

African Mahogany (Australia) Pty Limited

ATTENTION - The Hon Warren Entsch, MP - BY EMAIL
Chair, Joint Select Committee on Northern Australia

14/03/2014

Dear Warren,

I write to the Joint Select Committee this day to outline a current working example of sustainable regional development in Northern Australia. This sustainability is socially, environmentally and commercially sustainable.

The African Mahogany Australia [AMA] example is able to be used by the committee to further examine the potential for development of the region's mineral, energy, agricultural, tourism, defence and other industries.

I am able to provide seven recommendations to specifically consider such development relating to the key aspects of the Committee's work :

- enhance trade and other investment links with the Asia-Pacific;
- establish a conducive regulatory, taxation and economic environment;
- address impediments to growth; and
- set conditions for private investment and innovation;
- identify the critical economic and social infrastructure needed to support the long term growth of the region, and ways to support planning and investment in that infrastructure.

The background to the sector has been adequately provided in the submission by Ross Hampton of AFPA on the 17th of February 2014; and I support his recommendations generally.

AMA, some background

AMA is a solid timber plantation development company specializing in the growth of high grade furniture timber *Khaya senegalensis*. *Khaya* is a native of central Africa. It has been traded as a premium species for over 400 years. Given significant environmental pressures on native logging in Africa, the species is now on an international list banning such round-wood sales.

This has led AMA to develop large tracts of the species for the Asian furniture trade. Some 14,500 hectares have now been planted in the Doulgas Daly region of the NT.

The sustainable harvest for these plantations is already over 200,000 tonnes per annum commencing in 2017.

Khaya Plantations and regional development

The dozens of regional jobs in silvicultural works –over 90 jobs for the last Wet Season 2013/14- will be complemented by over 100 jobs if a Darwin based manufacturing

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enterprise can be developed over the next few years. This work is likely to be in the production of rotary veneered African Mahogany for the production of high value face-grade plywood. This material can sell for over \$4000 per tonne.

Recommendation one: the plantation sector be encouraged to expand in the locations where economies of scale are good and leading edge logistics can compete successfully in international markets [with many other nations]. The NT government should be encouraged to support such development with tangible science, planning and infrastructure.

Recommendation two: other locations in Northern Australia be investigated for high value timber development hubs as a sustainable and environmentally desirable land use.

Wood plantations and other broad-acre land use options.

Plantation forestry has a number of desirable complements to other broad-acre land use options including providing cattle grazing at relatively high levels, water catchment protection, and many environmental and social benefits.

Recommendation three: the plantation sector be studied to better understand the regional benefit of integrated plantations and other agricultural land use options. The results of such studies be used to support ongoing timber production and estate expansion.

AMA, a science based business

The production of high value timber plantations requires commercially orientated science to underpin management. The role of the northern governments –WA, NT and Queensland –needs to be reviewed following the closure of most Crown centres of forest science in each of those states since 2010. In particular the NT government needs to be encouraged to expand [not contract] the small team working on sustainable production forestry.

Recommendation four: the plantation sector be support by commercially orientated boards of studies to better understand the science integrated plantations, such as the intensively managed Khaya estate of AMA.

Recommendation five: the private owners of the plantation sector be awarded significant income tax recognition for such a long term and high capital cost sector. Appropriate science institutions, such as the Charles Darwin University or the University of Sydney provide leading edge science of benefit to companies and the broader community. A number of case studies could be conducted to better understand the regional benefit of

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integrated plantations managed with good science. Conversely poorly performing facilities be reduced in resources and funds to allow other good performers to expand.

Regional infrastructure requirements

AMA requires internationally competitive logistics, including port and export access. Such regional infrastructure must recognize the unique traits of the sector and remove the barriers to commercial success. Low cost government administration of quarantine services, effective port charges [tug services, container handling costs, open access to the General Purpose sections of key wharfs such as Darwin Port], and localized planning for low-cost log handling is essential.

Recommendation six: the plantation sector be support by commercially orientated boards of management at key logistics hubs, such as Darwin Ports. Studies to better understand the export sectors requirements and potential concerns needs to be completed prior to allowing other export or import players key roles in these multi-user facilities.

AMA, just a fair go

The high value timber sector has considerable potential to add to the development of northern Australia. Positive support for the trade will be synergistic to many broad-acre agricultural and other activities in the region. As a sustainable and renewable export it can diversify land use, employment and infrastructure requirements; the gross value of product so derived can rival most other land based activities. Note; Mount Gambier is a good example of such large economic and employment benefit, with some 5% of the region in plantations and over 30% of the GVP being derived from the sector. Another, the Tiwi Island acacia plantations are just commencing commercial production –over 100 jobs will be created in this activity.

Recommendation seven: Organizations such as AMA should be treated as a worthwhile land use option with great synergism in the regional landscape and economy. The plantation sector be actively supported by all levels of government here and representatives abroad.

I would be grateful if you could let me know if you are able to visit our facility.

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Yours sincerely

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