

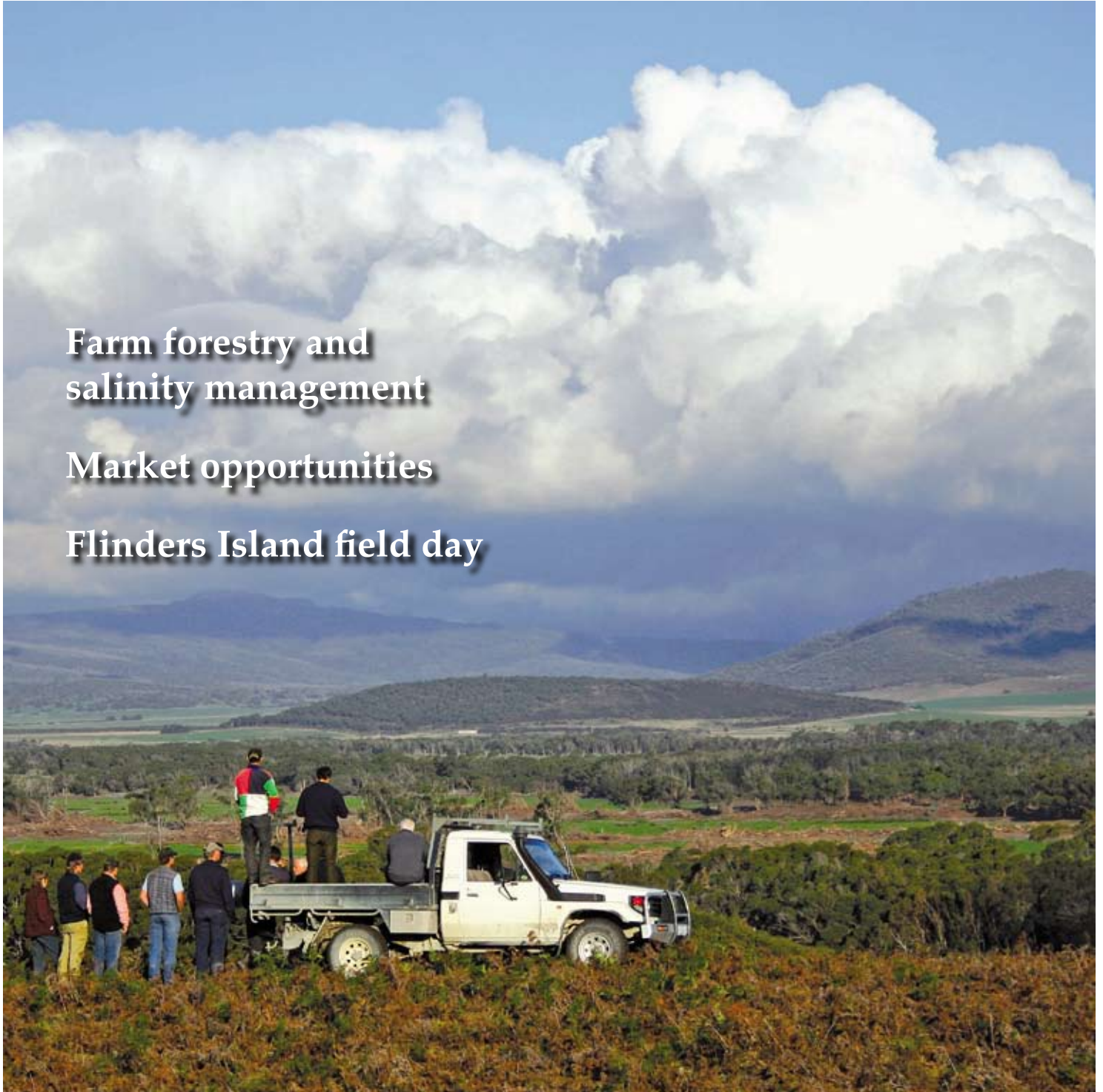
TREE *Line*

PRIVATE FORESTS TASMANIA

Farm forestry and
salinity management

Market opportunities

Flinders Island field day



Spring 2008 *A quarterly publication by Private Forests Tasmania*



Welcome

The Spring edition of TREELine will be the final one for 2008.

In this edition we try to cover the key stakeholder events of 2008 including field days and the annual dinners held in Launceston and Burnie.

