

Submission to the 2008 Victorian Timber Industry Strategy

SMARTimbers Cooperative.

Summary of submission

This submission deals particularly with issues, and broad economic, social and environmental benefits, involved with expanding the area of long-rotation hardwood and softwood sawlogs grown in dispersed farm woodlots sited and configured to have multiple benefits and minimal negative impacts, including on catchment flows.

It also covers the scope and objectives of increasing carbon sequestration and harnessing the emerging markets of carbon and environmental credit trading and of production of significant volumes of biomass for feedstock for production of biofuels and of carbon-neutral baseload energy (electricity and thermal energy).

The submission covers scope items 1,4,5,6,9 &10.

Background information on scope and potential of farm forestry

The 1986 Timber Industry Strategy recognised the existence of great potential for expanding farm forestry. If its basic recommendations and suggestions had been followed Victoria would now have, in addition to any industrial plantations of hardwood and softwood, in excess of 40,000 ha of long rotation sawlog woodlots integrated into farm enterprises or as joint ventures with the landowners on agricultural land.

Victoria has about 13 million ha of cleared land. Up to 8 million ha is suitable for growing trees at a productivity of 4MAI or greater, but does not have the rainfall or soil depth to attract commercial plantation investment. Up to 15% of this area can be planted to integrated farm forestry (dispersed strip or patch woodlots) without significantly impacting on runoff and groundwater recharge depending on site and species choices. Ensis has been working over 2007/08 on their Commercial and Environmental Forestry project in Victorian CMAs which is establishing the process for determining the optimal placement and possible species mix. **This final planted area would total up to a million hectares.**

(Scope item 4)The attraction of stimulating a great expansion of farm forestry is that it not only provides a supply of sawlog and other timber product, but that it provides a profitable extra income to landowners, and can be encouraged by use of guidelines and funding constraints to provide vital environmental benefits. Dispersed farm forestry is far less likely to attract adverse political feeling than the landscape or sub-catchment industrial plantings currently being fostered by the state. And the land is already owned, with the landowner potentially willing to be a co-investor in the planting.

Properly designed and sited woodlots are shown to complement existing farm enterprises and effectively reduce risk of adverse weather effects on stock. Shelter from woodlots can offset the loss to other uses of the land they occupy, and the impact on spreading dryland salinity and the linkage of remnant habitat are both key outcomes that can be stimulated by funding guidelines.

Factors which would underlie a successful implementation

With a rotation period of average 30 years this sort of scale of establishment would require about 33,000 ha a year to be planted. Clearly this would require considerable stimulus and organisation. However it is of an order that is quite achievable. Schemes aimed at stimulating the planting of significant areas on farms have been successfully driven in New Zealand and Queensland, and in WA at present. A number of factors have to be in place. These include –

1. political will – evidenced in suitable support legislation and funding, and a long term bipartisan commitment to development of an industry so that there are clear signals felt by commercial players.
2. a well-organised service industry to provide advice, site visits, suitable quality seedlings, contract services for preparation, establishment and monitoring. (This will be linked to the growers by the commercial grower groups, which could themselves provide most of these services: see point 5).
3. a commercial process that will harvest and utilise the volumes of thinnings and harvest waste. This should be driven by commercial rewards and possibly in conjunction with a biofuels or bioenergy sector and demand.
4. a reinvigorated R&D sector that is responsive and connected to the market and to the grower groups
5. Stimulus of local/regional grower groups to manage aggregation of product, marketing, training, monitoring and adherence to codes of practice and principles of long term sustainable management of the resource.

Models demonstrating the Forest Management Association (FMA) approach

This sort of commercially profitable, sustainable yield production from small scale family forestry has been a feature of the national economy and resource security of many countries, including Sweden, Finland, Austria, Norway, Denmark, and Switzerland. In all these countries the marketing of the product, whether it is thinnings or final harvest, is overseen by the local or regional forest management association branches (FMAs).

In some countries, for example Finland and Denmark, their role has been spelled out, reinforced and regulated by legislation. Often in these countries the FMAs provide most of the function and services of a government forestry department. In other

countries, including Sweden, Austria and Norway, the FMAs are more clearly driven primarily by the goal of commercial returns, and the government does run a parallel forestry service and oversees much of the activity of the FMAs, though these naturally do provide much of the necessary training and extension to their members.

