

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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July 2008

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NSW DEPARTMENT OF
PRIMARY INDUSTRIES



Northern Inland
Regional Development Board

1. Engineered Woodlands Project

One of our key objectives has been to expand the area of commercial trees grown on farms. While many landholders have been happy to plant trees for environmental reasons, usually with government assistance, the uptake of private commercial tree planting nationally has been fairly low (see Fig 1), averaging around 8% nationally.



Figure 1. Planted Farm Forestry as a Proportion of all Plantations

Where is our planted wood coming from?

The information in Figure 1 includes situations where Managed Investment Schemes (MIS) lease part of the farm for plantations. Western Australia leads the way with significant areas of blue-gum plantation for pulp. A key driver of farm plantation investment in WA has been access to pulp export markets out of the ports of Albany and Bunbury - in other words a well developed market has emerged and farmers invested in trees as there was a clear profit motive. The salinity problem in parts of WA has also been a factor in the higher levels of farm tree establishment in that state.

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Even so, the Bureau of Rural Sciences in Canberra estimates that *planted* farm forestry contributes less than 0.1% of industry wood supply. We know that native or naturally occurring forests on private land contribute much more in NSW, around 50% of industry wood supply, but the contribution from planted forests is negligible.

Clearly, processing investment and the jobs it brings to regional Australia are not going to be delivered on the back of such a small private plantation wood supply. MIS investment and state government plantations are the only mechanisms currently delivering the volumes of planted timber species that will support that investment.

In 2007, 90% of new plantations were funded through MIS nationally. Between 2002 and 2006 \$1.4 billion was invested in new plantations and \$2.8 billion in new or planned processing facilities.

Making farm forestry financially attractive

The bottom line for most farmers is that to engage in a serious commercial farm plantation investment, the business case must stack up. Now, this business case may not be dependent entirely on wood sales - it is well recognised that farm plantations deliver other benefits including:

- Stock shelter - critical for sheep producers in our region;
- Carbon credits - early days, but markets are emerging;
- Land values - recently, a valuer in the region estimated a 10% premium for land with well sited trees for shelter;
- Ecological benefits - improved water quality, less soil erosion and habitat provision are not yet traded in markets, but can have clear benefits to farm production.

Where do Engineered Woodlands fit in?

Engineered woodlands are planted, wide-spaced tree belts designed to integrate with agricultural activities, not to replace them.

It has become clear to us that farmers in our region are unwilling to replace 50 hectares of annual agricultural income from grazing or cropping with an uncertain, long-term income from timber. All the environmental goodwill in

the world does not over-ride the fact that the majority of farmers place profitability and cash-flow at the top of their priority list, and rightly so they have a business to run and while many invest in improved environmental practices, their capacity to provide these public goods (often at their own expense) depends on sound financial performance.



Early planting of an Engineered Woodland on "Kyabra" wide spaced, whole of paddock, designed for shelter, timber and carbon benefits

The Engineered Woodlands project is aimed at trialing a novel tree planting configuration on 16 pilot farms in the region, to introduce trees back into farming systems while minimizing any negative impacts on cash-flow. Each farm has dedicated one paddock to the trial.

The key logic is:

- Wide-spaced so agriculture can be conducted between the tree belts;
- Optimal establishment and weed control to maximize tree growth so livestock can be re-introduced quickly (within 12-24 months);
- Whole-paddock to minimise fencing costs;
- Optimal tree species selection and management to maximize growth, hence income from timber and carbon and shelter benefits.



Correct preparation and species selection is critical to maximizing tree growth so agriculture can be reintroduced as quickly as possible

Progress

The project is now well advanced:

- In the Namoi, all 6 properties have been planted;
- In the Gwydir, 1 of the 6 properties has been planted;
- On the Tablelands, all 4 properties have been planted.

The remaining properties on the Slopes will be planted on the next suitable rain and two in the Gwydir will be planted in spring.

Tree growth, soil analyses and the collection of production and cost data is well underway.

Target growth rates for sites planted in Spring 2007 are:

- By June 08 (8 months of age) - 80% stems should be over 1.2m tall;
- By Dec 08 (13 months) - 80% should be over 1.8m; and
- By June 09 (20 months) - 80% should be over 2.4m .

See the NIFIG website for further project information and outputs
www.nio.com.au
and click on the Farm Forestry section.

2. Private Native Forestry Code of Practice

The Code of Practice came into force in November 2007. Any forestry (timber harvest or thinning) in *native* (ie. non-planted) forests on farms (other than timber harvested for on-farm use) now requires approval via the Department of Environment and Climate change (DECC).



Local landholders are not engaging in the new private native forestry approvals process which is threatening the viability of several small mills in our region

Approval essentially means obtaining a Property Vegetation Plan (PVP) for Private Native Forestry (PNF).

The key requirements are:

- Identifying your property;
- A simple map showing the area on the property where PNF will occur;
- Agreeing to abide with the code requirements;
- Developing a forestry operations plan.

Unfortunately, many landholders in our region are choosing not to engage in the process and as a result, local sawmills are suffering critical log shortages placing them under threat of business closure. The perceived complexity of the Code requirements are probably one reason for this, and our Group can assist in this respect.

The Northern Inland Forestry Investment Group can offer (free of charge) the services of an advisory forester to help any landholders through the approvals process including an assessment of the commercial potential of their forest and writing a management and harvesting plan.

We are keen to preserve the native forestry timber industry in our region, keep local sawmills operating and protect local jobs. If any landholders can assist in maintaining log supplies to these mills, please contact us.

The approval process is straight-forward and details can be found on the internet here: <http://www.environment.nsw.gov.au/pnf/index.htm>

3. Private Softwood Resource Study

During the 1970's a number of private *Pinus radiata* plantations were established in our region, primarily in the Walcha and Nundle areas.

The ownership of these plantations changed hands over time and some owners became frustrated with the lack of markets available for their timber. At present, only a small amount of harvesting occurs in these plantations, with most softwood processors in the region supplied from the public (Forests NSW) pine plantation resource in the Walcha, Armidale and Glen Innes areas.



One of the private pine plantations examined in the softwood study conducted by NIFIG

In order to gauge the potential for utilising the private pine resource, our Group undertook an inventory of the larger plantations and also interviewed softwood processors in the region about their capacity to purchase logs from the private estate.



Expansion of softwood log processing in the region is possible, given that only a small proportion of the existing private log resource is used

The results of this study will be available on our website shortly, but key information which emerged included:

- There are around 1,700 ha of private pine plantations in the area (compared to 12-13,000 ha of public pine);
- The private pine resource is around 30 years old and has reached maturity, however it is largely unthinned and unpruned so log quality is low;
- The private logs would be most suitable for landscaping material (sleepers, palings);
- The private resource could sustainably supply 30,000m³ of logs per year for the next 10-12 years, but currently only around 7,500m³ are harvested annually;
- Potential for harvest expansion is constrained by distance to market and low log quality;
- Four softwood mills operating in the region have taken logs from the private resource in the past and may do so again in the future, though currently they are supplied from the public plantations;
- Some mills have indicated the potential for future expansion which could involve purchasing logs from the private pine resource.



Yours sincerely

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