

1. Overview

Gippsland Farm Plantations Inc (GFP) is the Regional Plantations Committee for Gippsland. It is funded by the Commonwealth's Farm Forestry Program to manage the Gippsland Farm Forestry Project. The Project commenced in mid 1996, and is currently funded to June 2000. Through its carriage of the Gippsland Project, GFP seeks to promote the development of new regional plantations and farm forestry activity. In doing so, GFP aims to encourage the creation of additional timber resources that could supply to existing wood markets and enhance the prospects of attracting additional processing capacity to the region.

GFP has identified the need to prepare a Regional Farm Forestry and Plantations Strategy to guide future industry activity in Gippsland.

This Gippsland Regional Strategy has been developed in light of the National and Victorian private forestry strategies, and is intended to complement them. GFP is confident that the objectives expressed in this Strategy for Gippsland are attainable when taking account of the region's technical, environmental, economic, and social circumstances.

GFP expects this Gippsland Regional Farm Forestry and Plantations Strategy to guide the coordinated efforts by committed regional stakeholders to maximise the potential for increased farm forestry and plantation activity in Gippsland over the next 5 to 10 years and beyond. It provides a realistic projection of the nature and market orientation of future commercial tree growing activity in the region. It demonstrates the potential for plantations to contribute to regional wealth creation on a sustainable basis. While the Strategy emphasises the scope for expansion of the plantation resource base of Gippsland, it also addresses the opportunities for the sustainable management of private native forests in the region.

For the purposes of this Strategy, **Gippsland** is deemed to embrace all of the area of Victoria that is east of Melbourne and south of the Great Dividing Range. It thus includes the Shires of East Gippsland, Wellington, LaTrobe, Baw Baw, South Gippsland, Bass Coast, Casey, Cardinia, Mornington Peninsula, and Yarra Ranges. However, the Strategy does primarily focus on the first 5 named Shires.

1.1 Development of this Strategy

In mid 1998, GFP engaged Jaakko Pöyry Consulting (Asia-Pacific) Pty Ltd (formally Margules Pöyry) to prepare a detailed report as the foundation for the development by GFP of a Regional Farm Forestry and Plantations Strategy for Gippsland.

In accordance with their Project Brief, Jaakko Pöyry produced a report presented in 2 parts. Part 1 assessed the Gippsland region, its plantation and forest resources, its timber industry, the region's capacity to support further plantation development, and the plantation and market opportunities that appeared most promising. This report will be available as a stand-alone document.

Drawing from the assessment made in Part 1 of their report, the consultants then made recommendations for a Regional Farm Forestry and Plantations Strategy (Part 2 of their report).

Using the Jaakko Pöyry recommendations as a foundation, GFP undertook further stakeholder consultations within the region. Having made a number of refinements, GFP has now resolved to adopt this Strategy for the Gippsland region.

This Strategy identifies a series of key objectives and actions which GFP intends to facilitate or undertake (along with associated stakeholders) to lead the Gippsland Region in the further development of this important industry.

While this Strategy is a road map for the future of private forestry in Gippsland, some of the signposts will come later, as a result of other processes.

This Strategy should be reviewed every two years.

1.2 The Strategic Vision

Federal and State Governments have adopted policies encouraging a substantial expansion of the plantation resource growing in Australia. These policies are expressed in *Plantations for Australia: The 2020 Vision*, and *Private Forestry in Victoria: Strategy towards 2020*.

GFP's role is to support the implementation of these policies in the Gippsland region. To express its aspirations for the private forest sector in the region, GFP has adopted the following vision:

'Gippsland will have a substantially increased area of commercial wood production on private land, comprising a resource that is strategically located, well managed, and market oriented'.

GFP anticipates the development of further commercial timber resources on private land in Gippsland will also assist in agricultural land rehabilitation, improvements to water quality, and the achievement of other environmental, economic, social and aesthetic objectives.

Since 1996, GFP has been working towards this vision by encouraging the establishment of additional forest plantations in the region. In developing its 1997 Business Plan, GFP identified the following key factors that will influence future plantation expansion in Gippsland:

- encouragement of landowners to consider plantations as a viable land use on their farms,
- accessing investment capital to fund plantation establishment and management,
- identifying market needs and sales opportunities, and
- improving community attitudes toward plantations as a valuable rural activity.

This Strategy analyses and develops these issues based on information presented in *Part 1 of the Jaakko Pöyry Gippsland Regional Farm Forestry and Plantations Report*

document. The outcome is a concise series of strategies and action plans for specific issues in the region that provide direction to all stakeholders seeking to advance this industry sector in Gippsland.

