Northern Inland Forestry Investment Group

What's happening in private forestry?

This newsletter is to update you on recent developments relating to private forestry in our area and on the activities of the Northern Inland Forestry Investment Group (NIFIG). NIFIG is a joint Commonwealth/State funded group, operated by the New England-North West Regional Development Board, whose role is to nurture forest industry activity in the region.

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February — March 2006

Department of State and Regional Development

Australian Government Department of Agriculture, Fisheries and Forestry

1. Update on Private Native Forestry Regulations

Late in 2005, the NSW government advised that the current exemption under SEPP 46 for sustainable native forestry operations would persist for a further 6 months, while a new assessment process was being devised. This assessment process will be used to determine if a proposed PNF operation meets the criteria of 'maintaining or improving environmental outcomes'. A recent presentation on the new regulations by the Department of Natural Resources (DNR) indicates that the new assessment process essentially requires the landholder to agree to follow a new Code of practice (this Code has been under negotiation for several years now) by developing a PNF Property Vegetation Plan.

DNR also indicated that there were three alternative routes by which PNF approval could be gained:

1. Via the new PNF Code, which requires the landholder/applicant to apply for a PNF Property Vegetation Plan to DNR. This also requires the development of a forest harvest plan. DNR have developed a template for both harvest and forest management plans which the landholder/applicant can use.

2. Via the PVP Developer route. This involves the use of software designed to assess land-clearing applications, usually in an agricultural rather than a forestry context. **It was suggested that this was not a favourable option to choose**, as the software does not cater for most PNF situations and would likely trigger the planting of off-set vegetation to replace the harvested areas.

3. A development application (DA) which involves a 7-part 'maintain or improve' test. This would be required for PNF operations on protected land, or where endangered ecological communities are involved. For non-protected land, option 1 above would be a simpler option in most instances.

This current exemption will cease to exist once this new assessment process (Code) comes into operation, or at the end of the 6 month period, which ever happens first.

This raises the question – if the new process is not operational by the end of the 6 month period (around June 2006), under what basis does private native forestry continue? If this occurs, it is possible that the exemption would be further extended until the new approvals process is complete.

Also note that the new procedures must go on public display for 28 days before they are finalised. We expect the public display period to occur around May 2006.

I have been collating information on the importance of private native forestry to industry log supplies in the various states/regions. Information collected to date is summarised in Table 2 (see Page 3). It is interesting to note that in northern NSW, the reliance on private property timber has increased considerably. In 2005, 66% of sawmills relied entirely on private logs. This emphasises the importance of the impending new regulations on the industry in our region.

Table 1. Private native forest areas

State	Area of private native forests (ha)	Private forest as % of all native forest
New South Wales	8,523,000	32
Queensland	10,213,000	18
Victoria	1,298,000	16
Tasmania	922,000	29
South Australia	822,000	7
Western Australia	1,639,000	6
Northern Territory	1,511,000	47
Source: PFT Annual Report 2004-2005		

Table 2. Use of private native timber by industry

State/Region	Volume of private native forest timber harvested	Mills using private native forest timber	Year of data collection	Comments	Source
North Coast region of NSW	268,370 m3	66% totally reliant, 18% have 50%+ reliance, 16% have less than 50% reliance	2005	248,370m3 processed by mills within the region, approx. 20,000 by mills outside the region	Northern Rivers PFDC 2005
Eden region of NSW	Approx. 7,000 m3	10% of industry supply from PNF	1998	25% (125,000 of 533,000 ha) of forested area is on private land. Introduction of SEPP 46 in 1996 caused PNF pulpwood removals to fall from 50,000m3/yr to less than 2,000m3/year	BRS 2002 (unpublished), Louise Maud (personal communication)
Queensland	278,863 m3		2003-04	Private property removals of hardwood, scrubwood, cypress & other pine. Expected to be a signficant under-estimate due to non-reporting by unregistered and mobile sawmills	DPI Forestry Yearbook 2003-04
South East Qld		Over 60% of timber harvested is from PNF	1999		BRS 2002 (unpublished)
Tasmania	1,726,001 tonnes	80%+ of mills use some private property timber	2004-05	1,628,739 tonnes pulpwood and 97,262 tonnes of sawlog, veneer, plywood and other. Represents 26% of total TAS timber harvest.	Private Forests Tasmania Annual Report 2004-05
South Australia	Nil				
Victoria	77,000m3		2002-2004	25-30,000m3 from Gippsland, 0.5% of sawlog supply in the North East, 15,800m3 of sawlog and 30,000m3 of sawlog in the Central region	Cameron et al 2004
Western Australia	14,589 m3 sawlog, 23,135 tonnes pulpwood		1999-00		BRS 2002 (unpublished)