The dinners were a great success again this year with good turn-outs in both locations. There was strong support from our elected representatives which shows the continuing high level of importance given to the private forest sector.

At the joint Australian Forest Growers – PFT dinner in Launceston we were able to celebrate the success of the Sustainable Farm Forestry Management for Production and Conservation project and acknowledge the contributions of 6 outstanding participants.

PFT conducted a field day in June to showcase properties involved with this project as well as the Best Practice Salinity Management project in the Cressy/Longford area.

In this edition we also cover the events of the first private forestry field day on Flinders Island with plenty of photographs to illustrate the highlights of the day.

PFT's Hobart office is now at 83 Melville St, right opposite the Hobart Central Car Park. Our contact details remain the same and we look forward to seeing you here.

Enjoy your reading

Contents

- Celebrations all round at annual AFG Farm Forestry Dinner 3
- Integrated farm forestry and salinity management 4
- Market opportunities with Ta Ann TASMANIA..... 6
- North West Farm Forestry Dinner 7
- The Good Wood – forestry and carbon.... 8
- Valuation is neither an art nor a science..... 10
- A first for Flinders! 12

Cover photo: Looking southeast from the Bellingers' property towards the Darling Range, Flinders Island.

Private Forests Tasmania promotes sustainable management of native forests and plantations, and fosters the use and value of trees in land management.

Phone 6233 7448 6336 5300 6434 6319

Website: www.privateforests.tas.gov.au

ISSN 1833 – 5845

FROM THE CEO

This is both a welcome and a goodbye from me as the Chief Executive Officer for Private Forests Tasmania.

My retirement from my 15 month secondment will take affect from January 2009.

The last 15 months have provided me with a renewed insight into the private forestry sector in Tasmania which, in my opinion, has a very bright future.

The highlights of the past year have been:

- Private forest harvest in 2007-2008 was 2,866,002 tonnes, a significant increase over the last 2 years, accounting for approximately 42.5% of total timber production in Tasmania.
- There was a continuing trend towards plantation harvest with 59% of the wood harvested from private forests being from plantations and 41% from native forests.
- PFT provided detailed information on the plantation estate in Tasmania to the National Plantation Inventory. As at the end of 2007 there were 171,980 hectares of plantations on private land in Tasmania.
- 78 applications for Private Timber Reserves were advertised with gazetted Private Timber Reserves totaling 12,709 hectares in area. A total of 441,734 hectares of private forest are now covered by Private Timber Reserves.
- Successful implementation of the Sustainable Farm Forestry Management for Production and Conservation Project funded under the National Landcare Community Support Program.
- The Targeted Vegetation Protection and Maintenance Project exceeded all targets and came in under budget.
- The QuickBird satellite imagery project achieved satellite imagery of 69% of the target area.
- Work was completed on version 5 of the Farm Forestry Toolbox to assist private forest growers in the management of their forests.

During my short stay I have had tremendous support from the Directors and staff of Private Forests Tasmania and I would like to commend them on their dedication and enduring commitment to private forestry in Tasmania.

I would like to convey my sincere thanks to them all and wish them a happy and prosperous future.

Farewell

Graham Sargison

Celebrations all round at annual AFG Farm Forestry Dinner

At the recent Launceston AFG Farm Forestry Dinner, I was delighted to celebrate the success of the AFG-PFT *Sustainable Farm Forestry Management for Production and Conservation* (SFF) project. Australian Forest Growers was the grant recipient and we appreciate the Australian Government providing \$900,000 of grant funding in 2005 under the National Landcare Program, in what was a very competitive funding environment. By the project's end in September, \$400,000 had been provided to landholders for on-ground works. In turn these landholders had more than matched this with their in-kind contributions.

The project had four priority conservation and production categories and Table 1 gives a summary of the excellent outcomes achieved in each of these.

It is well recognised that none of these externally-funded projects would have been successful without the valuable input from landholders. Participants received partial funding for activities and contributed significant time and money to provide public environmental benefits.

Project Category	Target	Achieved
Native Forest for Conservation	75 ha	360 ha
Native Forest for Management	75 ha	485 ha
Riparian Vegetation/Revegetation	24 ha	82 ha
New Plantings/Seeding (excluding riparian)	150 ha	138 ha

Table 1: The SFF project more than exceeded its three-year targets

We are grateful to everyone who participated in the project and at the dinner six participants were presented with plaques in acknowledgment of their individual outstanding contributions.

