

# Northern Inland Forestry Investment Group (NIFIG)

## 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 Northern Inland Regional Development Board, whose role is to nurture forest industry activity in the region.*

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### 1. Regional Timber Supplies

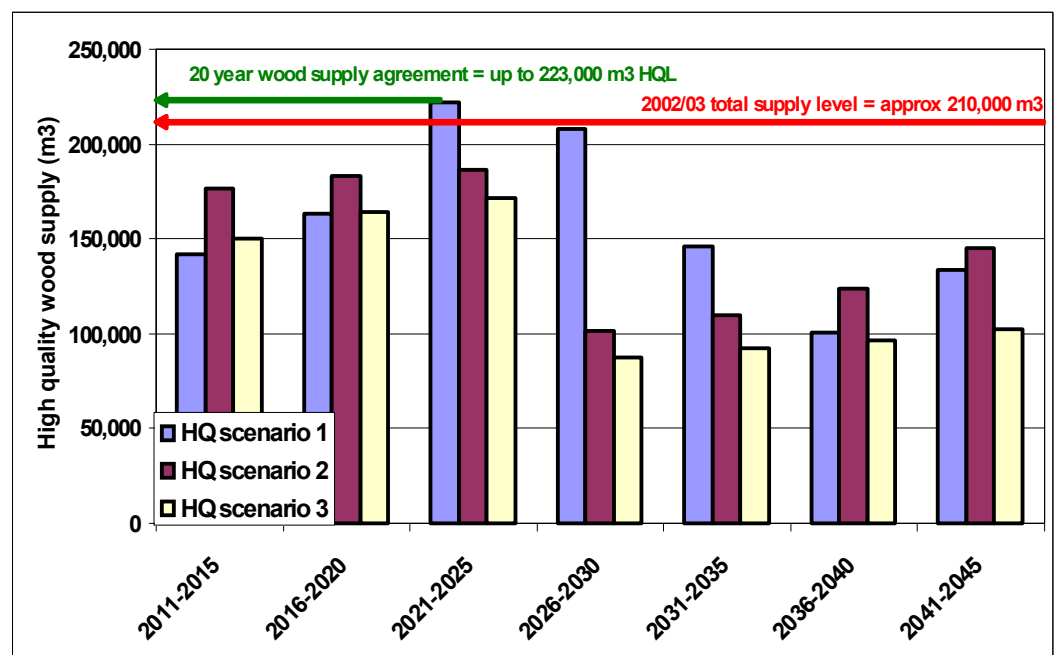
The conversion of State Forests to National Parks during the late 1990's and early 2000's has increased the reliance of many sawmills on private property timber. Even 'Crown mills' (those with guaranteed supply commitments from the state forest resource), supplement their supplies from the private forest estate.

An analysis of the situation on the north coast of NSW (see Figure 1) indicates a potential supply gap between what the public resource can supply and what is required under guaranteed timber supply arrangements for the high quality component of the hardwood resource.

In Figure 1, three different high quality log supply scenarios from three different studies are shown, along with the guaranteed supply levels for the north coast and the actual quantities supplied in 2002/03.

It is clear that all scenarios indicate future supply problems. This opens up opportunities for private forest owners who manage their forests well for high quality log production.

Figure 1. North Coast High Quality Log Supplies



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## 2. Log Prices

A long running frustration for private foresters has been the lack of information about log prices. Farmers have endless sources of up-to-date information about livestock and crop prices, but log prices are generally not published in the public arena.

