

Submission to Senate Enquiry into the Plantations Forests Industry

Albany Hearing
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Witness background

Gavin Ellis Executive Director
Great Southern Plantations Limited

Great Southern Plantations is the leading Australian company focused solely on plantation forestry investment.

The Great Southern group was formed in 1987, and since that time the company has established Eucalypt plantations on cleared agricultural land in Western Australia, Victoria and Queensland on behalf of more than 13,500 investors.

The company currently has more than 41,000ha of plantations under management and total land holdings of more than 67,000ha. Harvesting of Great Southern's hardwood plantations is scheduled to commence in the Albany region in 2004, with woodchip products destined for export markets in Asia, for use in the production of fine paper.

In addition to the Eucalyptus plantations, the group manages a number of older Pinus radiata plantations located in New South Wales.

The company listed on the Australian Stock Exchange in 1999.

Chairman
Commercial Plantations Western Australia

Commercial Plantations WA was formed in August 2000 to bring plantation growers together in a formal context to allow regular interaction between the members for the common good of the plantations industry.

The main objectives of the group are to address issues and facilitate outcomes of common interest. These are many and varied but include the review of the Code of Practice for Plantations in WA, interaction with government and community groups and general promotion of the plantations industry.

The membership base of Commercial Plantations WA include the following plantation companies, who collectively comprise the majority of the plantation resource in Western Australia:

- Albany Plantation Forest Company of Australia Pty Ltd (APFL)
- Forest Products Commission (FPC)
- Great Southern Plantations Limited
- Hansol Australia / Pulpwood International Joint Venture
- WA Plantation Resources (WAPRES)
- Yates Limited

Gavin Ellis - Industry Experience

- 1986 – 1988 Conservation and Land Management (CALM). Involved in evaluation of farmland and pine plots on farmland on the south coast of WA and the subsequent development of the State's Softwood Sharefarming program in the region.
- 1988 – 1991 CALM. Research forester in a team funded by the Commonwealth Government's National Afforestation Programme with an objective of "Demonstration of the integration of fast growing eucalypt plantations into farmland in the South West of W.A."
- Involved a comprehensive research project addressing all aspects of plantation establishment from seedling containers through to site preparation, weed control and fertilisation.
- 1991 – 1994 CALM. Manager South Coast Sharefarms, CALM's plantation management unit and agent for the Japanese joint venture plantation project APFL in Albany.
- 1994 – 1996 CALM. Manager State Hardwood Plantations Unit.
- 1997 CALM. Acting Manager Plantations Group and Manager Plant Propagation Business Unit.
- 1998 – 1999 Great Southern Plantations Ltd. Plantations Manager.
- 1999 – 2002 Great Southern Plantations Ltd. Executive Director.

SUBMISSION

This submission is made with particular reference to integration of plantations to achieve salinity and water quality benefits, provision of public good services (environment) at the cost of private growers, plantation impediments and possible solutions, government action to encourage longer rotation plantations and expansion of processing industries.

Many of the issues above and those in the Committee's terms of reference are very closely interrelated to and are therefore best dealt with as a whole where appropriate. Others can be dealt with specifically.

1. Integration of plantations to achieve salinity and water benefits and Provision of public good services (environment) at the cost of private growers

The above two objectives of plantation development are idealistic in their intent yet can be somewhat dictatorial in their delivery when imposed on private land owners (large or small) who are striving to ensure plantation operations are economically competitive and in turn, sustainable.

The side benefits that can come from plantation development are indeed important and should not be dismissed as a broad objective, but land owners need to be encouraged for all the right reasons to integrate plantations into their property and to deliver environmental benefits that may flow.

In fact, it is difficult not to deliver environmental benefits when establishing plantations on pastured land, when adding trees to the environment, when absorbing nutrients from soils, when controlling runoff and erosion, when adding stability to soil profiles through root development, while lowering ground water levels, while reducing salinity, while sequestering carbon through the use of CO₂, while providing habitat for birds and animals and while generally adding to diversity.