Native Forest Conservation: David and Pauline Bellinger have been farming beef cattle and vegetable crops on Flinders Island for some 10 years. Over the three years with SFF the Bellingers have secured 154ha of mixed eucalypt forest with *Melaleuca ericifolia* and *Allocasuarina verticillata* communities scattered throughout the property.

Native Forest Management: Andrew and Madeleine Scott relatively recently purchased a property in the Northern Midlands. Over the last twelve months Andrew has undertaken extensive fencing around his *Eucalyptus amygdalina* forest areas and initiated a gorse eradication program. These bush areas will occasionally be grazed, eg. for off-shears.

Riparian Vegetation Management: Fran Austin, Manager Bay of Fires Winery, has initiated a co-ordinated approach



From left to right: Byron and Danielle Carins; Andrew and Madeleine Scott; David and Pauline Bellinger; Kerry and Carol Viney; Warwick Ragg

to rehabilitating the vineyard's Pipers River frontage. Removing willows and replanting with mixed native species is a long-term objective and involves winery staff and Landcare volunteers.

Shelterbelt and Plantation Development: John and Byron Carins were early participants and over the three years they have established a number of Blue Gum (*Eucalyptus globulus*) shelterbelts and woodlots both for climate mitigation and commercial returns. They also fenced remnant riparian bush along a creek and around the associated man-made wetland.

Bush Management and Revegetation: Margaret Pauley and Callum Burns are small-scale beef producers. They are fencing and protecting remnant areas of bush, as well as establishing mixed native shelterbelts and woodlots. Simultaneously they are improving their pastures to reduce reliance on bush runs when feed is short.

Vegetation and Wetland Management: Kerry Viney is the manager of Boobyalla Park, owned by Clovelly Tasmania. Working with Company Director and landholder Stephen Creese, Kerry has made an outstanding contribution to the protection of the forested, riparian and wetland areas on Boobyalla Park, as well as establishing permanent mixed native blocks with seedlings and seed.

We thank them all!

Warwick Ragg

Chief Executive
Australian Forest Growers
Canberra

Integrated farm forestry and salinity management

Managing those tricky unproductive areas on farms is always a challenge. Private Forests Tasmania (PFT), Armstrong Agricultural Services and NRM North have been working together over the last few years to explore innovative ways of helping farmers turn these challenging areas around. Although most of the studies and trials have been undertaken in the Cressy / Longford area, lessons learnt and recommended management activities are often equally applicable to other similar areas in the State.

A field day on 4th June visited six properties in the focus area and covered the successful outcomes of two major partnership projects: *Best Practice Salinity Management - Plant Based Solutions* and *Sustainable Farm Forestry Management for Production and Conservation*.

After a chilly start (refer Photo 1) the field tour of properties demonstrated several successful activities which included: best use of centre-pivot corners; managing remnant bush for commercial and conservation benefits; establishing strategic shelter across the farm; managing woodlots and shelterbelts for commercial returns; making the most of saline areas with salt-tolerant pasture, trees and shrubs; and how to select the most appropriate species for the site.

Salinity management has come a long way over the last ten years. In the mid 1990s trials of salt-tolerant eucalypt hybrids in salt-affected areas were being conducted. Today it can be seen that these haven't always worked and it is now known that there are other species and ways to manage salinity (refer Photo 2). One field day site clearly showed how combining mixed native species shelterbelts with salt-tolerant pasture species can bring a formerly saline paddock back into production. Sixteen different species of trees and shrubs were used to intercept groundwater flow including: eucalypt; melaleuca; blackwood; bottlebrush; sheoak; and saltbush, to name a few.

After an excellent lunch including Saltbush lamb rolls (refer Photo 3), Mark Hocking, consultant hydro-geologist, gave a presentation on how computer modelling of groundwater flow systems and the movement of water through



Photo 4: Protecting strategic remnant forest can bring a suite of benefits to the landholder and catchment

the soil profile helps predict surface salinity and response times to changes in land management. Understanding how salinity occurs and the connection with water moving through the landscape is a key to salinity management.