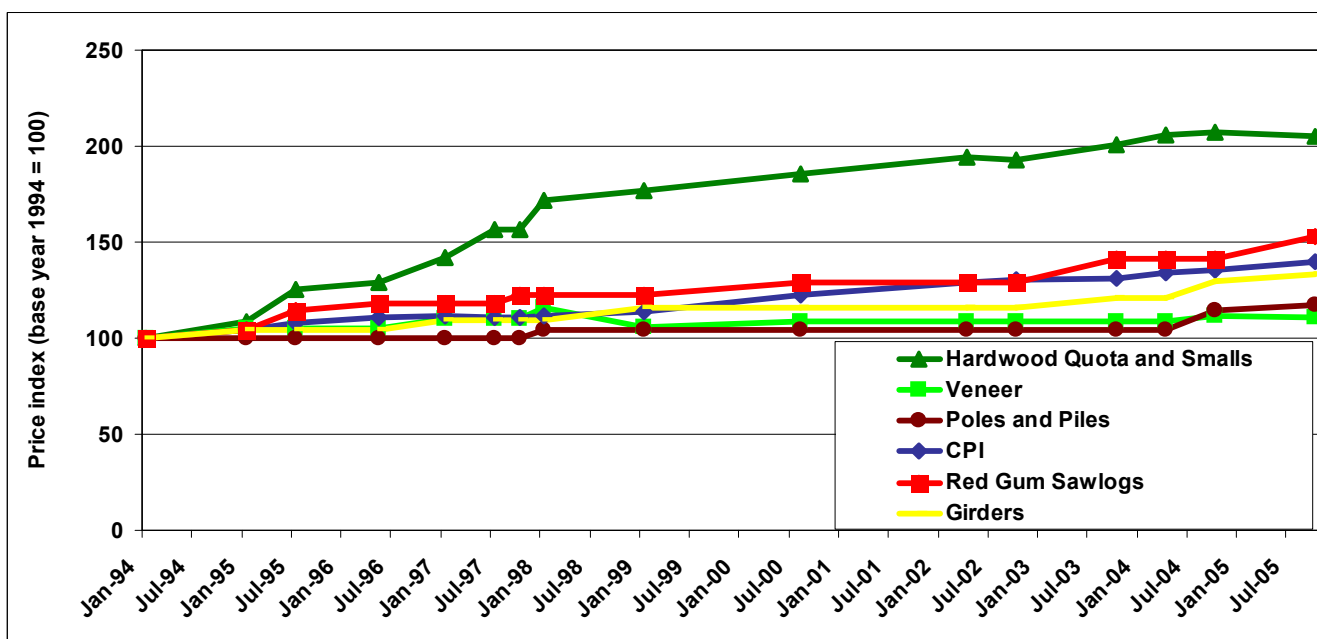
Moreover, while most landholders know how many kilos a beast weighs or how many tonnes wheat they are selling, they have limited knowledge about the quality or quantity of logs coming off their land. This leaves them vulnerable to receiving less than a fair return from their forest resource.

The situation is complicated by the fact that there are essentially two markets for native forest grown logs – those coming from the public estate and those coming from private forests.

Prices paid for logs from public forests are not entirely dictated by the laws of supply and demand. As a government trading enterprise (ie. they have to make a return to treasury), Forests NSW are required to achieve certain profitability targets. Moreover, their log pricing schedules and the costs they face are impacted by policy decisions often beyond their control. For example, new forestry procedures aimed at additional environmental protection which arose from the RFAs will have modified the costs of their harvesting operations. Reductions in log supply and quality as a result of the RFAs are likely to have delayed potential price increases in an attempt to reduce the negative impact on their customers (ie. sawmillers).

Figure 2 illustrates public hardwood log price movements over the past decade. It appears that for most log grades, prices have risen no faster than the CPI.

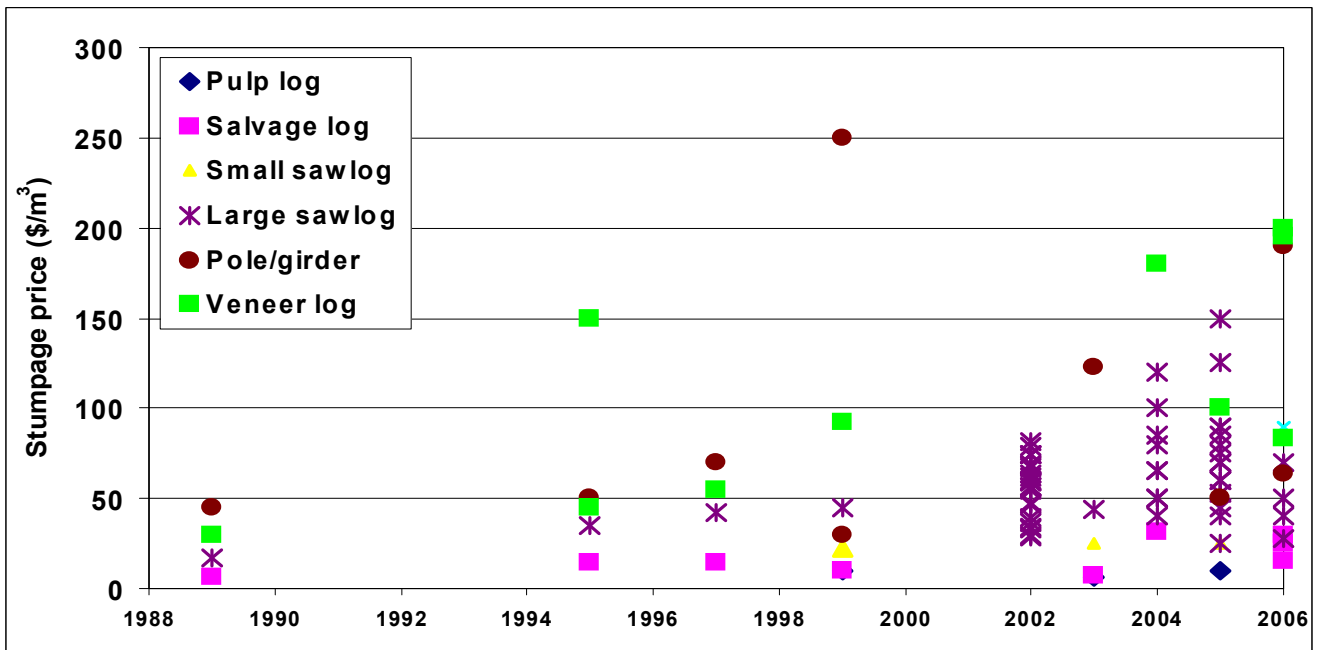
**Figure 2. Index of Historical Log Prices from NSW Public Forests**