It is intended that this Strategy complement related Farm Forestry and Plantation strategy development occurring in the adjoining regions of Port Phillip (to Gippsland's west) and SE New South Wales (to Gippsland's north-east)

1.3 The Strategy Framework

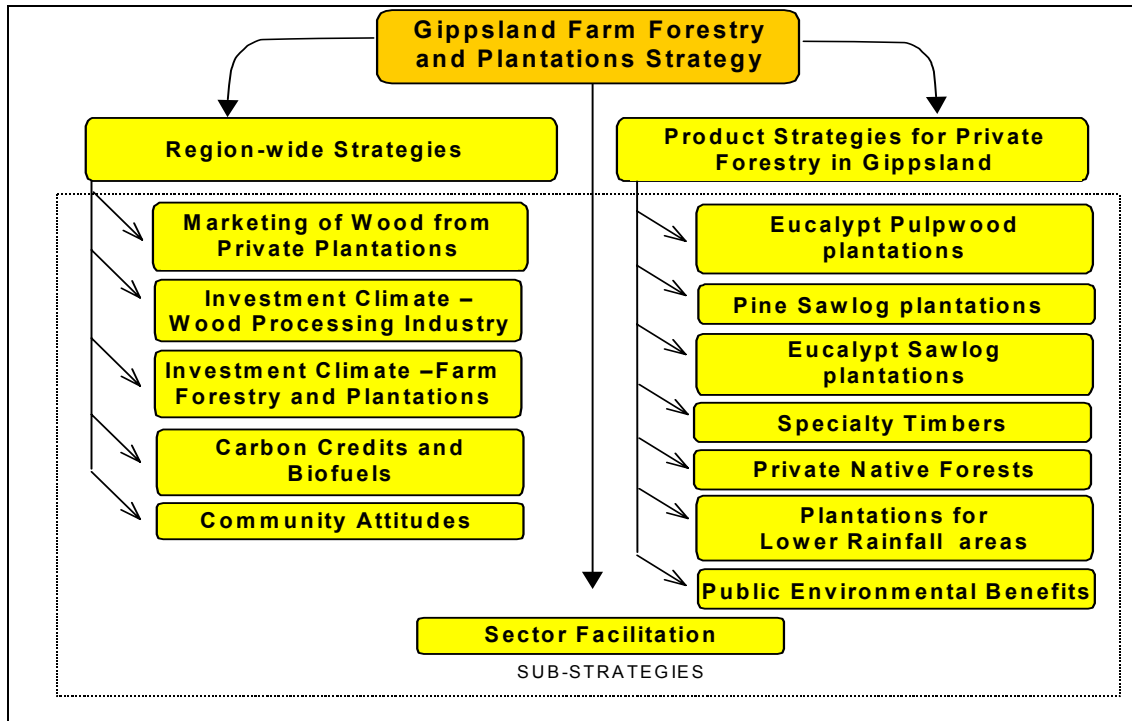
The Gippsland Regional Farm Forestry and Plantations Strategy comprises a suite of related sub-strategies, each reflecting a market or product opportunity that can be developed by the Gippsland private forest sector, or addressing a factor that will generally enhance prospects for industry development.

Each sub-strategy is presented via:

- The development of a strategic objective
- An indication of the relevant issues involved
- A summary of the desired outcomes
- A framework for co-ordinated activity, and policy delivery.

The sub-strategies have been grouped into Region-wide Strategies and Product Strategies as illustrated in the Strategy Framework of Figure 1.3.

Figure 1-3: Gippsland Strategy Framework



GFP is listed as the action agency for many of the sub-strategy Actions. GFP wishes readers to interpret these references to GFP in light of its facilitation role as Regional Plantations Committee for Gippsland, representing all plantation development stakeholders in the region. It should not be regarded as precluding other entities undertaking, or contributing to, these Actions. In fact, GFP invites other industry stakeholders to undertake their activities in a manner that accords with this Strategy for Gippsland.

2. Region-wide Strategies

These region-wide strategies have been developed to address issues that influence the expansion of all types of private forestry in Gippsland. These strategies are generally of a broader nature and will have a bearing on some or all of the more specific private forestry Product Strategies outlined in Section 3.

2.1 Marketing of Wood from Private Plantations

2.1.1 Sub-strategy Objective

Provide growers with the greatest opportunity to profitably market their wood. The emphasis here is on existing private plantations (mostly pine).

(Marketing of new plantation and farm forestry wood is addressed in the Product Strategies of Section 3, although issues are similar.)