Integrating farm forestry options is another way to mitigate salinity as well as providing essential shelter and alternative commercial options to the grower. Gordon McCutchan, Farm Forestry Advisor with PFT, explains, "Under various Australian Government grant programs we have been able to assist landholders establish key shelterbelts and protect remnant bush areas on their properties". This assistance has been delivered through efficient project management, funding of resources and the timely provision of advice and assistance to all landholders. Another site visited on the tour was situated on the western edge of a critical ridgeline of remnant native bush (refer Photo 4). Keeping the forest along the ridgeline intact is important for wind protection, biodiversity, aesthetics and water table stability. As Gordon further explains, "More and more farmers are finding that establishing trees on less productive sites can significantly benefit farm productivity for a whole range of reasons, including lowering salty water-tables".

Janice Miller

Project Manager, Grants Program and

Julie Finnigan

Project Manager, Best Practice Salinity Management



Photo 1: Morning tea in the paddock, a panacea for cold mornings



Photo 3: Participants sample the qualities of lamb 'finished-off' on saltbush



Photo 2: Establishing mixed natives and saltbush in pivot corners helps to lower salty watertables and improve pasture productivity

North West Farm Forestry Dinner

Market opportunities with Ta Ann Tasmania

TA ANN TASMANIA is a joint venture company that includes a large Japanese timber trading house (SMKC) and a plywood production company from Malaysia (Ta Ann Holdings Bhd) and is a new venture set up to produce rotary veneers in Tasmania. The parent company, Ta Ann Holdings, has been involved in manufacturing and exporting ply products for over 18 years. TA ANN TASMANIA already has a \$35M mill, operating at the Huon Southwood site since May 2007, and is investing another \$35M in a new mill at Circular Head. This mill at Smithton is about to start production with commissioning planned for late September 2008. It will employ about 50 workers.

The two mills have 20-year log supply agreements with Forestry Tasmania of 150,000 and 115,000 cubic metres respectively, using timber that would otherwise be used for wood chips. The first export shipment from the Circular Head mill is planned for late 2008.

About 140,000 cubic metres of veneer in total will be exported from Tasmania to be used to manufacture high value ply products – such as floor boards, container floors and construction ply - for established markets in Japan and China. TA ANN TASMANIA will consider further local value-adding at the Smithton and Huon mill sites once the current business case is proven.

TA ANN provides one of a number of possible sales options for private forest growers. TA ANN is looking to work with private growers to secure some additional mill yard purchase of logs in the Circular Head and Huon area. TA ANN's first priority is for eucalypt logs from regrowth and plantation sources but is also currently investigating markets for radiata pine. TA ANN provides a sales option for landholders who have plantations logs.

The Smithton mill has a current design capacity of 150,000 cubic metres per year from two peeling lines and this can increase to 200,000 cubic metres per year with installation of a



David Ridley and Ruth Forrest, MLC, at the North West Farm Forestry Dinner

third line once sustainable supplies are available. The first intake of private wood to the Smithton mill will occur in early 2009.

For 2009, an additional 35,000 cubic metres of logs will be required at Smithton to reach production capacity. Logs need to be able to produce short billets (blocks) of 6' and 3' length and need to be reasonably round and straight, rock free and capable of being held by the lathe chucks for peeling (i.e. reasonably sound).

Log Specifications - Eucalypt regrowth and plantation billets	
Length	Capable of producing billets of 6' (2040mm) and 3' (1050mm)
Diameter	6' billets to be 20-70cm; 3' billets to be 20-50cm
Quality	Different grades exist depending on the number and size of knots and the amount of defect. The fewer the knots the better the veneer and the higher the stumpage

The delivered price (\$ per cubic metre) depends on length, grades, size, percent waste, the amount of defect and whether or not the tree was pruned. Prices will be negotiated with each individual land holder.

For enquiries about possible sales, David Ridley, Resource Manager for TA ANN TASMANIA can be contacted on mobile 0419 875 439.



Trimmed and plastic wrapped veneers for export



A eucalypt log ready for peeling on a rotary lathe

How to maximise returns to forest growers?

Gary Harper is the Harvesting Manager for Auspine Tasmania and is responsible for the supply and procurement of pine sawlogs into the Auspine sawmill at Scottsdale. He is therefore well-placed to advise forest growers on how to maximise their returns from their timber. The salient points are that if you are going to produce sawlogs you must do it right and the processor will always pay more if the specifications are correct.