Integration

The integration issue is an interesting one. It seems to be a general ideal that farmers will stay on their land (which may or may not be suitable or sustainable for their particular enterprise) and establish trees in strategically important locations in belts or blocks or thin strips integrated in a complementary way with their farming enterprise to address a range of issues like streamline protection, rising water tables, shade and shelter for stock, diversification of income and so on.

Under the ideal integration model, the green pastures will still be there, the view shed will remain, the cows and sheep will graze peacefully and the farmer will be happy – and timber will be produced just like any other crop on the farm and its sale will provide an additional source of income to the farm. **This is a tremendous outcome if the landowner wishes to manage the land in this way.**

But there are impediments to this:

- Some planning approval processes that exist in various local government authorities may deny a landowners ability to plant trees or may be so onerous or daunting that landowners simply "don't go there".
- The landowner's objective may be to plant trees to reduce or eliminate the workload associated with annual cropping or grazing activities and a broad scale plantation approach may better suit these objectives.

- Planting of trees requires a large up front investment that may be beyond the financial resources of the landowner or may involve expertise, confidence and a risk profile that the landowner is not comfortable with. Planting of trees is also very much against the grain of many of the current generation of farmers who have spent a fair proportion of their time and money clearing trees – to deliberately spend money to plant them back is too big a culture change for many.
- If financing of the planting enterprise is an impediment, then the landowner may seek to integrate trees through a lease arrangement, with a plantation company who pay an annual rental. When the landowner has negotiated good and hard to achieve the best rent possible (as is their desire), they generally can't afford to simply integrate trees into a portion of the property and take rent for the planted portion only, whilst continuing to have to work every day to make half the margins on the unplanted remainder. Financial advisers also tend to help landowners make the sorts of decisions that result in broad scale plantation development or indeed sale of the land if retirement is an objective.
- Likewise, plantation companies who purchase land for plantation development are not likely to want to integrate trees on a portion of the land and do something else on the rest – this approach would increase the cost of the area planted to trees and require a diversion to the main business objectives and expertise to manage the unplanted portions.

Having said the above, it is fair to add that integration is subject to debate over definitions of what integration means. Some may see integration being 20% plantations, blended in small belts and managed together with cropping, feed lotting, grazing and aquaculture activities on the same property. Others may consider integration to be a broad scale plantation layout broken up by native vegetation along creek lines, salt tolerant trees and shrubs planted in saline areas, retained native forest areas, unplanted saline seeps or rocky outcrops, wetlands, lakes and dams and opportunistic grazing for fire control purposes.

Whatever your definition and whatever the perceived benefits, to try to impose integration of plantations on a landowner through regulation is wrong – encouragement and incentive to integrate is more appropriate, but it's not necessarily too easy an outcome or too right an outcome to strive for due to a range of factors. Some people do wish to integrate plantations into the farm and should be encouraged.

Provision of public good services at the cost of the landowner

Again, the provision of public good services from plantation development is a tremendous outcome if it is can be achieved and in most cases is hard to avoid. However, the question as to why plantation development on farmland needs to deliver all things to all people at the cost of the landowner, whilst ensuring economic viable and sustainability is a puzzle. This is particularly so when compared to what the previous land use in the form of pasture management, grazing of livestock or annual cropping contributed in the form of public good and environmental benefits.

Therefore, to overlay imperatives on plantation design or to impact on the ability to plant at all to achieve public good services is somewhat dictatorial and imposes a real threat and impediment to plantation development, not to mention the ability to manage according to the freedom we (as a developed nation) strive for.

The development and design of plantations must be able to be governed by the landowner. In the past, across the length and breadth of Australia, the plantation landowner tended to be the various

State Governments, each with a "Forests Department" equivalent and each presumably with a "public good" charter. Many of the plantations established were pinus species, supported by the Commonwealth's "Federal Softwood Forestry Agreements Acts". However, with the great expansion of particularly hardwood plantations over the past fifteen years or so, plantation development and land ownership has moved to the private sector, ranging from public companies to individuals. Governments generally want to still play a role – not necessarily in promotion but in regulation and control. It is questionable whether other forms of broad scale use of agricultural land attract the same attention.

