

## CASE STUDY: Plantation Investment Potential

### LOCAL GOVERNMENT AREA:

Walcha Shire, Walcha Shire, NE NSW

### COMPILED BY:

Jo Roberts,  
2020 Vision Coordinator in October 2005

### PEOPLE INTERVIEWED:

- Jack O'Hara, General Manager, Walcha Council
- Tony Cannon –Director, Forestry Services, Forest Enterprises Australia (FEA)
- David Lovell – Area Forester, FEA
- Peter Crowe, Executive General Manager, Forests NSW
- Hugh Harris, Director, Eco Resource Development Pty Ltd
- Private Forestry Development Committee Executive Officer- Northern Inland Forestry Investment Group



### What happened?

In 2002 the Walcha Council commissioned a detailed *'Softwood Plantation Development Strategy – Walcha Council – October 2002'* that:

- Identified and evaluated land within the Walcha region that was suitable for developing softwood plantations,
- Considered infrastructure requirements for an additional 40,000 ha of plantation estate and the social issues relevant to an expanded regional estate of 50,000ha,
- Identified potential wood based manufacturing industries that could be established in the Walcha region based on the potential wood fibre flows from an expanded plantation estate and
- Identified markets for end products

Based on this report the Council committed to support the recommendations of the Strategy and developed their prospectus: *'Plantation Investment Potential - Walcha Shire'*, which was launched in Sydney in 2003. The launch was well attended by potential investors.

#### Excerpt from: *Softwood Plantation Development Strategy*

*'Walcha Council recognises that job creation and industry development opportunities exist through further softwood plantation development in the Shire, and is committed to ensuring that existing and prospective investors are able to contribute to, and benefit from, those opportunities.'*

**Source:** *Plantation Investment Potential Walcha Shire June 2003*

CASE STUDY:

Plantation Investment Potential



**Who was involved? What do they think about what happened?**

**LOCAL GOVERNMENT:**

**Jack O'Hara, General Manager, Walcha Council**

'We had an **existing State Forest softwood plantation** resource of 10,000 hectares. We needed 50, 00 hectares to support a world scale processor and we had an opportunity for a market with McVicars from New Zealand moving in to the area to establish a wood processing facility.'

'We are seeking to **'future proof'** our region, to diversify from wool, cattle and fat lambs and to provide more opportunities for guaranteed employment.'

'We launched our **prospectus** in Sydney, sponsored an exhibition at a timber industry show in Albury, ran an Investment Forum in February 2005 **and** developed a DVD to market the prospectus.'

'Our Council wanted to be **proactive**, not reactive and we wanted to bring the community with us. We have the **leaders of our rural community** on our Plantation Development Unit Committee.'

**PLANTATION INDUSTRY:**

**Tony Cannon – Director, Forestry Services, Forest Enterprises Australia (FEA)**

(A company establishing eucalypt plantations in the region since 2001 – current estate around 3000 ha and expanding.)

'We can always go & talk to the Shire people. Local Government support has made a difference to continuing to operate in the area. We like to keep Council informed.'

FEA has demonstrated that we can process small eucalypt logs through similar mill technology to that used with pine and produce a **high calibre** product.

*It would be our aim to get to that point in this region of NSW and we believe there is enough suitable land to achieve this.*

*Without a critical scale of resource then the value adding processing does not follow at a viable scale.*

*What has been undertaken by the Walcha Shire clearly demonstrates recognition of all facets of the industry and provides the opportunity for organisations such as FEA to look at establishing in the region.'*

**PLANTATION INDUSTRY:**

**David Lovell – Area Forester, FEA**

*'We are extremely happy with Walcha Council focusing on forestry. Council has done a number of things to assist. Their strategy focuses on softwoods. However, their support is also valid for hardwood! We have met with the Mayor and the General Manager on several occasions.*

*Industry needs the continued support of Shires / Local Government to encourage investment & development. Particularly in the forestry sector as investment in plantations is long term and to ensure that the resource can be fully utilised and value-added as is proposed by FEA for the Walcha region, is only possible with this support.'*

David delivered a presentation to the Investment Forum in February 2005.

CASE STUDY:

Plantation Investment Potential



**STATE GOVERNMENT & PLANTATION INDUSTRY:**  
**Peter Crowe, Executive General Manager, Forests NSW**

*'Walcha Shire saw the benefits that other Local Government areas had derived from having a robust timber industry in their area. They wanted to diversify their agricultural activity to include more forestry.'*



*The Northern Tablelands has been identified as a key area with huge potential for softwood plantation development.*

*Also, there is a processor at Quirindi, the McVicar Group, with the capacity to process 100 000 m3 of sawlog.*

*This is a worthwhile initiative if you want to get the growers in there! Roothing infrastructure in the area is also excellent with the whole of the New England Highway and other major arterials classified for B-doubles.'*



**Hugh Harris - Director, Eco Resource Development Pty Ltd**

*(engaged to assist Council market the Strategy):*

*'We launched the Strategy in Sydney in 2003 – both government and companies were invited and all the major industry players were present.'*

*We followed up to the launch with the Investment Forum in February 2005 – some major investors participated. This event enabled prospective investors to become familiar with the area and start considering expansion opportunities for their businesses in the area.'*

**David Thompson - Private Forestry Development Committee Executive Officer- Northern Inland Forestry Investment Group:**

*'Several things lead to the development of the Plantation Development Strategy – the interest by Managed Investment Scheme companies in developing forestry in the region & McVicars establishing a processing facility –this supplied a 'kick start' to promote Walcha Shire as a location for investment. The Northern Inland Forestry Investment Group saw it as a high priority to co-fund the development of the strategy. We realised that a critical mass of plantation resource was essential to attract investors and processors – smaller scale farm forestry operations were never going to flourish until we had some scale which generated some local markets.'*

*Local processing is essential to reap substantial economic and employment benefits from plantations. The processing part of the forestry supply chain is where the real economic development action is.*

*In June 2005 the Northern Inland Forestry Investment Group commissioned a feasibility study for utilisation of residual wood in the Walcha Region – this document forms the business case for a new processing investment to utilise the large volumes of lower quality woodfibre that plantations generate. Uses for this material can substantially improve the plantation investment returns.'*