2.1.2 Issues

Favourable:

- There are a number of potential export markets that could be developed with an improved understanding of pricing structures, product qualities and logistical operations.
- Private resources could supplement Hancock VP's existing plantation base. Hancock VP has indicated an interest in including additional resources into their wood flow scheduling models.
- Most of the private growers have now been identified by GFP, and a resource database has been compiled.
- There is a good opportunity for the expansion of new private forest resources, provided the market signals are strong.
- Current demand for posts and poles is high.

Challenges:

- A lack of current markets for existing growers of commercial trees creates a poor investment climate for the development new plantation growing ventures.
- There is a current temporary over-supply of pine pulpwood in the region, due to a peak in planting during the 1970's.
- The major corporate processing companies have a strong influence over the current pricing structure of raw material.
- A number of local processors are unaccustomed to mill door pricing as a procurement basis for wood.

- Many private growers are small and/or poorly located making it logistically difficult to market their products.
- The Gippsland Wood Producers Cooperative has struggled to broker wood sales for its members.
- Private growers lack information on log prices, particularly a formal mill door cost pricing mechanism.
- Currently Australian export prices for logs and chip are low due to the Asian economic downturn. This situation is considered temporary.
- Small private plantations are often more costly to manage and harvest than industrial scale plantations.

2.1.3 Outcomes Sought

There is a need for the forest industry (growers and processors) to work together. With an improved understanding of the existing plantation resource and optimisation of its management, the industry will be cost competitive with other Victorian regions. The investment climate for the Region will be improved with a more integrated, efficiently operating, plantation industry.

The development of new wood product markets will stem from a clear understanding of existing and future supply trends and an improving investment climate.

2.1.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 2-1: Marketing of Wood from Private Plantations Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to assist the marketing of private growers' wood by building a database including maps, wood flows, logistical restrictions and resource information. 	<ul style="list-style-type: none"> ▪ Creates a central source of information for wood supply modelling and market expansion.
<ul style="list-style-type: none"> ▪ GFP to prepare an Information Memorandum to market surplus regional resources to wood products sector 	<ul style="list-style-type: none"> ▪ Exposes existing and potential wood product markets to resource availability.
<ul style="list-style-type: none"> ▪ GFP to set up a template for contracts between growers and processors (price and availability). 	<ul style="list-style-type: none"> ▪ Brings the growers and the wood purchasers together to provide greater certainty for selling and supply of timber resources.
<ul style="list-style-type: none"> ▪ GFP to assist the Wood Producers Coop to set up a wood flow model for all private growers to manage their wood flow to the market.(Ongoing delivery of wood from multiple plantation owners to multiple wood buyers). 	<ul style="list-style-type: none"> ▪ A more organised approach to the supply of wood products from the private sector.
<ul style="list-style-type: none"> ▪ Private growers to develop the ability to sell products at mill door as well as at the stump. 	<ul style="list-style-type: none"> ▪ Creates a logical and transparent pricing structure.
<ul style="list-style-type: none"> ▪ GFP to support development of systems to harvest smaller scale plantation areas economically, and measures to reduce overall harvesting and transport costs. 	<ul style="list-style-type: none"> ▪ Improves attractiveness of smaller growers, and improves competitiveness of region as wood supplier.
<ul style="list-style-type: none"> ▪ GFP to assist private growers to adapt plantation silviculture to match market trends. 	<ul style="list-style-type: none"> ▪ Better match of supply and demand over time.
<ul style="list-style-type: none"> ▪ GFP to work with Gippsland Development Ltd and Local government to attract potential investors to the region to look at new and diverse processing opportunities. 	<ul style="list-style-type: none"> ▪ Stimulates interest in the expansion of existing wood product markets.

2.2 Investment Climate – Wood Processing Industry

2.2.1 Sub-strategy Objective

To develop a favourable investment image of the Gippsland region by the wood processing industry.

2.2.2 Issues

Favourable:

- The political environment in Gippsland is good for new investment opportunities.
- There is a good market for the residues from processing facilities.
- There is a current (temporary) oversupply of radiata pine pulpwood.
- The region has a good culture for a forest products industry including experienced contractors, specialists and labour.
- The region has adequate infrastructure for the development of new industry including electricity, water, roads and rail.
- The existing industry has the ability to integrate softwood and hardwood processing.
- The region is in close proximity to the Melbourne market and its ports.
- The Forestry Rights Act will allow landowners and forestry developers to work together to establish new tree farms.

Challenges:

- There is insufficient existing resource to supply new world scale greenfields processing facilities in the region.
- The lack of a regional port limits the potential for export of processed or unprocessed wood products.