Auspine's average green-off-saw recovery rate is 55% and dry recovery 35-40%; however these rates can be dramatically lowered if the specifications are poor and this would be reflected in a lower stumpage price paid to a forest grower.

What does Auspine want from the pine sawlog resource and how to maximize returns to forest growers?

1. Quality: correct size – diameter and length, no sweep, small branch size in knotty sawlogs, clearwood in pruned sawlogs (Pruned Stand Certification would be advantageous).
2. Area: a minimum clearfall harvest area of 2ha or a cluster of smaller areas (possibly between several landowners – talk to each other and PFT to gain a coordinated approach) to gain a viable volume – remember it costs thousands of dollars to float forestry machinery into an area and these costs are subtracted from the stumpage paid to forest owners.
3. Access: existing roads and access across paddocks will reduce costs and increase stumpage to forest owners – again talk to neighbours and work together to get better prices for everyone.

4. Forest Practices Plans (FPPs): FPPs can be expensive to collate, but with recent developments to simplify harvesting FPPs in small plantations and clusters of smaller areas (multiple landowners) the costs can be reduced and stumpages improved.
5. Good silviculture: correct stocking levels, fertiliser, browsing control, thinning and forest hygiene will all impact on the quality of the finished product. Unfortunately, simply planting some trees and walking away for 35 years will not produce a quality product and will not attract a high stumpage.

The future?

- there will always be a market for a quality product
- new markets are developing, resulting in more competition
- plantations must be well-managed to maximise returns
- do not be afraid to ask for assistance ie. PFT, industry, growers' groups, etc.

Contact:

Gary Harper
Harvesting Manager
Auspine Tasmania

P: 03 6352 6244

M: 0419 363 506

The Good Wood – forestry and carbon

Bruce Greaves (Manager – Projects, FIAT) wrote the article “Greenhouse, forests and wood” in the Winter 2008 edition of TREELine.

He followed up with a presentation to 120 forest growers and forest industry members at the AFG - PFT Farm Forestry Dinner in Launceston on 14th August... and what a performance it was!

The aim here is to draw on some of the information in Bruce’s presentation to build on his previous Treeline article, and perhaps add a word or two from the sceptics.

Is wood good?

The forestry sector is the only sector that removes and stores greenhouse gas from the atmosphere. That is, for every \$1 million in revenue generated in the forest industry almost 1500 t of CO₂ equivalent is tied up (Australian Government’s Carbon Pollution Reduction Scheme Green Paper Appendix D).

The Green Paper confirms the industry’s pivotal role in the community, as well as its potential in creating opportunities for future carbon sinks as the industry continues to develop.

The science says that wood is good, the federal government has confirmed that wood is good, and Bruce said, ‘Wood is Greenhouse gas held together with sunlight.’

Leaves are solar collectors or solar panels which gather both sunlight and Carbon Dioxide. A tree is about 50% elemental Carbon. Our forest industry is a net sink of CO₂. The take home message was, where possible, to replace products which emit CO₂ in their manufacture with wood products. Wood is not just good...it’s great!

Where does the greenhouse gas/ climate change problem lie?

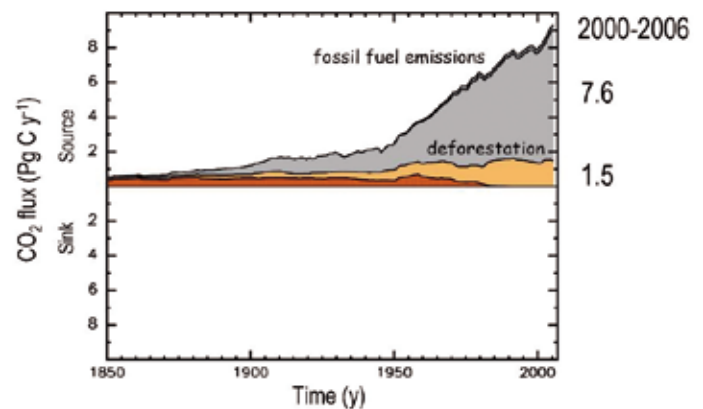
Carbon is cycled regularly in the atmosphere and biosphere. It is cycled through storage organs such as the atmosphere, the oceans, the soil and living things - the atmosphere-biosphere cycle.