2. Regional timber industry profile

Over the past six months, I have been visiting many of the mills in the region and collecting information from Forests NSW to produce a current profile of the timber processing sector in our region. Some of the key findings are provided below:

Figure 1. Sawmill throughput levels

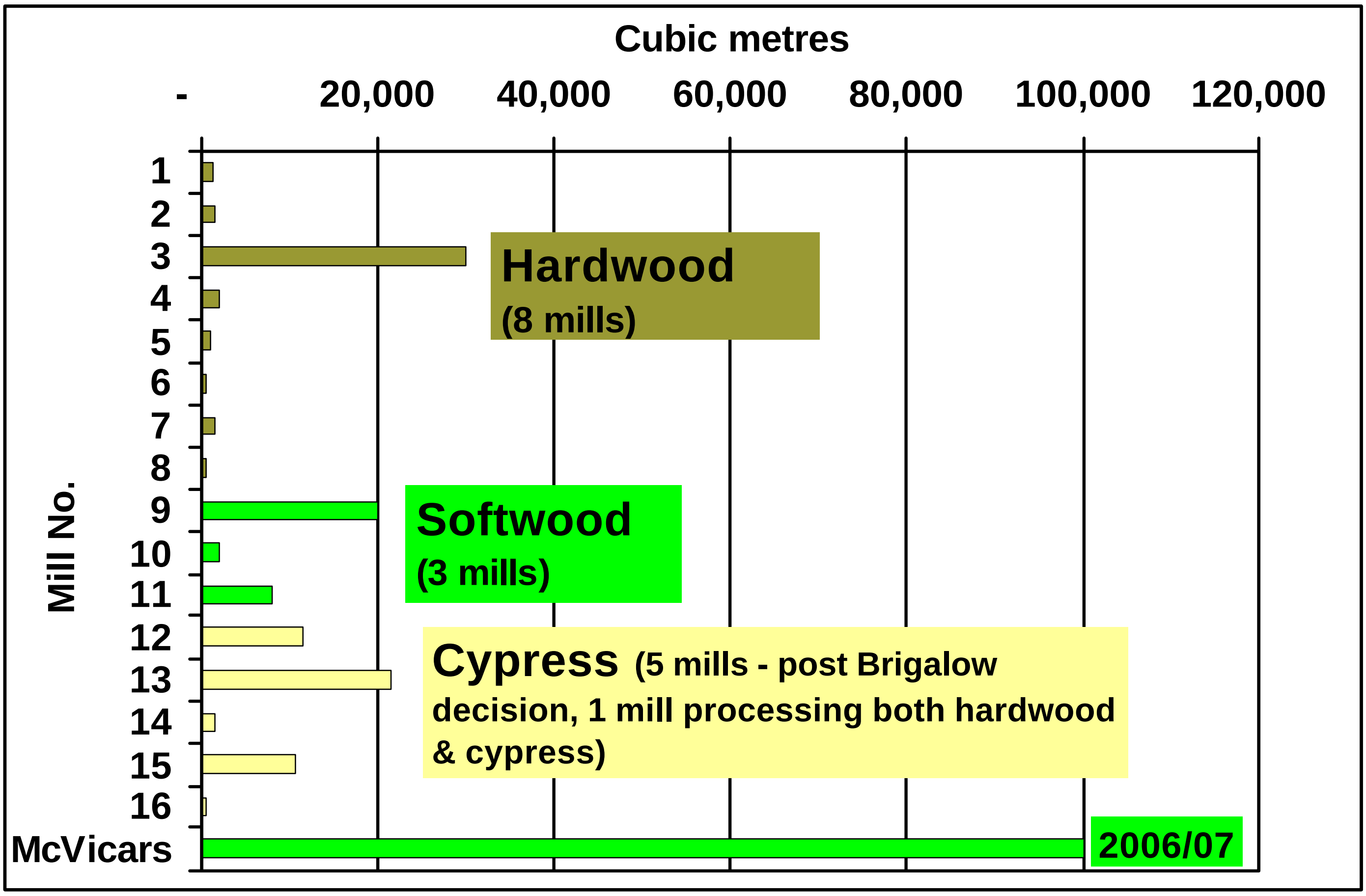

Figure 1 reveals the log throughput situation for the majority of mills in the region at the end of 2005, following the Brigalow South Bioregion decision. The new McVicars softwood mill located in Quirindi is expected to come on stream in 2006/07 and will become the largest processors in the northern inland region.

In terms of log sources, the majority of the smaller hardwood mills source timber exclusively from private land. For this reason, the outcome of the pending PNF Code deliberations is critical. Softwood mills are largely supplied from the state owned plantations. Remaining cypress mills draw their supplies from state owned native forests, but recent deliberations over the Brigalow decision have suggested that of the 57,000m^3 to be supplied, up to 17,000m^3 may need to come from private sources.

Figure 2 below provides a comparison of the number of mills processing various timber species and the changes that have occurred between 1998 and 2005. The key point to note is the reduction in the number of mills processing cypress and ironbark.