With this management of the growers' commercial activity and interests by a grower run organisation the connection with the market and with R&D providers is optimised. The economics of scale of the organisations allows provision of good returns for product, but also allows FMAs to provide services and information on markets that government bodies are not so well placed to provide, and are certainly less responsive in sensing the need for such service.

Being grower controlled the FMAs are driven by the grower needs, both in achieving best prices and providing accurate advice, but also in any commercial venture the FMAs may be allowed by legislation to engage in. Similarly a commercial venture, such as a regional sawmill, will be run by the FMA to return profit, provide a local market and processor for growers' timber, and maintain employment in a local industry that might otherwise not be maintained.

Some of the many other places that could be looked at for examples of models include the Republic of Ireland, the Canadian province of Nova Scotia, Spain and Portugal, German states including Bavaria, and northern and eastern France.

SMARTtimbers activity informing this submission

The cooperative's 40 members are mainly landowners and are involved with growing long rotation sawlog woodlots and also with harvesting, processing and marketing product from farm grown timber. A number are involved full time in the timber processing industry. We feel we have useful industry knowledge to contribute. To be more specific –

- At least 8 separate study trips by directors to study overseas practices and options, and attend overseas industry conferences in forestry and bioenergy
- Involvement in policy development through STIC, CVFP, local government and regional Agribusiness forum
- Contribution to federal policy development and research priorities
- Involvement with tertiary education in the industry
- Management of investment in log purchase, processing, and timber handling grading, and product development and marketing
- Communication with tertiary education furniture design and manufacture courses
- Involvement with timber processing industry and with development of supply chains
- Involvement with Ensis/CSIRO research and with CRC/DPI/DSE research
- Links with all Victorian grower groups and with interstate networks, PFDCs and state PF officers
- Involvement with development of carbon bank agreement
- Development of submissions to state and federal government on biofuels and Renewable energy targets

- Management of research projects relating to marketing of farm grown timber, to certification compliant FF management, to thinning and cost effective sawlog woodlot management.
- Development of a guide for farm foresters *Realising the potential of farm forestry – making money from farm trees*
- Involvement in writing of the Central Victorian Farm Plantations Action Plan, and a CVFP handbook for growers on increasing biodiversity in plantations

Present grower perception of impediments to expansion of farm forestry

The key impediments for expansion of farm forestry were discussed at a meeting of representatives of all Victorian farm forestry grower groups in May 2007. This meeting, representing up to affiliated 800 growers with at least 10,000ha of farm forestry plantings, was convened by SMARTtimbers (another 200 plus growers with 3-4000 ha of plantings are not presently affiliated). This was the first time that all these groups had formally met. The meeting was convened to gather information that could be forwarded to STIC to inform the development of the TIS which at that time was primarily the task of STIC. The key impediments identified were –

- The lack of confidence by growers in the existence of a reliable market
- The lack of seedlings of quality genetics of recommended species
- The lack of clear policies and legislation supporting a farm forestry sector
- The lack of R&D adequately connected to or responsive to the needs of growers and industry

All these issues need to be attended to in order that farm forestry in Victoria can expand to provide a substantial sustainable sawlog flow, in addition to a flow of the other significant products and benefits previously noted.

In addition there were many other issues raised at the meeting that reflected local or wider concerns. These included-

- Issues of changing or unpredictable local and state planning regulations
- Uncertainty among remaining service providers in industry
- Variance in policy between State, local govt. and individual CMAs
- Lack of local contractors or government extension services
- Lack of reliable guidelines for or advice on commercial aspects

Benefits and outcomes of establishment of 1 million ha of farm forestry (in addition to industrial plantations and sustainable management of public and private native forest)

After 30 years in Victoria (rough estimates based on 200 tonnes/ha standing biomass at 30 yrs, MAI of 7, carbon as 25% of green weight, milling recovery of 50%, first thinning of 25 tonnes/ha, 2nd thinning of 75 tonne/ha, harvest waste of 50 tonne/ha)

Sequestered carbon in standing trees (above ground) –	25 million tonnes
Volume of CO ₂ absorbed annually above ground	7 million tonnes
Farm reduced risk and improved productivity and value	

Buffering remnant native vegetation and linkage of habitat.

Reduced salinity and improved water quality

Increased rural employment – at 1.3 jobs per 100ha 13,000 direct jobs

Annual biomass volumes for energy/biofuel – 6 million tonnes

Potential bioenergy production using this biomass alone – 600 MW

Approx annual volume of brown coal substituted 5 million tonnes

Replacement of imports or increase in gross export income