

A RESPONSE ON BEHALF FARM FORESTRY COOPERATIVES
To
Issues and options paper

ACTION AGENDA FOR THE FORESTS AND WOOD PRODUCTS SECTOR

The role and function of Farm Forestry Coops must be a major consideration in any of the following contexts,

- ◆ **MARKETING** Particularly organisations & structures
- ◆ **REGIONAL LEADERSHIP**
- ◆ **FF INFRASTRUCTURE**
- ◆ **R&D PRIORITIES**
- ◆ **INVESTMENT**

WEIGHT AND PRIORITY OF THE COOPERATIVES ISSUE

It is suggested that Cooperatives are an overarching issue deserving equal weight with the above issues. Justification of this view can be found as follows

- 1. The Issues to be addressed Chart. April 1999.** Five individual submissions identify Cooperatives as important vehicles in market development strategy. Other identified issues and fragmented agendas may be addressed or delivered by cooperatives in coherent strategies and actions.
- 2. Survey of farm forest growers.** Survey of farm forest growers in the Green Triangle, WA, and Tasmania revealed 90% indicated that their preferred marketing arrangement (likely, very likely or definitely) to increase farm forestry investment will be through a cooperative. (FWPRDC “Links Between Farm Forestry Growers and the Wood Processing Industry” April 1998)
- 3. Farm foresters form 12 coops.** Farmers with little programme or policy assistance have demonstrated by driving the formation of cooperatives the most appropriate industry structure to address their needs. It is clear and compelling evidence that they are seeking to take control of their destiny by group effort.

It is suggested that Cooperatives as an issue be addressed in priority to other issues. Having a delivery mechanism, organisation, or structure in place to utilize or apply policy programme or project results is required. The rationale is as follows.

Many programmes and projects are seen as providing reports studies and analyses that have limited relevance over time, are read by the few, and are capable of being utilised or applied only by those with the organisation or structure to do so. These are typically, governments as growers, processors as joint venturers, and prospectus companies and not farmers.

The failure of past programmes to deliver increased uptake of farm forestry may be associated with the lack of a grower structure to utilise the results of the programmes and projects.

Current programmes might have been unnecessary if they were preceded by robust grower cooperatives. As an example the Commonwealth Component of the Farm Forestry Program contains in its strategic plan for national initiatives a list of actions proposed under “Supporting Private Investment in Farm Forestry”. All of the actions proposed are being undertaken by grower cooperatives, or are addressed in some way by cooperatives.

ACTION 6(A). Undertake a study to identify decision makers in farm forestry, what influences their decision making, what are the specific needs of decision makers and develop tools to assist them.

Decision makers are identifying themselves by forming and joining cooperatives. They are influenced by the information and peer example available in cooperatives. Cooperatives are both an expression of and responsive to growers needs. They are a tool that can deliver industrial strength farm forestry.

ACTION 6(B) Provide growers with information on log specification and market prices.

This is core day to day function of cooperatives

ACTION 6 (C) Financial and investment adviser needs.

Cooperatives report provision of information for ATO product and private binding rulings to member’s accountants and in response to general inquiry and are seen as honest brokers.

ACTION 6 (D) Support grower organisations to develop profiles of regional resource supply

A core day to day function of cooperatives

ACTION 6 (E) Study the strengths and weaknesses of different marketing arrangements

Cooperatives may act as brokers but brokers are unlikely to undertake community and education functions of cooperatives.

ACTION 6(H) Provide small landholders with information on taxation issues and financial viability etc.

Cooloola Forest Growers Cooperative provides a business planning service for members incorporating this information.

SUGGESTED ACTIONS.

1 Support AFG Cooperatives Initiatives

Australian Forest Growers has shown itself to be sensitive and responsive to growers needs and appreciative of the opportunities that cooperatives offer their initiation and undertaking. of the project “A Starter Kit for Farm Forestry Cooperatives” demonstrates. Much of the direction and shape of future cooperative association is likely to be determined by cooperatives at the foreshadowed Farm Forestry Cooperatives Conference (Brisbane October 1999.) .The leadership advocacy and support for this conference by AFG indicates that this is a grower need.

