Murray-Darling basin inflows, has also been extremely intense. There are no recent published figures to quantify the water lost in the Goulburn-Broken water catchment, but an analysis in 2009 found an additional water yield of 3,807 gigalitres would be delivered into the Goulburn-Broken catchment over the next 100 years if logging ceased in 2009 (ACF, 2009). Logging has continued for another decade and will continue for another decade to come, resulting in significantly more water to be lost from one of the country's most important agricultural and horticultural regions.

North East Victoria comprises only 2% of the area in the Murray-Darling Basin but contributes 38% of the annual water flows of the entire Murray-Darling Basin (NECMA, 2019).

Under current climate change trajectories rainfall in the Ovens-Murray area is predicted to decrease by 25%, with temperature increases further reducing water yield from catchments through greater evaporation and transpiration rates (DELWP, 2019). We must manage our water catchments for water, not timber that can be grown in previously cleared areas.

VicForests do not pay a cent for the water lost as a result of their logging. The high rainfall, forested water catchments of Victoria are critical for providing water for rivers that agriculture and rural and regional communities depend on for their survival.

Melbourne

The logging in Melbourne's largest water catchment (Thompson) has led to water losses equivalent to the annual water use of 250,000 people each year, and if logging continued this would result in water losses equivalent to the annual water use of 600,000 people by 2060 (ANU, 2019).

Native forestry not only competes with other industries it also contributes far less to the Victorian economy. In the Central Highlands the relative economic contribution to GDP (Industry Value Added value) of the agriculture (\$312m), water supply (\$310m) and tourism (\$260m) industries were each more than twenty times higher than the contribution of the native forestry industry (\$12m)(Keith et al., 2017).

Similarly, the revenue from these industries in the central highlands in 2013-14 was also much greater for agricultural production (\$659 M), water supply (\$911) and tourism (\$485) compared to native forestry (\$62 M)(Keith et al., 2017).

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