Some carbon has been locked up below the earth’s surface for over 100 million years in the form of coal, oil and natural gas (fossil fuel reserves). Mining then burning fossil

fuels releases this long-term storage of carbon into the atmosphere.

The oceans and forests absorb substantial amounts leaving, at present, a net 12 billion tonnes of CO₂ equivalent per year accumulating in the atmosphere. Putting it another way, since 1850 around 70% of greenhouse emissions have come from burning fossil fuel and some 30% from deforestation.

Changes in the global CO₂ balance (1850-2006)



(Source: Dr Michael Raupach, Center for weather and Climate Research)

Will planting trees be enough?

Even if all deforested areas were to be re-forested, only greenhouse gas associated with land-clearing would be removed from the atmosphere. CO₂ emissions from burning fossil fuels would remain in the atmosphere-biosphere cycle. We will need to do more.

What have we committed to under the Kyoto Protocol?

In March 2008 Australia signed on for the first emissions reduction commitment period, 2008 -2012, which limits emissions relative to 1990 levels. Australia has committed to 108% of its 1990 carbon emission levels to 2012. Australia has also committed to achieve 60% below 2000 emission levels by 2050.

What are the challenges?

Will this be sufficient to avoid serious climate change impacts? Bruce quoted from Dr Michael Raupach (Center for Weather and Climate Research). ‘The estimate is that greenhouse gasses must be stabilised at 500 ppm CO₂ equivalents in order to avoid dangerous climate change.

Developed country emissions must fall by 89-90% to achieve this, whilst allowing for growth in the developing world’. The challenge is substantial.

What is the sense in burning wood waste to create energy?

The single critical and undeniable fact is that we must find alternatives to burning fossil fuels. Burning fuels produced from the atmosphere-biosphere cycle (eg wood) is a step in the right direction.

1.1tonne general wood residue can be used to generate 1 Mwh electricity.

The average household consumption is 7.4 Mwh per annum.

Therefore, some 8t wood waste would generate sufficient power for the average household. Around 1t CO₂ is released per Mwh of electricity produced from fossil fuels. So for each 1 Mwh of electricity produced through burning wood residue instead of coal, 1t of CO₂ can remain below ground in deep storage.

Emissions trading scheme... what will it mean?

'Its aim is to let the price of goods and services reflect, to some extent, the greenhouse emissions associated with their provision, so that consumers will be encouraged to choose lower-emission options.' Effectively, the outcome would appear to be the same as an emissions tax. Bruce provided us with some basic calculations based on a set of assumptions.

Possible impact on fuel prices

Assumption: A carbon equivalent is valued at \$30 per tonne.

Vehicle greenhouse emission = 0.1tonne CO₂e per 400km or per 40 litre.

This would equate to a fuel price increase of around 8 cents per litre for petrol.

Possible impact on energy costs

Assumption: A carbon equivalent is valued at \$30 per tonne.

Electricity emissions factor (Tas) - 0.12 kg CO₂ e/kwh.

Emissions cost of electricity - \$ 0.0036 per kwh.

Base cost of electricity- \$0.15 per kwh.

Proportional increase due to emissions would be about 2.4%.

Possible impacts on forestry as a carbon sink

The Green Paper states that the Australian government 'proposes to include forestry on an 'opt-in' basis from the scheme start. A voluntary approach is possible for forestry because...forests are likely to store more carbon than they emit.' Before rushing out to join a 'Carbon Pollution Reduction scheme', forest growers should be aware that 'a liability would be imposed for net reductions in stored CO₂,



consistent with Kyoto Protocol accounting rules' (which view harvesting as a 100% emission). Until a reasonable approach to forestry offsets is achieved it is a case of forest-grower beware.

What do the sceptics say?

We have to also remember that whilst there is popular and scientific opinion that climate change is occurring and that it is caused by human activities, there is a not insignificant body of opinion that climate change is occurring but that it is not necessarily a human-induced occurrence or something we can alter the direction of. Sea level has been rising at a relatively constant rate of around 2mm per year since the year 1900, yet emissions of greenhouse gas and atmospheric concentrations have increased exponentially since that time. Further, a key piece of evidence linking changes in global temperature with atmospheric carbon dioxide concentration is the

historic 400,000 year record from the Antarctic Vostok ice cores - yet more detailed analysis of the Vostok data undertaken in 2003 indicated that, historically, global temperature increased on average 800 years before atmospheric carbon dioxide increased, thus indicating that rising global temperature results in higher concentrations of atmospheric carbon dioxide and not the other way round!