2 Support TFGA FARMWOOD Initiatives.

The successes of this industry leader provide a working example for emerging cooperatives. Extending their processes to emerging cooperatives could produce similar successes. The electronic marketing proposal and licensing of their Farmwood trademark if taken to full potential may see the whole of Australia’s farm grown wood and carbon credits marketed with uniform standards and underlying certification.

3. Support Networking, Communication and Cooperation between cooperatives.

Each cooperative has formed and commenced functioning in relative isolation. Each has separately addressed with volunteer resources at considerable expense and effort, statutory compliance, corporate governance, business planning and member and customer relationship issues. Most will have to develop a suite of contacts to purchase or broker members’ wood to harvest transport and supply product.

4 **Engage cooperatives supportively**

Cooperatives have the capacity to supply services to both government and industry as well as to members. As permanent organisations they are suited to maintaining regional databases. They can educate and extend codes of conduct, ESFM to members and the community generally. The BRS proposal “Private Forests Australia” envisages supporting and utilising regional structures similarly.

Some general comments on cooperatives' nature capabilities and function are listed below.

COOPERATIVE PRINCIPLES

Of the seven international principles of cooperative association, three are repeated to emphasize the community focus inherent in these structures.

- ◆ **Education training and information**
Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders about the nature and benefits of cooperation.
- ◆ **Cooperation among cooperatives**
Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.
- ◆ **Concern for the community**
While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members

COOPERATIVE PROCESSES

Cooperatives differ from other corporate entities in that they have

- ◆ **Democratic member control (1 member 1 vote)** Control is not aligned to capital.
- ◆ **Patronage and participation are rewarded not capital.**
- ◆ **Investment is service capital and not investment capital**
- ◆ **A cooperative is an extension of the farmers own business**

A farm forestry cooperative is a structure designed fundamentally and inherently suited to encourage service and reward PARTICIPATION in farm forestry

SOME RECENT STATEMENTS ABOUT COOPS

1. An agenda item for the FFRT meeting at Benalla

Identify and prioritise Round Table outcomes and time frames in line with broad outcomes approved by the minister, which were to facilitate..... ”recruitment of growers into networks cooperatives and other groups. ‘

2. Cwlth of Australia, 1995, WAPIS Strategy, Plantations and Farm Forestry.

One of the 6 focus areas for commercial farm forestry projects.....”Provide support for specific landholder initiatives, including increasing the capacity of smaller growers to form treegrower cooperatives and thus overcome diseconomies of scale in product marketing, undertake wood supply planning, and develop tailored investment and market strategies.

3. Jason Alexandra , Creating a viable farm forestry industry in Australia” AFG conference. Lismore

Support cooperatives.....Methods of organizing multiple growers to achieve economies of scale and bargaining power require development. The emerging farm forestry cooperatives deserve support from both industry and growers. For industry they provide an important opportunity to overcome the problems of organizing supply from a multitude of small growers. For growers they generate large scale marketing capacity and bargaining power and provide important opportunities for information exchange

4. Professor E.W.R.Barlow Carbon trading opportunities for Farm Forestry. AFG Conference Lismore.

There may be opportunities to deal with carbon credits in terms of cooperatives that would tend to average operations over longer periods and perhaps generate a constant flow of carbon credits for those growing forests

4. Vision 2020. Strategic imperative 3 Establish a commercial plantations culture.

Action 18 Encourage Regional Plantations committees to consider marketing issues especially for small growers.Comments, Options to achieve critical mass include cooperatives, limited liability companies and brokering arrangements.

- 5 John Turner , Science and Forest Plantation Development. AFG Conference Lismore 1998

In Discussion and Conclusions refers to the approach of successful management cooperatives in North America overcoming the problem of the need for information from diverse sources

- 6 NHT Guide to new applications 1999-2000. Farm Forestry Programme.

Planning and Coordination. Activities could include establishing and managing regional plantation and farm forestry committees or networks and developing cooperatives and other marketing arrangements.

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