

ITEM NO.	C.15/0822	FILE REF.	
SUBJECT	Just Transition Plan - Industry and Community Development Programs		
PROPONENT	Western Australian Government		
OFFICER	Chief Executive Officer		
DATE OF REPORT	24 August 2022		

Attachment 14 Alternative Proposals for Industry and Community Development Programs (Just Transition Plan)

Reason for Urgent Business: Meeting of community representatives on the State Government's Timber Industry Transition Group and the Industry and Community Development subgroup have been held in the last week. Submissions on the Government's draft Industry and Community Development Programs must be lodged by Monday 29 August 2022.

OFFICER RECOMMENDATION

That Item C.15/0822 be accepted as urgent business.

OFFICER RECOMMENDATION

That a submission be lodged with the State Government providing feedback on the draft Industry and Community Development Programs (Just Transition Plan) with the submission to propose alternate programs as contained in Attachment 14.

Summary/Purpose

For Council to consider lodging a submission proposing changes to the State Government's Industry and Community Development Programs under its 'Just Transition' Plan.

Background

On 8 September 2021 the State Government made the decision to cease logging in the State's native forests from 2024, with the intention to invest a record \$350 million to expand Western Australia's softwood timber plantations to create and support sustainable WA jobs.

Key points from the Government's decision were:

- South-West native forests to be protected from logging from 2024.
- Forest Management Plan 2024-33 to end logging of native forests.
- All two-tier karri forest immediately protected.
- Record \$350 million to expand WA's softwood timber plantations - creating and supporting sustainable jobs in the South-West.
- Sustainable supply of softwood to support the State's timber and construction industries for decades to come.
- Development of a 'Just Transition Plan' to support affected workers and communities.

The 'Just Transition Plan' is designed to support affected workers, diversify local economies and identify and secure sustainable job creation opportunities and may include a number of measures such as;

- Business transition funding;

- Retraining opportunities for workers;
- Attracting and developing new industries;
- Diversifying the economy and support for communities;
- Support from financial counsellors; and
- Enhanced redundancy packages.

Since September 2021 the Shire President (3 separate Presidents since that time) has been a member of the Timber Industry Transition Group and the Industry and Community Development (ICD) subgroup with the CEO also attending most meetings. The Shires of Manjimup and Nannup are also represented on these groups.

The most recent ICD subgroup meeting was held on 15 August 2022. At this meeting the draft Industry and Community Development Programs (ICDP) were tabled. These programs aim to drive further diversification of local economics and assist in identifying and securing sustainable job opportunities following the State Government's decision to end native forestry by 2023. The programs have been developed to support existing businesses to pivot and expand, to stimulate new industry investment, and to strengthen regional communities. The value of the programs is \$30 million and consists of the following contestable grants programs:

1. Small Business Development and Diversification (\$15 million)
2. Community Development Small Grants (\$5 million)
3. New Industry Development and Attraction (\$10 million)

Detail on these programs is contained in Attachment 14.

Despite the programs being listed as draft and members of the ICD subgroup being given a period of time to provide feedback on the contents, the Minister for Forestry on the same day as the ICD subgroup meeting issued a media release providing the details of the 3 grant programs. This has raised questions of how genuine the offer was to ICD subgroup members to provide feedback.

The draft programs announced by the State Government are:

- \$15 million Small Business Development and Diversification program will provide grants of up to \$400,000 to small businesses that have been impacted by the end of native forest logging to diversify or expand their business into new business streams. This funding is designed to assist secondary businesses that have a reliance on the native timber industry but do not have a direct contract with the Forest Products Commission.
- New industry expansion and innovation in the region will be supported through a \$10 million New Industry Development and Attraction program. The industry-led program will provide grants of up to \$2 million, with matched funding, to accelerate new and existing business development, attract new industries and strengthen regional economies with diverse employment opportunities.

- Funding of up to \$100,000 will also be made available through the \$5 million Community Development Small Grants program for projects that aim to stimulate regional economies and enhance the liveability of communities.

Officer Comment

Council has the opportunity to provide feedback on the proposed \$30 million ICDP Draft and to consider what the contestable grants programs will provide to local communities. A feedback response is due by Monday 29 August 2022, to the Native Forestry Transition Team at the Department of Jobs, Tourism, Science and Innovation.

In the last week the Shire President and CEO have attended 2 meetings to discuss the ICDP programs. These meetings were also attended by the Shire Presidents of the Shires of Manjimup and Nannup, representatives from the Manjimup and South West Chambers of Commerce and the Chair and CEO of the Forest Industries Federation of Western Australia (FIFWA).

At this meeting it was agreed in-principle that the 6 organisations would each submit a submission as feedback on the ICDP Draft. The consensus view from these meetings is that the 3 draft programs fail to address the key issues of future job creation to replace the jobs lost by the Government's decision to cease logging of forests and that second tier businesses are ignored in the packages. Second tier businesses are those that provide support services to native forestry businesses and businesses in the native forestry supply chain. It was also believed that the proposed Community Development Small Grants program with a maximum cap of \$100,000 per project would see multiple projects put forward that are inconsistent with the strategic direction set for the respective communities by the relevant local government.

It is recommended that a submission be made proposing changes to the draft funding programs as shown in Attachment 14. This proposes the creation of 4 programs as follows:

- Program One: Securing a sustainable economic future (SASEF) (\$15 Million)
- Program Two: Community Small Grants Fund (CSGF) (\$2 million)
- Program Three: New Industry Development Grants (\$10 million)
- Program Four: Support for second tier impacted businesses (up to \$20 million)

Program One proposes the allocation of funds to the 3 most affected local governments (Shires of Bridgetown-Greenbushes, Manjimup and Nannup) to either establish a new light industrial area in each district or upgrade services to existing light industrial areas. It is the view of the local government representatives at recent meetings that there is scope for employment growth in each Shire by providing suitable land for business to develop. In the case of the Shire of Bridgetown-Greenbushes there is appropriately zoned land near the Bridgetown Sportsground earmarked for subdivision as a light industrial area with the main costs in doing the subdivision being infrastructure (power, water, roads) costs.