One such sceptic, Bob Carter (Professor, Marine Geophysical Laboratory, James Cook University) states that over the past 600 000 years (600k yrs) the earth's temperature has been cooler for 90% of the time, often between 5 and 10 degrees cooler than today. Warm interglacial periods have existed for only 10% of that time and have lasted only around 10k years. Civilization and modern society have developed during the most recent, warm, interglacial period (the Holocene) which has already lasted 10k years. Carter suggests that in the three interglacial periods preceding this one, the Antarctic temperatures were 5, 4 and 6 degrees warmer than today.

Superimposed over these longer climatic cycles

are short-term cyclic oscillations and episodes of abrupt climatic change, lasting from a few years up to several thousand.

Carter believes that the study of past climate change indicates a real climate problem exists, the risk of natural climate change, warmings, the more dangerous coolings, as well as sudden climatic events. He questions the value of our focus on emissions trading, whilst neglecting to prepare for the effects of natural climate change and some of its disastrous events. Natural climate change is inevitable; we need to prepare for it.

Conclusion

The sceptics say that the warming of the globe slowed or maybe even stopped in 1998 and that we may, in fact, be heading for a 'Little Ice Age.' Some see higher levels of atmospheric CO₂ as being potentially advantageous in that scenario.

Many say that we may suffer irreparable environmental damage, due to global warming, if we do not maintain atmospheric CO₂ levels below 500 ppm. The burning question remains, 'what to do about the ever-increasing amounts of CO₂ entering the atmosphere-biosphere cycle from deep storage'?

Valuation is neither an art nor a science

In undertaking valuations of rural properties the Valuer is putting himself in the shoes of a potential buyer.

Predominantly, valuation of rural properties is no different from many other asset valuations in that return on investment is a key consideration.

The traditional valuation process relating to sales of property historically has been quoted as a property selling for so many dollars per acre as a gross figure. Crudely this rate per acre figure is related to gross margins.

Benchmarking has been utilised in the past as a secondary method with Dry Sheep Equivalent or DSE benchmarking one of the methods utilised.

The valuation of rural property approach now considers more complex issues which are affecting rural properties. The Valuer must first understand those sectors of the rural market

which are strong i.e. strong commodity prices driving the appetite for rural land.

Upon determining this, the Valuer then identifies the highest and best use of the property and its potential for diversification into these various sectors of the market.

The Valuer now dissects a sale price of a property into the various aspects of:

- Land component;
- Building component;
- Water component; and
- Passive income producing components.

The valuation of farming operations on a going-concern basis correlates the net profit of the property as a reflection of the value on a rate-per-hectare. Generally, these going-concern operations relate to viticulture and dairying operations etc.

The valuation determines profitability and therefore variable factors of rising input costs, such as fertiliser and supplementary feed costs, are all considered in assessing the market value of the property.

Valuation of land suitable for plantation is one such area that is beginning to consider the passive income attributes a property has. Many of these properties are underpinned by passive income in the form of rental generated under a lease to a main timber company.

The capitalisation method of valuation is therefore utilised to capitalise the income flow derived under the lease for the duration of the lease to arrive at a market value. This approach is how many investors would look at the income flow being generated from rental income.

Consideration has to be given to the appropriate cap rate and many factors will influence the cap rate, or rate-of-return an investor will require.

One such factor with plantation is the concern investors will have as to what occurs at the expiry of the lease term, i.e. the first rotation of trees. Depending on market conditions prevailing, an investor may find they will be left with a non-income producing asset at the end of the first rotation or 15-year cycle.

The change in use of private plantations has seen a number of plantations established on Class 4 land under the Land Capability Survey of Tasmania. Historically, Class 1, 2 and 3 land, being more productive land, has been taken by timber companies for the establishing of plantation.

Statistical data indicates that there has been a dramatic increase in the plantings of Class 4 land, with some 8,446 hectares of Class 4 land planted with plantation [2006]. In 2005 this figure was 2,703 hectares and in 2004 the figure was 1,263 hectares. [Private Forests Tasmania Information Paper No 1 – Private Property Plantations in the Landscape in Tasmania as at 31 December 2006]

This dramatic increase in Class 4 land has been at the expense of a continual reduction in the acreages of Class 1-3 land planted.

