Summary of the Private Forestry Forum

Tuesday 11 July 2017, Royal Hobart Showground

Opportunities for Southern Tasmania *– a private forestry forum for landowners, foresters, processors and land-use managers*

Keynote speaker:
Hon. Guy Barnett, Minister for Resources, Minister for Building and Construction.

Expert Panel Members:

- Mr Dan Ryan, Forest Operations Manager (Certification) SFM Forest Products
- Mr Shane Rice, General Manager, Majestic Timbers Australia Pty Ltd
- Dr Mark Hunt, Professor of Forestry Science, University of Tasmania, Director ARC Centre for Forest Value
- Mr Heath Blair, Procurement & Business Development Manager, NSFP SmartFibre
- Mr George Harris, President Huon Resource Development Group Inc.

The inaugural forum, organised by Private Forests Tasmania, was attended by 80 persons, largely private forest owners and forest industry representatives.

The following notes are a summary of comments made by the various speakers at this forum:

The Hon. Guy Barnett, Minister for Resources, opened the forum. His key points included:

- In the Tasmanian context, private forests cover 1.1 million hectares or some 30 per cent of our forest area. Of this total, 858,000 hectares is native forest and 242,000 hectares is plantation forest – more than three quarters of the State's total plantations. Importantly, our private forest estate now contributes some 67 per cent of the State's forestry production which is now at 4.4M cubic metres annually and increasing;
- Loss of the Triabunna Port has made things difficult in the south of the State but the industry is coming back;
- Government backs the forest industry and the role of government is to enable, facilitate and grow a sustainable and renewable industry.
  Some recent achievements include;
  - The Government Residue Solutions initiative has seen the TasPorts Qube joint venture at Macquarie Wharf for wood export opportunities. Medium to longer term solutions include bioenergy and export opportunities in the South;
  - Value adding in the forestry sector is being pursued and the government promotes bioenergy and environmental benefits of forests & forest products;
  - Government provided $4M to assist implement the new Forest Industry Growth Plan to double the value of the forests industry to $1.2 billion by 2036;
  - Tasmania is the first state in Australian to release a Wood Encouragement Policy and its adoption will be encouraged by Government;
  - Amendments to the building code enable construction of timber buildings up to 8 stories;

- Government, under its Wood & Wood Fibre Innovation Program, has provided $7M to assist 13 projects around the State to promote bioenergy, wood pellets and engineered wood products.
- An example of industry development is Forico's proposal to manufacture and export black pellets to Japan as a replacement for coal.
- With a $2M government contribution, ARC Centre for Forest Value (one of two national forests research hubs) has been established at the University of Tasmania to explore the full forest value chain. It will be based in Launceston and up and running by December 2017.
- Government is also working with the Industrial Transformation and Research Training Centre, Hobart, and Monash University research hub for forest products to develop new products and add value to the forest resource; Industry is researching the use of wood as part of the emerging bio-economy and for wood to be made into a high value plastic compound for use in manufacturing.

A 'Question and Answer' session followed the Ministers presentation. The themes were:

1. LOGISTICS

Supply chain logistics (from stump to consumer) must be robust and transparent (traceable). The information about wood (logs and any processed or manufactured products) must be comprehensive and specifically tailored to meet the information needs of processors and wood users along the supply chain. This information must be able to be understood by all along the supply chain. Here, the recently established Centre for Forest Value is researching ways to improve supply chains by determining market needs and capturing information to assist processors/manufacturers use wood.
Information needs to flow both up and down the supply chain so growers can meet market requirements. Forest growers should seek to match their forest inventory description to the needs of the market. Ultimately, the better the supply chain logistics, the better the price of trees on the stump.

Harvesting and transporting wood is primarily about logistics and with distance from the forest to processing facility being a key factor in the price paid to forest growers.
SFM Forest Products are investigating the use of rail transport, strategic pooling up coupes for more efficient harvesting and assignment of contractors to specific coupes to ensure their skills are best used.

2. MARKETS

Markets do exist for native forests and plantation wood, albeit some are smaller than many growers wish. Markets into Asia have been largely maintained and opportunities to increase exist. For example, Majestic Timbers Australia export from Macquarie Wharf, 28 tonne containers of logs direct to small niche processors in China. In comparison, SFM Forest Products is exporting 15,000 tonne log shipments from Macquarie Wharf.

Asian markets are close, demand is strong and transport costs are relatively low hence the preference to supply wood to this market. Niche markets in Asia seek supplies of Australian eucalypts.

Unfortunately due to limited scale, availability of forest resource, high costs and distance to markets, processing opportunities in Tasmania are currently limited. It is not economically viable to add value to low grade native forest logs in Tasmania. The State has lost processers seeking low grade logs. Manufacture of engineered wood products, such as CLT (Cross Laminated Timber), in Tasmania is unlikely because of small local markets and long distances to mainland markets.

3. PLANTATION INVESTMENT

Independent private forest owners are concerned that private investment in both new plantations and replanting of harvested plantations is not happening on non-industrial owned/managed land. This may result in a future wood shortfall. For many smaller forest owners it is not viable to replant without additional investment. Companies appear conscious of this and seek to pay good stumpage prices – i.e. they seek to 'return value to the stump'.

The Australian Governments' 2020 Vision, sought for Australia to be self-sufficient in timber by 2020 and encouraged a threefold increase in plantation development under Management Investment Schemes (MIS). These largely failed following the global financial crisis in 2008 at which time the national plantation area had doubled. Forest growers suggested failed MIS be reviewed and acceptable investment vehicles be developed to encourage investment in plantations.

4. CERTIFICATION

Certification of forests and forest products, under both the FSC and AFS certification schemes, continues to increase. Increasingly, forests require certification but some logs from uncertified forests can still be sold.

Certification does enable market access and opening up of new markets. Certification may provide future opportunities for markets for selectively harvested logs from native forests. FSC certification may attract a small premium (up to 2%) for log sales but not for sales to China.

5. NATIVE FOREST

Industry believes native forests have a future but new markets are required for lower quality logs (often called 'residue'). Remember, processors are always looking for markets for logs. The current prices are at a 10 year low and certification may favour selective harvesting.

The environmental management of forests may drive native forest management for example, where biomass is removed to reduce the fire hazard. Here biomass, including harvestable logs, could be used for commercial purposes. Remember that the cost to manage forests to meet community expectations is huge.

6. SPECIAL SPECIES

Special species are only grown in native forests and thus reducing the area of native forest available for harvest will reduce the supply of these species that are essential for the survival of the special species industry.

The Tasmanian Special Species Management Plan is due to be released for public comment and all forest growers are encouraged to respond.

7. COMMUNITY PARTICIPATION

The panel stressed the role both forest growers and the community need to play to support the forests and forest industry. This includes campaigning for markets for native forest reside and biomass as well as the use of Macquarie Wharf for the export of wood from southern Tasmania.

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If you seek further information about the above summary or the expert panel, please contact Private Forests Tasmania or one of the panel experts.