

Division 14: Department of Jobs, Tourism, Science and Innovation — Service 3, Forestry, \$105 033 000 —

Mr D.A.E. Scaife, Chair.

Mr D.J. Kelly, Minister for Forestry.

Ms R. Brown, Director General.

Mr J. O'Hare, Executive Director, Industry Development.

Ms C. Brooks, Senior Project Manager.

Mr L. Clarke, Chief of Staff, Minister for Forestry.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

Are there any questions on this division?

Ms M.J. DAVIES: Sorry, are we in forestry?

The CHAIR: We are in forestry.

Ms M.J. DAVIES: There are no forestry staff.

The CHAIR: This is the Department of Jobs, Tourism, Science and Innovation, service 3, forestry. Afterwards, we will have the off-budget authority of the Forest Products Commission.

Mr D.J. KELLY: While members opposite are gathering their thoughts, they might indulge me. We anticipated that Busselton Water Corporation would be questioned and I had intended to note the fact that Helen Shervington, who has been the longstanding chair of Busselton Water, is retiring from that position. She was appointed in October 2011 and elected chair of the board in July 2012, so she has been a longstanding chair of Busselton Water. I just wanted to congratulate her on the outstanding work that she has done in that position. Her term expires on 31 May 2022 and she will be replaced as chair by existing member Dr Robyn Paice. We thank Helen for her work and wish her well.

Ms M.J. DAVIES: Hear, hear!

The CHAIR: With a new question, the member for Moore.

Mr R.S. LOVE: I have a question relating to page 198 of budget paper No 2, volume 1. The line item is "Native Forest Just Transition Plan". It appears to have a sum of \$51.6 million required in 2023. Will this be made available to provide the promised financial support for workers and businesses?

Mr D.J. KELLY: This is the line item that contains the funds for what is now an \$80 million transition package. We have previously outlined assistance packages for workers and businesses, and this is now an industry and community package. This is the funding for that program.

Mr R.S. LOVE: This is not quite a follow-on, but on page 202 of the same volume, one of the items under the significant issues affecting the agency concerns the creation of local jobs in the area. Paragraph 18.4 makes reference to the native forest just transition plan. How many local jobs have been created at this stage under that item?

Mr D.J. KELLY: The just transition plan has a number of components. I emphasise that the priority given to those three packages was determined by the just transition group, which includes the shires and the chambers of commerce. They identified that developing the worker package was the first priority, the business package would be the second priority, and the third priority would be the community and industry development package. By its nature, the worker package will offer assistance to workers who were displaced by the decision. That is now in place and workers are starting to receive assistance. The business package is for mills that have been directly impacted. As far as I am aware, no business has yet accessed funds out of that package. The third package, which I suppose is the job-creation element of the three, is now being put together by that just transition group. It was that just transition group, with representatives of the shires and the chambers of commerce and industry from the south west, that

identified that the worker and business packages should come first and second, and that the package the member described as the job-creation package should be third.

The CHAIR: A further question?

Mr R.S. LOVE: No, I think it has been answered. I will let it go.

Ms M.J. DAVIES: I think we can stay in the same section for the just transition plan. A note in the *Budget statements* states —

... \$3 million from this provision was allocated to industry engagement and the establishment of a Bunbury-based project team.

Can the minister explain what industry engagement was undertaken?

Mr D.J. KELLY: What page is the member referring to?

Ms M.J. DAVIES: I thought we could stay on the same one, but it is actually on page 113 of budget paper No 3. There is a paragraph at the bottom of the page about the native forest transition.

Mr D.J. KELLY: Is the question on what staffing has been allocated?

Ms M.J. DAVIES: No. It states —

... \$3 million from this provision was allocated to industry engagement and the establishment of a Bunbury-based project team.

What industry engagement has actually been undertaken?