This continual change in land use is impacting on the market value of land on a rate per hectare basis. Indications of changing land values as a result of these changes are demonstrated in the following.

The continual development of plantation has seen the value of Class 4 land increase from a rate per hectare in the vicinity of \$1,200 p/ha in 2002, to values in the vicinity of \$3,500 p/ha in 2008.

Another sector of land to show significant growth is Class 2 land in the far North West utilised for dairying operation. This land has increased from \$6,500 p/ha in 2002 to \$20,000 p/ha in 2008. These values quoted are net of improvements and water.

Whilst other classes of land have shown reasonable increases, they have not been as strong as those quoted above. This increase is related to the strong commodity prices for both dairying and strong rental income generated from timber plantation.

A summary of challenges facing rural valuations include the following:

Water

Value of water will be dependent upon its security and supply. Whilst water rights may be in place, the security and the full allocation of these water rights is becoming an important consideration.

Plantations

The capitalisation rate adopted for capitalising passive rental income for plantations is an important factor. The timber market at the second rotation will influence capitalisation rates. Rents prevailing in the market will be important at the expiry of the initial term.

Other factors affecting rural values are the lifestyle values, whereby return of farming operation may be supported by off-farm income. We have seen significant capital gains or appreciation in value of rural properties and many investors are factoring this in as return on investment. Therefore, many farmers are viewing investment in rural properties as an investment which will realise significant capital growth over time.

Rob Dixon

eskproperty
valuations . consultancy . management
15 George Street, P.O. Box 585 Launceston Tasmania 7250
Phone 03 6331 1511 Fax 03 6331 1966

A first for Flinders!

Private Forests Tasmania (PFT) held its first Flinders Island Field Day at the end of May, to celebrate some of the excellent outcomes of the Australian Forest Growers' *Sustainable Farm Forestry Management for Production and Conservation Project*, funded by the National Landcare Program and delivered by PFT.

The tour of properties covered a wide range of issues from the challenges of establishing trees and shrubs in areas affected by high winds, low rainfall and on land reclaimed from wetlands in the early 1900s, to exploring farm forestry options for landholders in the future. NRM North's Flinders Island Facilitator, Michael Sherriff, assisted PFT in organising the field day. Michael took everyone to a pine plantation, established in 2000 with assistance from PFT, to discuss options for stand management, eg pruning and thinning regimes. The Island's portable Lucas sawmill was demonstrated at this site and it made quick work of milling a large, recently felled, macrocarpa log.



The Lucas Sawmill can be set up just about anywhere

Steve and Maree Crawford of *Burra Downs* have been establishing trees for shelter for a long time with some very good survival successes and some disappointing failures. Steve's philosophy is persistence - "If at first you don't succeed then keep on trying until you do. Good long-term planning is often the key". Besides the shelter benefits gained from trees on farms the

Crawfords have found a number of unexpected spin-offs. "The predatory native wasp really likes *Acacias* such as *A. retinodes* and *A. mucronata*, so by increasing these in my mix nature helps control the leaf-eating insects", Steve explains.



Discussing the merits of the Crawfords' excellent site preparation with Michael Castley (centre)

David and Pauline Bellinger of *Nampara* have undertaken an extensive amount of fencing along their native bush. This is providing a win-win outcome for the forest community and the landholders, by protecting the native vegetation from stock and keeping wildlife off pastures. David explained "You can see the tracks on the inside of the fence where the wallabies are trying to get out onto the paddocks. Fencing has made a huge difference to my wildlife management".



David Bellinger gives the thumbs up to fencing native forest

Janice Miller
Project Manager, Grants Program

Disclaimer: TREE Line is published quarterly by Private Forests Tasmania as a means of communicating to those interested in sustainable native forest and plantation management in Tasmania. Every reasonable endeavour has been used to ensure that the material is accurate at the time of publication. No legal responsibility can or will be accepted by Private Forests Tasmania for the accuracy, completeness, or relevance of such information to the user's purpose. Before undertaking any significant forestry project it is recommended that you seek personal professional advice from Private Forests Tasmania on the particular matter.

Opinions expressed in this bulletin are not necessarily the views of the editor or Private Forests Tasmania.