In contrast, the private estate has escaped some of these policy impositions and consequently, a situation has emerged on the north coast of NSW where logs from private property now fetch higher stumpage prices (often called 'royalties' in the public context) than those from the public forests.

Figure 3 reveals the range of prices paid for logs of various qualities from both private and public land in the region over the last 18 years. Foresters on the north coast of NSW recently noted for the first time, prices paid for logs from private land now exceed those from the public forest estate.

**Figure 3. Historical Stumpage Prices paid in Northern NSW**



### 3. Engineered Woodlands Project

The NIFIG is commencing a project using pilot farms in the region to test a new agroforestry option called ‘engineered woodlands’.

**Figure 4. An Engineered Woodland in the New England**



Photo: Courtesy Michael Taylor

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We have recognised the financial difficulties faced by landholders in establishing traditional farm forestry plantations, namely that a well established annual income from livestock or crops is being replaced with a long term uncertain income from timber.

To overcome this important cash-flow issue, we are trialing wide-spaced farm forestry options using best-bet commercial species and state-of-the-art establishment techniques to maximize survival and growth rate.

Income streams will include:

1. Conducting normal grazing/cropping activities between the rows of trees;
2. Providing the landholder with access to the carbon market for carbon credit payments;
3. Commercial timber production.

Figure 4 shows an example of an engineered woodland on John and Vicki Taylor's place near Kentucky. The Taylor's have planted 11% of their farm to trees in both blocks and contour planting's for no loss of stock carrying capacity, observed improvement in lambing rates, reduced stock losses in cold weather and additional income from timber.

The project is receiving funding assistance from the Namoi and Border-Rivers Gwydir CMAs and NIFIG. Project management and operations will be performed by Southern New England Landcare.

We are seeking landholders in the Namoi and Border-Rivers Gwydir Catchments to participate in the project. The tree planting layout need not be on contours as shown above, but can be set out to suit the landholders requirements. We require a paddock on each farm with a minimum area of 10 hectares. An information sheet is enclosed (Pages 6 & 7) outlining what the landholder responsibilities and costs are and what the project will supply. Project contact details are also on the sheet. Please contact us if you would like to participate.

#### **4. Global Warming – What About Forestry Residues?**

Media attention on the global warming has reached fever pitch in recent months. No coal, clean coal, solar, nuclear, tidal, wind energy have been the focus of the debate.

Bioenergy has been sorely neglected and electricity generation from forestry residues has barely rated a mention. All forestry operations produce residues which, if left to decay *in situ*, emit CO<sub>2</sub> into the atmosphere. All timber processing operations produce waste (in fact, typically 60% of a log is residue that cannot be used in solid timber products). Often this waste is burnt, releasing CO<sub>2</sub> into the atmosphere. It seems obvious that using this waste as bioenergy is more sensible than burning it as waste, or using non-renewable fossil fuels.

Our 2001 private native forest inventory of the Walcha region (available on our website), shows the vast quantities of low quality wood from these forests that are produced under a sustainable management regime. This wood could be used for bioenergy. It is 100% renewable.

A CSIRO Study (Polglase and Stein 2001, available at [www.ffp.csiro.au/fap/bioenergy.html](http://www.ffp.csiro.au/fap/bioenergy.html)) reveals:

- Burning coal releases 8 times more CO<sub>2</sub> into the atmosphere than a forest managed for sawn timber and where residues are used for power generation;
- The net emission of CO<sub>2</sub> from a forest is close to zero at the end of a rotation;

- Fossil fuels are not renewable so when coal or gas is burnt, there is a gross emission of CO<sub>2</sub> that can never be removed from the atmosphere by the fossil fuel;
- When a forest is harvested or burnt by wildfire and the wood used for any purpose, there is initially a net emission of CO<sub>2</sub> that progressively declines as the stand ages and uptake of CO<sub>2</sub> from the growing vegetation dominates.
- The uptake of CO<sub>2</sub> by old-growth forest should be set at zero when comparing use of fossil fuels and wood fuel. In fact old, senescing forests may actually emit CO<sub>2</sub> while actively growing disturbed forests remove CO<sub>2</sub> from the atmosphere.