[6.10 pm]

Mr D.J. KELLY: We established a native forest transition group, which includes shires and representatives of the various chambers of commerce and industry. That group has been resourced, in part, by a team from a mixture of staff from the Department of Jobs, Tourism, Science and Innovation and the South West Development Commission. They have been based in the south west. Industry engagement has primarily been through that native forest transition group. That group has met at least six times. In addition, subgroups of that larger group have met to talk about the worker package and the business package; and there is now a subgroup to work on the community and industry development package. I suppose that is the formal process. That team has also directly fielded inquiries from businesses that, for example, are interested in offering positions to people working in the industry. The formal engagement has been through that native forest transition group, but that group has also fielded numerous inquiries from businesses that want to take advantage of the decision the government has made.

Ms M.J. DAVIES: Has that \$3 million gone to paying for a new industry engagement group or paying for people to participate? What is it actually supporting?

Mr D.J. KELLY: It has paid for some additional staff because, if we are going to do this, we cannot expect agencies to deal with a project as significant as this out of their existing resources. It has paid for a small number of staff; and, in addition, there has been IT and vehicle costs, and some small consultancies—those sorts of things. If we are going to listen to what the community is saying, there has to be a process and there will be a cost to it.

Ms M.J. DAVIES: Sure. Can the minister give me an understanding of how many additional staff have been added to undertake the work?

Mr D.J. KELLY: It is right here in front of me, I am advised there are 7.5 FTE staggered over a two-year period for JTSI itself to the period December 2023 and 1.5 FTE for South West Development Commission staff assigned to the Department of Primary Industries and Regional Development.

Ms M.J. DAVIES: Are they new positions that have been created?

Mr D.J. KELLY: That is right. Some of those roles have been filled by existing staff, so they are not all newcomers to the public sector, but they are new positions.

Ms E.J. KELSBI: I refer to page 211 of budget paper No 2, volume 1, under “Details of Controlled Grants and Subsidies”, which also relates to the just transition plan, in particular, the work transition plan line item. I note money is set aside for the workforce transition plan the minister has just been talking about. Can the minister elaborate on exactly what support this will provide to workers as they transition out of the native forest industry?

Mr D.J. KELLY: I thank the member for the question. I really appreciate the positive way the member has advocated for workers in particular around this issue. As a government, we completely understand that for some workers this decision will cause some disruption in their lives, so we have been very conscious of trying to put in place assistance to help those workers transition out of native forestry. Part of that is the financial package. There is a \$10 000 payment to full-time staff who choose to voluntarily leave the industry. They may wish to take up one of the jobs available

in the south west before the mill they work for closes. That is a \$10 000 payment for people who leave voluntarily. Alternatively, there is a \$30 000 payment, plus \$1 000 a year for each year of service up to a maximum of \$15 000 for workers that are made redundant by a mill that has a contract with the Forest Products Commission. In addition to that, there is retraining, reskilling and a new employment support program for workers. Workers are eligible for \$2 500 towards external training and support from TAFE or an approved provider. A job matching service is available for workers, with up to \$500 provided to assist workers to prepare a résumé in preparation for seeking employment. There is up to \$5 000 available for training, new equipment or uniforms for staff that move to new employment. There is a significant financial package for those workers.

I am pleased to say that with additional staff put on, the feedback we have so far from workers has been very positive. The retraining opportunities are significant, but we need staff who can walk those affected workers through those options. There will be new employment opportunities. Many businesses in the south west are crying out for staff, so the additional staff we have put on are able to talk with those affected staff and walk them through what job opportunities may exist. Although we acknowledge this decision is disruptive for some employees, we think the package we have put in place is substantial and will go a long way to assist those workers to transition to new employment.

Mr V.A. CATANIA: Among the packages there is the figure \$30 million. How many employees is the minister hoping to transition into new opportunities? Has it been modelled on the number of people who will be affected? Is it for those who are directly affected through mills closing down? Does the minister have a number?