Figure 2. Species processed

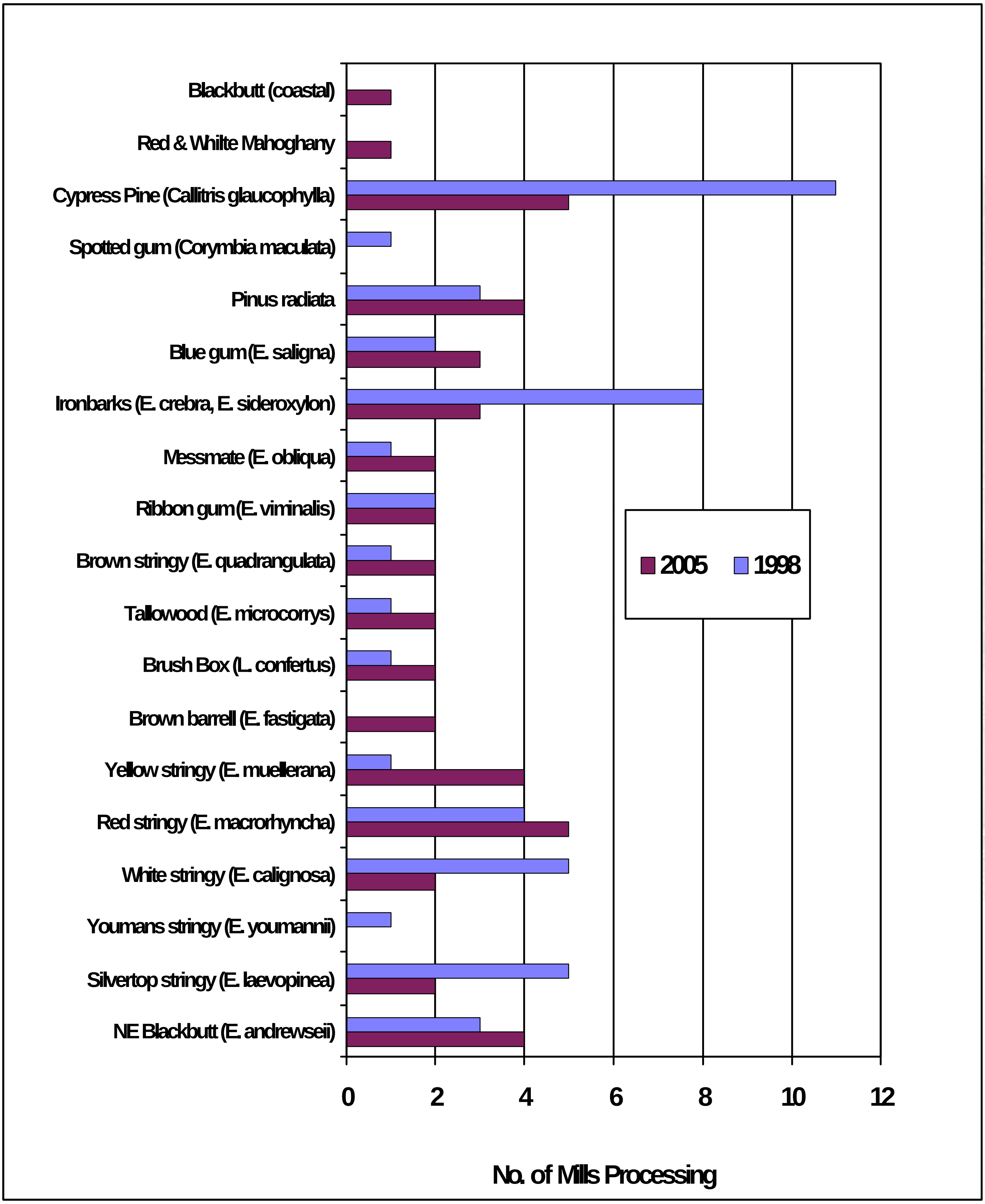

Figure 3. Timber resource and processor locations and volumes (m^3) by forest type