In Europe, the use of wood residues for generating energy is commonplace. Consequently, when combined with high value timber harvest, many European farms obtain a large proportion of their farm income from relatively small areas of intensively managed native forests.

Yours sincerely



David Thompson  
Northern Inland Forestry Investment Group Project Manager  
Mobile: 0419 681 818  
Email: david@care.net.au

**See more information about forestry in our region and past newsletters on the Board's Website: [www.nio.com.au](http://www.nio.com.au)**

## Engineered woodlands for carbon, grazing, shelter, wood products and biodiversity.



### Would you like one of these on your farm?

A number of interested landholders in the Border Rivers - Gwydir and Namoi Catchments are being sought to become collaborators in a unique land use demonstration project.

The Engineered Woodlands project aims to demonstrate a profitable land use that integrates the growing of native trees for carbon and timber within agricultural production systems. The resulting engineered woodlands will mimic the original native vegetation in form and structure and be sufficiently cost effective to foster large scale adoption to reverse the past trend of rural tree decline. The woodlands will have improved biodiversity, nutrient cycling, water-use efficiency, and shade and shelter values over current pasture-only land use.

Engineered woodlands are paddock-wide tree crops where the trees are wide-spaced and allow normal agriculture to operate between them. In short, the plantings do not displace pastures and conventional crops but are integrated with them. Landholders do not have to give up “too much country” to get trees back in the landscape. Over time it is expected that engineered woodlands will provide landholders with income from agriculture, carbon credit payments and the sale of wood products.

**This project is being run by the Northern Inland Forestry Investment Group (NIFIG) a sub-committee of the Northern Inland Regional Development Board and co-funded by the Border Rivers - Gwydir and Namoi Catchment Management Authorities.**

### **Landholders participating in the project will:**

- Have a whole paddock of engineered woodland (minimum 10ha) established on their property
- Be part of a co-ordinated attempt at accessing the carbon market
- Have the site scientifically monitored for productivity and environmental benefits over time
- Learn valuable skills in best practice tree establishment
- Gain advice on long term management for tree products
- Be part of the promotion and extension activities of the project (such as field days, media articles and brochures) and
- Have the chance to be a pioneer in land use change.

### **The project managers will provide:**

- An extension officer to help landholders with tree establishment, woodland design and management for wood products
- Either suitable machinery for the landholder to prepare tree planting beds (spraying, ripping and mounding), or contractors to do the job
- Co-ordination of the supply and delivery of tree seedlings
- Contract tree planters to help landholders at planting time
- Half or full cost of tree seedlings depending on the amount of bed preparation conducted by landholders
- A proportion of the cost of any temporary fencing the landholder may use during the establishment phase (this amount will vary depending on how much temporary fencing is used in total by the participating landholders)
- Access to any specialised machinery for post planting weed control
- A researcher to conduct baseline monitoring of the woodland
- A co-ordinator to seek out carbon trading opportunities.

### **The landholders will provide:**

- Access to a minimum 10ha paddock for woodland establishment
- Input into the woodland design
- Access for all contractors and to be present during their activities
- Labour at tree planting to assist planters and to water-in as planting occurs
- Half the cost of seedlings or some of the planting bed preparation costs
- Labour and a proportion of the cost of any temporary fencing
- The cost of fertiliser for the trees and the labour for its application
- All the costs and labour for post planting weed control and long term maintenance of the planting
- Assistance to the researcher conducting baseline measurements of the site and
- Any paddock records of agricultural inputs and productivity of the site.

Participating landholders will need to enter into a land management agreement with the BRG CMA or the Namoi CMA depending on their location. It is also expected that a number of the participating landholders will provide input into the steering and technical committees that will oversee the project. **All net proceeds from carbon trading and any future wood products go to the landholder.**

To apply to be part of the Engineered Woodlands project or for more information contact:

**Shane Andrews Ph. 0427 753 808, email: [shandrews@bigpond.com](mailto:shandrews@bigpond.com).**

**or**

**David Thompson Ph. 0419 681 818, email: [david@care.net.au](mailto:david@care.net.au)**

## Northern Inland Forestry Investment Group (NIFIG)

Northern Inland Regional Development Board  
P O Box 1138  
ARMIDALE NSW 2350

Phone: (02) 6771 3284  
Fax: (02) 6771 3286  
Email: david@care.net.au  
Mobile : 0419 681 818

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*Return address*  
Northern Inland Regional  
Development Board  
P O Box 1138  
ARMIDALE NSW 2350



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