Program Two still proposes a Community Small Grants Fund but at a lesser value of \$2 million. This would fund a minimum of 20 community projects with applications only be permitted from community groups.

Program Three is unchanged from the Government's draft proposal.

Program Four is a proposed new program to provide financial support for second tier businesses.

The Government's 4 draft programs total \$30 million whereas the 4 revised programs under our draft submission total \$47 million thus requiring an injection of a further \$17 million by the State Government.

Statutory Environment - Nil

Integrated Planning

- Strategic Community Plan
- Corporate Business Plan - Nil
- Long Term Financial Plan - Nil
- Asset Management Plans - Nil
- Workforce Plan - Nil
- Other Integrated Planning - Nil

Policy Implications – Nil

Budget Implications – Nil at this stage

Whole of Life Accounting - Nil

Risk Management

The risk to Council is that the State Government may oppose the proposals contained in the submission however at the same time Councils are required to represent the interests of the community.

The level of risk to the Shire of Bridgetown-Greenbushes is in the area of reputation and have been assessed as "minor consequence" with an "unlikely likelihood" giving a risk rating outcome of "low" in accordance with Council Policy F.21 'Risk Management'

Voting Requirements – Simple Majority

NATIVE FOREST TRANSITION

Industry and Community Development Programs

**Alternative Proposal as supported by the community
representatives of the Native Forest Transition Group**

August 2022

Program Overview

Program One: Securing a sustainable economic future (SASEF) (\$15 Million)

The SASEF will provide grants of up to \$5 million to each of the Shire of Manjimup, the Shire of Bridgetown-Greenbushes and the Shire of Nannup to each establish a light industrial area and upgrade services to existing light industrial areas in each of the LGAs.

While the full extent of the social and economic impact of the Government's decision to cease native forestry by 2024 remains unknown, largely due to the Government's refusal to complete a socio-economic impact assessment, it is accepted that the three LGAs will be most impacted by the Government's decision.

A lack of fully serviced light industrial land in each LGA has frustrated the ability of the three LGAs to attract new businesses and grow their local economies. Providing funding grants to attract new businesses to the LGAs will be ineffective without access to appropriately zone and fully serviced land.

The Government's modest investment will leverage private investment, as businesses are attracted to the LGAs, delivering much needed long term jobs and a sustainable economic future for the LGAs

Program Two: Community Small Grants Fund (CSGF) (\$2 million)

The CDGF will provide funding of up to \$100,000 to projects that aim to stimulate regional economies and create liveable communities in the native forest region.

The funding is available to community groups with projects that deliver services and infrastructure; support community liveability; develop local skills and capabilities; and assist to retain workers and their families in the communities.

Businesses, State or Federal Government Agencies, Government Trading Enterprises, local governments, individuals, and trusts are ineligible.

The projects must take place in the most impacted native forestry regions.

Matching funding is not required.

Program Three: New Industry Development Grants (\$10 million)

This program (NIDG) will provide grants of up to \$2 million in matched funding to support new industry and innovative business expansion in impacted native forestry regions.

Program objectives, eligibility criteria are as outlined in the Government's proposal.

Assessment weighting will support development of new timber businesses based on ecological thinning, use of softwood, use of residue products and value-adding or development of new forest-based tourism activities.

Ineligibility criteria as outlined in the Government's proposal except businesses eligible for a Business Transition Program (BTP) payment will be eligible to apply under the NIDG program, noting that the BTP Program 1 payments for many eligible businesses is not sufficient to transition to a new business. If successful under the NIDG program, the business will forego the BTP payment in favour of the NIDG funding. If the business is unsuccessful under the NIDG program, the business will remain eligible for the BTP payment even after its closure, provided the business applied for a BTP payment before the closure of the application period. A business cannot receive both a BTP payment and a NIDG payment.

The Government's proposal indicates that, despite the stated weighting for projects/businesses/job creation in the most impacted LGAs, this may be extended to a specified radius outside the boundaries of the most impacted LGAs. This is contrary to the stated objective/weighting and is not supported by this proposal.

Program Four: Support for second tier impacted businesses (up to \$20 million)

This program provides funding support of up to \$50,000 for second tier businesses impacted by the Government's decision up to a cap of \$20 million.

Second tier businesses are businesses that provide support services to native forestry businesses and businesses in the native forestry supply chain that can demonstrate that a minimum of 50% of the business revenue (in the financial year preceding the Government's announcement on 8 September 2021) was derived from or dependent on the native forestry industry or native timber products/sales.

This program provides funding support for impacted businesses whether they seek to diversify or are forced to close as a result of the Government's decision. The Government's proposal provides funding support for impacted businesses to diversify or innovate only. Most impacted businesses will not be able to diversify or innovate and would therefore be ineligible for funding support under the Government's proposal.

While acknowledging that a payment of up to \$50,000 is woefully inadequate compensation for impacted businesses, it is equivalent to the Government's financial support for firewood suppliers with an FPC contract and the lowest BTP Program 1 payment to sawmills, and more than the Government's proposal which provides no financial support for impacted businesses forced to close.

Matching funds are not required. The eligibility criteria and list of ineligible organisations as detailed in the Government's proposal apply.

The program will require a further Government investment of \$17 million.

The Government promised to deliver a Just Transition to those impacted by the Government's decision. This requires the Government to provide financial support to those suffering adverse financial consequences as a direct result of the Government's decision.