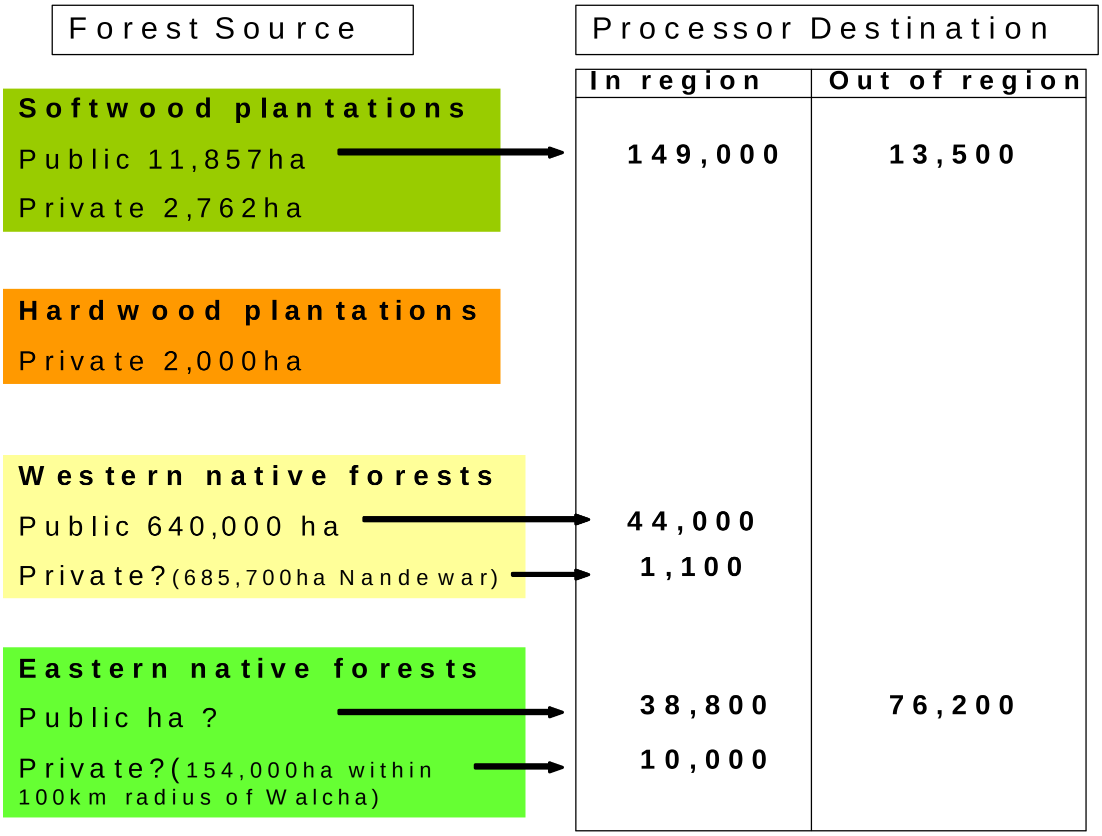

Figure 3 provides information on the size of the various forest resources in the region (where available) and on the right hand side, the volumes (in m^3) of timber from those sources processed in and out of the region. Key points here are:

- There are significant private native forest resources which are under-utilised for timber production. Many of these probably need significant (and costly) silvicultural treatment to restore their productive capacity;
- The private hardwood plantations are located in the Walcha region and have been established by a plantation investment/management company. At this time, they are too young for harvest;
- The 149,000 m^3 of softwood processed in the region includes the intended McVicars processing;
- The volumes of private native forest processed from the western forests are probably an under-estimate.

Other key points to emerge from interviews with local sawmills were:

- Many mills are delaying investment or marketing expansion decisions due to the uncertainty over the private native forestry code of practice;
- Some hardwood mills noted increased competition for logs from private land from coastal processors;
- Most logging on private land operates under the current private native forestry exemption, though some operators had sought and received formal approvals from the Department of Natural Resources (I am trying to ascertain the status of these approvals once the new Code/arrangements come into force).

3. *Armidale Timber Display Centre – Marketing Opportunity for Native Timber Processors*

The NIFIG is currently involved in a proposal to develop a native timber display centre in Armidale, based around an existing joinery business. A Menshed (see www.mensheds.com.au for more details) would also operate from the site and would be focused on the production of high quality timber products from native Australian timbers.

Many small businesses find it difficult to individually develop marketing facilities for their products such as the one we are proposing. For the local timber industry, we are aiming to overcome this problem through a collaborative display and marketing centre which show-cases their products.