Mr D.J. KELLY: Member, we have not modelled how many of those staff will transition to new employment. Some staff will make the decision to take the redundancy package, if that is their circumstance, and retire. There are some who will seek to continue employment in other positions but, as the member can imagine, we have no visibility over the choices those workers might make. The member would not expect us to. We are trying to give people a financial base, which is significant for their period of service in the industry, and then give them a range of other options. Whether they choose to retrain, retire or seek re-employment is a decision for individual workers.

[6.20 pm]

Mr V.A. CATANIA: I understand that it is very difficult to work out what pathway an employee in that industry would take, but surely the government has modelled a figure of whether 100 or 200 people in the industry will be affected. What is the number of employees working in the native timber industry who will be affected? Has the government done modelling on moving them across to the softwood plantation industry? How many jobs does that industry have to facilitate such a move if everyone was to take up those opportunities? My first question is: how many employees in the native forestry industry does this affect; and, second, how many job opportunities are there in the softwood plantation, for example, for these workers to take up?

Mr D.J. KELLY: I do not think it is any secret that the assessment that we have done when talking to the Forest Industries Federation of WA is that about 500 direct jobs in the native forest industry will be affected.

Mr V.A. CATANIA: Direct jobs?

Mr D.J. KELLY: Yes. I think some people still think that native forestry is the bulk of the timber industry in WA. It is actually less than 10 per cent. The majority of forestry in WA is already plantation-based forestry. About 500 is what we think. That is the figure that FIFWA would broadly agree with. The number of new jobs that will be created in the softwood plantation industry is probably in the order of 50 to 60. However, if we follow that decision through, that decision is also driven by the desire to support the several thousands of jobs that are already in the plantation industry—those people who are employed at businesses like Wespine Industries and Wesbeam who rely on the plantation softwood estate. It was never envisaged that there would be a direct transition of all 500 staff in the native forest industry to the plantation estate. We are aware, for example, that the Talison Lithium mine at Greenbushes is looking for hundreds of new staff over the next couple of years. The member would be aware that the mill that closed a week or so ago is located in Greenbushes. I am aware that a number of those staff have already been in contact with Talison. Anecdotally, I understand that some of them have already started working there. I would expect that the majority of the native forestry workers who will be impacted will go to other industries and other types of employment rather than go directly into the softwood industry.

Mr V.A. CATANIA: The decision has affected 500 direct jobs. Has the government done any modelling on the number of indirect jobs that it will affect—whether it is the tyre fitters, someone who fits gearboxes, a chainsaw sharpener or whatever the case may be? Has the government done any modelling around that?

Mr D.J. KELLY: At the moment, so many businesses in the south west are actually looking for staff that I think the number of indirect jobs that will be lost at the present time is pretty small.

Mr V.A. CATANIA: Does the minister have a figure for that?

Mr D.J. KELLY: At the moment, the tyre fitters and cafes and the like are looking for additional staff rather than laying people off. I do not know whether the member goes to the south west. When talking to businesses in the south west, they say they are looking to take on staff, not lose staff, and certainly not as a result of this decision. Having said that, one of the target groups in the third element of the just transition package, which will provide \$30 million, is those businesses that, although not direct customers of the Forest Products Commission, may be indirectly impacted by the forest decision. They will be able to apply for money to support, redirect or reshape their businesses. Part of that package will be aimed at them.

Mr V.A. CATANIA: Correct me if I am wrong, but is the softwood plantation a \$350 million investment over a period of time?

Mr D.J. KELLY: Yes, it is over a period of time.

Mr V.A. CATANIA: What is that time?

Mr D.J. KELLY: It is 10 years.

Mr V.A. CATANIA: Will part of that investment lead to more jobs that are needed because of that investment, or will it just keep pace with the need to develop the softwood plantation?

Mr D.J. KELLY: It will lead to some additional jobs. With some latitude from the chair, that \$350 million plantation investment is not part of the Department of Jobs, Tourism, Science and Innovation just transition package. It is probably a question the member should ask when we get to the next agency, which is the Forest Products Commission, but it is over a 10-year period.

The appropriation was recommended.