The current situation in Queensland is a good case in point where the state government through the Queensland Forest Practices Committee attempted to control native forest management and plantation development under a single mandatory and prescriptive code, to be developed and audited by bureaucrats. Commercial Plantations Queensland in conjunctions with the state greens have rejected the proposal and have opted for an outcome driven self assessable code, developed specifically for plantations. There is still no state Code of Practice for Plantations in QLD.

In a more general sense, the role of governments around the country tends to be played out in imposing restrictions, constraints or arduous conditions on plantation development, although some states are better than others. This applies to all level of Government, from local government authorities (LGA's) and state governments and to a lesser degree to the Commonwealth government, but collectively the history of "plantation encouragement and promotion" is speckled with hurdles.

The following are some very real examples of bad and good processes that have been applied:

- Local Government Authority planning approval process for plantation development denying the right to plant on the whole of a property when the planning scheme listed plantations as a permitted use. Subsequent appeal to the Minister over a period of ten months concluded that the LGA was wrong in requiring approval to be obtained in the first place – no planning consent was actually required.
- In response to pressure applied by the Waters and Rivers Commission WRC, plantation development planning approval was granted with advice from the LGA that if grazing was to occur, it was conditional on fencing off remnant vegetation and fencing off and replanting creek lines to native species. All this on a property that had been grazed without restriction for 30 years. The defence for this imposition from the WRC was that the change in land use and the planning approval process provided an opportunity to overlay this ideal. The outcome will probably be one of no grazing, which in turn may compromise fire control benefits that arise from the reduction of fuels.
- A good outcome involved the development of a partnership with the WRC and the landowner, built on the back of a common desire and a cooperative rather than governmental, dictatorial spirit. This comprised a non binding agreement, no encumbrance on title and resulted in a 15 hectare native vegetation belt being planted along a salt affected drainage line as an integral part of the blue gum plantation – with both parties contributing. Result – all parties happy and creek line planted.

Again, a positive and cooperative approach, coupled with assistance and incentives will achieve public good outcomes from plantations – at shared cost. Partnerships will generate a more positive and successful outcome to both promoting plantations and maximising the benefits that plantations can deliver.

2. Planning approval process – impediment to plantation development

The above issues address imposition of public good services on landowners at their expense, but also highlight a small example of the impositions that can be placed on plantation development through the planning approval process.

As mentioned above, planning approval may be required from LGA's prior to plantation development. This approval process provides uncontrollable power to hinder, restrict or dictate the outcome of a plantation proposal, depending in many cases on the whim or want of the town planner or a councillor – without any real accountability of the impacts on the enterprise.

The best way to illustrate this is through example, in this case where a LGA was without a planner for a period of time and an acting planner processed plantation development applications.

Conditions included:

- "Planning approval restricted by time (20 years)" after which, the land use was presumably without the LGA approval.
- "Harvesting during fire season only to occur in accordance with the requirements of the Council", not necessarily linked to the requirements of local Fire Law.
- "Following harvesting, all waste to be disposed of to the satisfaction of the LGA, including surplus tree branches if deemed by the LGA that they posed a fire hazard."

The conditions were appealed and mediation with the new town planner when he was appointed, resulted in the conditions being removed and a new approval was issued. The new planner was as puzzled as the plantation proponent as to the intent and value of the original conditions.

Other general examples of conditions imposed as part of a plantation development approval include:

- "Any houses on the property are to be returned to and maintained in a habitable condition." In some cases properties are purchased with houses in existence that have not been inhabited for years.
- Disapproval for "non-compliance with the Code of Practice for Plantations" when no work on the property had been done, ironically due to the absence of planning approval.
- Approval "expiring following second harvest or 25 years whichever is first", creating quite a bizarre outcome, particularly if a sawlog regime was planned or if harvesting was delayed for some reason.
- "Approval granted for planting only, with harvesting requiring additional approval" generating the right to harvest issue up front.
- Maintenance of public roads affected by the development, even though many users utilise the same roads with no impost applied to them.
- "Compliance with a protocol for insecticide application" when there was no formal document.