The centre would operate as a One-Stop-Shop where potential customers can view the products available, receive advice on the suitability of different timbers for various uses and purchase the products.

The display centre has several objectives including:

- Promoting the unique features of Australian native timbers;
- Providing a central location where processors can display samples of their timber or manufactured timber products;
- A central location where customer can receive advice on native hardwood and cypress timber products;
- Selling timber on a commission basis on behalf of local processors;
- Acting as a referral centre for local processors;
- An educational centre for visitors and school groups to promote sustainable native timber production from native forests;
- An outlet for the Menshed members to sell their joinery products.

Ultimately, we would like the display centre to become something akin to the cotton display centre in Narrabri (albeit on a smaller scale), a place which promotes the positive aspects of the native timber industry with interactive displays to help inform the public about forestry activities.

The centre would be staffed at all times during business hours and for some time on weekends. We have a well known local forester interested in helping to run the centre.

I am currently seeking expressions of interest from timber processors who would be interested in:

- Providing products/samples for display;
- Providing promotional material on their operations;
- Are interested in having their products sold on a commission basis;
- Are interested in having us refer customers to you on a commission basis;
- Can support the venture in any other way (eg. sponsorship to assist with operating costs).

Yours sincerely

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See more information about forestry in our region and past newsletters on our website www.nio.com.au

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