

## Plantations 2020 Vision and the WA Timber Industry

- The WA timber plantation industry cannot reasonably be considered in isolation from native forest based industry – and *vice versa*.

### Historical perspective

- Post war and up to 1970s, plantation pine was increasingly seen as a replacement for a diminishing native forest resource. Government started and private plantings followed.
- From 1960 to late 1990s nearly 0.5 m tonnes per year of jarrah were logged and from 1972 its associated marri was taken as chip.
- The Tasmanian bluegum chipwood industry started in the late 80s - early 90s. Plantings – largely private corporate - have grown to more than 200,000 ha at present
- Farm forestry and agroforestry appeared and established in the late 80s.
- In 1999 the RFA proposed a reduction of the jarrah cut to approximately 260,000 m<sup>3</sup> per year.
- In 2001 the WA Labor Government came to power on the promise of no logging of old growth or HCV native forest. This will entail a further reduction in the jarrah cut to less than 200,000 m<sup>3</sup>.

### Limitations to Marketing Plantation Timber

- Plantation timber production, particularly for sawlog, has operated under severe competition from native forest. Successive Governments and State forest agencies have consistently grossly underestimated the value of jarrah. No rent factor, no value of the initial asset of the timber itself, nor any loss of value for logged forest are accounted. All these cost factors operate in plantation sawn timber production which has atrophied under this competition.
- Jarrah is the international equivalent of mahoganies and teak. These sell in the round on an FOB basis for between \$400 and \$3200 per m<sup>3</sup>. The gross stumpage for jarrah is \$57. The FOB equivalent would be less than \$100.
- New Zealand pine stumpages are higher than those in the Eastern States of Australia. South Australian Pine stumpages are higher than those in WA – especially for pruned logs. WA pine stumpages are higher than those for jarrah. For its quality, jarrah is the cheapest commodity timber in the world. It would be among the slowest and most expensive to grow.
- There is a shortage of processing capacity for plantation sawlog and an apparent unwillingness by Governments to assist its development. This is despite a considerable backlog of thinning operations in FPC plantations.
  - The large pine mill at Dardanup has operated for the last 10 years at about half its original intended capacity and State Agreement contract. The stumpage price of pine from State plantations is related by State Agreement Act to the price this mill receives for its product. This guarantee of a positive margin can (and probably does) operate to reduce both the vigour of the mill's marketing effort and the level of pine stumpage.
  - The Dardanup mill will accept privately grown pine logs only through a particular private forestry agency whose terms are usually unacceptable.
  - Pempine, a medium size pine mill at Pemberton, recently closed after unsuccessfully seeking to relocate and modernise. The Government declined to consider a rescue proposal for the mill's continued operation put forward by Western Timber Co-operative.

- A proposal by Western Timber for a furniture factory at Northcliffe which proposed to employ 35 people and had received provisional assistance from the Federal Government was turned down by the State Government, virtually without explanation or negotiation with the proponents.
- State Government is pursuing a proposal to assist the establishment of an LVL plant to use *P. pinaster* at Gnangara. It appears to be oblivious to the prospect of using the considerable developing bluegum resource of the Great Southern and South West.
- Application of Timber industry restructure funds has been confined to native forest industry or to unrelated pursuits. No assistance has been extended to plantation based industry.

#### Influences on Plantation Development

- Plantations 2020 Vision has not been a significant force in WA. Prospectus companies were well under way by the time it arrived. It has made no impact on the main factors limiting the growth of farm forestry.
- Taxation concessions introduced by Commonwealth have encouraged the expansion of prospectus bluegum plantations covering whole farms in the South west and Great Southern, often extending into areas unsuitable and unprofitable for chipwood production. In the 650 to 750mm rainfall zone, a substantial proportion of bluegum plantations have about one third of their area with a profitable rate of growth, one third break even and the remaining third grows at a loss. Respective production rates would be about 25, 10 and 5 MAI. (t/ha/yr).
- Agroforest or "alley farming" layout could avoid most of the poor productivity of bluegums in the above rainfall belt. Agroforest trees grow at twice the rate of fence-to-fence trees and suffer no drought deaths. The opportunity for such integrated and probably superior tree production on the 800,000 ha of cleared farm land in the higher than 600mm rainfall zone has been at least temporarily passed up. It may become available again if investors become disenchanted with failed bluegum plantations.
- Prospectus companies are reluctant to admit this problem. However, it has been anticipated by researchers in Agriculture WA who are seeking sites for experimenting with re-establishment of pasture and trees on failed plantation sites.
- Although farm forestry research and extension function is shared jointly by CALM and Agriculture WA, CALM appears to dominate at least in the higher rainfall zone where significant timber production might be expected. Agriculture WA has the established, practiced and trusted extension service which CALM has been unable to duplicate. This may reinforce the lack of penetration of farm timber growing in the WA high rainfall scene.
- RPCs have attempted discourse with Local Governments principally to overcome transport and planning difficulties and to refine a code of practice. This may have helped. However problems with transport such as delays in permit processing and excessive permit fees for small production parcels continue to discourage farm forestry operations.

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