- “Approval conditional on burning the roadside vegetation prior to development”, only to be altered a year later to state that “no burning of road verges could take place unless approval was sought in writing from the LGA and the LGA deemed that the verge was a fire hazard and burning would not endanger rare flora and fauna”. This condition did not apply to any other landowner, yet the opportunity through the planning process was used to overlay this condition on the plantation proponent – all in direct conflict with conditions applied 12 months previously.

In a number of the examples above, conditions were imposed because they could be, rather than for logical and tangible reasons, by people who didn't necessarily have the experience or skills to do know any better or to understand the implications of the conditions.

The ability of individuals, either through Government departments or LGA's to impose real constraints and impositions on plantations to achieve, in some cases, idealistic outcomes is a major concern to the plantations industry.

Impositions either restricting or removing the ability to plant and to harvest plantations are ludicrous, particularly in the context of “Vision 2020” targeting 85,000 hectares of new plantation every year until 2020.

The right to plant, subject to adherence to a Code of Practice as per the National Forest Policy 1992 is fully encouraged and welcomed and should be applied nation wide as soon as possible.

3. Right to harvest – critical for investor confidence and cost / value adding, long term rotations and processing investment

In some states, there is still no absolute right to harvest plantations that were established primarily for the purpose of producing timber products. Western Australia is no exception, although the current Tree Plantations Agreements Bill purports to deliver the right to harvest, yet seems to generate even more uncertainty by placing the destiny of harvesting in the drafting of a code by bodies unspecified, containing conditions unknown. If the history of native forest management and planning approvals for plantation development is anything to go by, the possible constraints placed on harvesting will be daunting.

It is therefore absolutely fundamental to provide unambiguous and guaranteed right to harvest plantations, just as it is important to be able to harvest a wheat crop with surety. To draw a dangerous parallel, the right to harvest provides resource security to the plantations industry, particularly to the market and the processors, something that the native forest industry knows only too well in Western Australia can come and go in an instant.

4. General and Real Plantation Support

In the absence of the right to plant, the right to manage for an unrestricted timeframe and the ultimate right to harvest, there is no incentive other than to minimise costs (and by definition minimise value adding) and go for the shortest rotation possible. Likewise, marketing will also be restricted to the line of least risk and least cost and pulpwood exports are the logical outcome.

The steps required to promote plantations seem to point to removing the current impediments that exist rather than dreaming up something new and positive to do.

We all need to be quite sure what we mean when we talk about support and promotion of the industry and take tangible actions accordingly.

To provide an example, a member of the "Greens" in WA has been very vocal in expressing views about the timber industry in this state, commencing with the haggle over the old growth forests and the need to move into plantations. Subsequently, and following the state government reversal on the Regional Forest Agreement, opinions were expressed about being against plantations because they were monocultures, against broad scale plantations, against planting on good agricultural land, against the right to plant on private land, against the use of herbicides, against the use of insecticides, against the right to harvest, against the use of log trucks on the road, against the development of a chip mill primarily for plantation processing and against the right of a grower to offset plantation establishment costs against their income.

When the first woodchip vessel was due to leave Albany earlier this year, the same person ran an advertisement in the local paper claiming "support for the plantations industry, yet we need our own pulp mill."

Who would risk investment in a pulp mill with that sort of "support"?

5. Other issues

Other issues confronting the industry include:

- research and development in a national sense. Including the need to reduce to infighting and competition between universities scrapping for funding and the need for more cooperation and coordination between all parties, industry included.
- roading infrastructure funding and how to share the costs.
- removal of impediments to allow infrastructure development to occur, not least relying on elected governments to make the hard decisions and go for it, after provide due opportunity for input from all stakeholders and not just the vocal minority with time on their hands!

Finally, the attachment provides a visual insight into the fire activity in blue gum plantations during extreme fire conditions in the Albany region in December 2000 for the Committee's information.