



***Private forest owner, Rob Downie was invited to share his opinion on possibilities for developing the forest practices system at the Forest Practices Authority Conference, looking back – looking forward, 20 - 21 November 2017, Hobart.***

## **Possibilities for developing the forest practices system – a landowner’s perspective.**

**By Rob Downie, Private forest owner.**

Farming is an intergenerational occupation and it appears that forestry is also. My father, Bruce Downie, was part of the original working group that designed the Forest Practices Code and worked to get it legislated. Since then I have been involved with many Timber Harvesting Plans and Forest Practices Plans (FPP’s)

From a landowner’s perspective, the Forest Practices Code has served us well over the last 30 years, and has evolved and become more comprehensive (thicker, much thicker) but it has also become linked to product certification and is seen by most, as meeting the communities expectations for environmental and safety outcomes.

Looking forwards, I believe the code will need to continue to evolve, especially with regards to small farm woodlots.

Because growing trees is such a long term commitment, most farmers and landowners find it difficult to establish large enough areas to be commercially viable. If they only harvest once or twice in a generation, it’s hard to engender enough confidence to invest enough back into increasing the area.

A good example was when 15 years ago, the then Farmwood (a farm forestry cooperative) exported low grade Radiata pine shelterbelt trees to India. A great story at the time, but even though some landowners got more than \$40,000 for their trees, not one used that money to replant commercial trees.

If wool prices are good, a farmer might spend more on better rams, increase his stock numbers or upgrade the woolshed and yards.

Forestry is different, we need to know and understand the drivers and barriers that shape farmers investment in farm forestry. I believe most sort of fell into forestry because their property had a bit of bush and it made sense to sell a few logs now and then. Others got offered lots of cash to lease to managed investment schemes (MIS) and now, following the collapse of these schemes, own plantations by default. Not many see the real potential of forestry as a significant enterprise for them.

Markets for both eucalypt and pine plantation wood are great at the moment and anything that makes growing and selling small woodlots more profitable will have a direct result in unlocking existing resource and establishing additional trees.

FPP's for less than 1,000 tonnes of wood harvested need to be significantly easier and cheaper.

In the future I would expect that a landowner would take a laptop to their small shelter block, have access online to all the map data layers on the LIST, all the special values (which must be identified and included in the Forest Practices Plan) and a generic plan. They fill it in onsite, with perhaps a couple of photos from a drone and send it to a Forest Practices Officer (FPO) who signs off that the FPP complies, firstly with the Forest Practices Code but also with the long-term Whole Farm Plan that was developed many years earlier by the land owner.

The purchaser knows that the product has been grown and harvested in compliance with all the social, environmental and economic standards (a three legged stool) that society expects but which only works properly if the compliance costs allow the landowner to make a viable return. The need to do a new plan every time a forest operation happens is really unnecessary and a whole property FPP that lasts indefinitely and only needs a quick checklist to ensure its currency is maintained over time is more workable.

Five years ago I wanted to harvest less than 800 tonnes of firewood from an area of 360 hectares. I had allowed an existing FPP to expire. I was quoted more than \$16,000 to do a new FPP. That amounts to \$20 per tonne for the paperwork when all the special values had been previously addressed. Those trees are still standing.

I operate a plantation harvesting crew, currently harvesting for a landowner near St Mary's. We were asked recently if we could harvest about 200 trees, being a 20 year old *Eucalyptus nitens* plantation owned by, and adjacent to the school. We would love to help but at only 400-500 tonnes, and with them wanting the stumps out and the site tidied up, I'm not too sure that there will be any profit for them.

The landowner is the price taker at the end of the chain. The chip mill and exporter work out their costs and add a margin for profit as does the trucker and the harvesting crew.

If an operation involves say 20,000 tonnes, the FPP might cost \$0.25 / tonne, but if the operation only involves 500 tonnes, the FPP might cost \$3,000 which means \$6.00 / tonne which always comes out of the landowners share.

For too long private landowners have been expected to shoulder the same rules as the large corporate or government landowners whilst not being an active part of the decision making process. The problem with that is if the forested part of your farm has special values that restrict or prohibit logging, you are effectively not able to generate any income from forestry.

If you own a small woodlot or native forest area with contentious special values, you will find that nobody will do a FPP or if they do, market access is much harder.

It all gets too hard too quickly. If you are a large corporate forestry company or Sustainable Forests Tasmania, you just save yourself any grief because you have other areas you can harvest so as to just absorb the costs and loss of income for harvesting forgone while maintaining forest certification. It becomes the expectation that everyone should just accept this as the way to do business. For example, the swift parrot on the east coast has effectively shut down a huge area of productive forest on public and private land. If the community wants these values protected they need to share the cost of working around them

That leads to the duty of care issue which I know a bit about, having been down that track myself.

I thought Government and forest owners had previously agreed on some basic core principles about the need to protect and reserve areas including:

1. That special values should be protected on crown or forestry land first.
2. If that wasn't able to achieve adequate protection, then it could be on private property.
3. If that required more than 10% of a FPP being set aside, the landowner would be compensated.

In my opinion there are several problems with the current process. The first problem is getting anyone to do a FPP which might become contentious, when the main aim is for the FPP to be rejected by the Forest Practices Tribunal, thus triggering the compensation pathway. Firstly it's very time consuming and therefore expensive to get the FPP right, and secondly my perception was that the Forest Practices Authority frowned upon FPO's who wanted to develop FPP's that were designed to be rejected. Thirdly, there are not enough independent FPO's and forest companies don't want the wood because it might jeopardize their forest certification.

In my case the FPP was done by Rob Smith from Private Forests Tasmania, with lots of input from Fred Duncan (a leading botanist) over 18 months. The Government's Threatened Species Unit absolutely refused any compromise. Every compromise you make in an attempt to get a FPP approved, will only reduce the amount of compensation.

Compensation is based on the opportunity forgone, basically the stumpage value of the trees to be harvested less 10% that is deemed to be a landowners "duty of care". Any future harvest is discounted back to net present value which equates to not very much.

Since the closure of the Triabunna wood export port the stumpage value of native forest in the southeast has been very low. I have a second coupe with a FPP drawn up that I know

will be rejected and I have not lodged with the FPA pending improvement in stumpage rates.

Rightly, if you are being payed not to harvest, the Government thinks that the area should be protected, in my case by a perpetual covenant. Most land owners would balk at such a formal reserve.

Once compensation is agreed to, where does the money come from? If there weren't so many barriers, lots of East Coast landowners might want their bit of compensation, and it would very quickly run to more than a \$100 million.

That is what landowners have given up by stealth. If you don't think I'm right could you please put up your hand if you are an FPO who would do a FPP for a Blue gum coupe, at say Orford, or if your company has harvested any private native forest on the East Coast in the last 5 years? I see no one has raised their hand.

With the demise of the MIS schemes many landowners have by default, become plantation owners. Many of these landowners need help to understand their responsibilities under the Forest Practices Code and with help to manage, market, certify and harvest plantations.

Landowners need to take back the initiative, be able to sell forest products at the mill door, knowing that they have been harvested under a certified FPP which complies with the FSC certification or similar requirements of that end user.

In summary independent private forest growers need:

- Streamlined simple process for FPP's of less than 1,000 tonnes.
- FPP's that last the life of the plantation.
- To determine the drivers and barriers for landowner investment and management.
- Help with developing plans with special values.
- A review of duty of care compensation process.
- More private independent FPO's to prepare FPP's.
- To seize control over their planning, marketing and harvesting.

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