2.2.3 Outcomes Sought

A sustainable forestry resource that supplies a competitive integrated processing industry. The plantation industry will become an attractive and secure investment for long-term venture capital as improved product quality, secure access to material and more effective market management increases profitability and the commercial returns from forestry and processed wood products.

2.2.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 2-2: Investment Climate – Wood Processing Industry Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to work with Gippsland Development Ltd., Dept of State & Regional Development, VEDA, Local government and Austrade to provide information as required on industry development opportunities within the region. 	<ul style="list-style-type: none"> ▪ Creates a process for the provision of information for potential investors.
<ul style="list-style-type: none"> ▪ GFP to develop information databases on current and future wood supplies by product classes. 	<ul style="list-style-type: none"> ▪ Ability to give information to potential investors.
<ul style="list-style-type: none"> ▪ GFP and regional economic development bodies to lobby Victorian and Commonwealth Governments for improved road and port infrastructure for Gippsland. 	<ul style="list-style-type: none"> ▪ More competitive forest industry which will in turn attract plantation investment

2.3 Investment Climate – Farm Forestry and Plantations

2.3.1 Sub-strategy Objective

To develop a favourable investment image for farm forestry and plantation development in the Gippsland region.

2.3.2 Issues

Favourable:

- There are excellent opportunities for investment forestry ventures based on land rental arrangements and small investors in the region.
- Gippsland has a considerable area of cleared land with potential for highly productive commercial tree growing
- The infrastructure and skill base in the region is excellent for the development of plantations.
- The existing forest products industry is likely to expand its processing capacity given additional resource.
- There is a potential export market for unprocessed wood with rail links to Geelong; export of part or fully processed products through Melbourne has strong potential.
- Gippsland landowners generally appreciate the farm productivity benefits that can be achieved by strategic planting of trees on 5 – 10% of their properties.
- In most areas of Gippsland, Planning Scheme provisions allow plantation development as an as-of-right use in the Rural zones.

Challenges:

- Land prices in the higher rainfall areas of the region are high compared to other forestry regions.
- Land parcels are often fragmented.
- The distance to export markets is high compared to other forestry regions.
- There is a current oversupply of radiata pine pulpwood.
- Comparatively low prices are paid for lower grade eucalypt log material from native forests in the region.
- Native vegetation retention controls inhibit plantation development on forested private land.
- The lack of a regional port reduces the access by growers to export market opportunities.

2.3.3 Outcomes Sought

An attractive and secure investment for long-term venture capital from a sustainable plantation resource that supplies an integrated processing industry.

2.3.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 2-3: Investment Climate-Farm Forestry and Plantations Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to develop information databases on markets and future market trends for forest products. 	<ul style="list-style-type: none"> ▪ Information for new growers on current and future market trends.
<ul style="list-style-type: none"> ▪ GFP to monitor the pricing structures in other States – publish on Web site. 	<ul style="list-style-type: none"> ▪ Provides benchmark figures on market trends for potential investors.
<ul style="list-style-type: none"> ▪ GFP to set up a template for contracts between growers and the processors confirming the price of products and market availability. 	<ul style="list-style-type: none"> ▪ Brings the growers and the wood purchasers together to provide greater certainty for selling and supply of timber resources.
<ul style="list-style-type: none"> ▪ GFP to seek more equitable arrangements for private native forest management. 	<ul style="list-style-type: none"> ▪ Increased private native forest areas for sustainable management.
<ul style="list-style-type: none"> ▪ GFP to produce an Information Memorandum on the Region's investment opportunities. 	<ul style="list-style-type: none"> ▪ A document that can be distributed to potential investors illustrating the opportunities in the Gippsland Region.
<ul style="list-style-type: none"> ▪ GFP to develop grower expertise in areas such as pricing, plantation profitability drivers, leasing, marketing and legal issues. 	<ul style="list-style-type: none"> ▪ Better informed growers/landholders
<ul style="list-style-type: none"> ▪ GFP to define regional targets for plantation expansion of recommended species by market orientation. 	<ul style="list-style-type: none"> ▪ Clear message to the community, growers, processors and Local Government on potential growth of industry in the Region
<ul style="list-style-type: none"> ▪ GFP to identify specific information from processors on requirements such as species, size, wood properties etc and facilitate transfer of this information to growers. 	<ul style="list-style-type: none"> ▪ Better match of wood produced to meet purchaser requirements
<ul style="list-style-type: none"> ▪ Regional economic development bodies to lobby Victorian and Commonwealth Governments for improved road and port infrastructure 	<ul style="list-style-type: none"> ▪ More competitive plantation industry which will in turn attract industry investment ▪ Enables response to Local Government concerns over infrastructure implications of plantation expansion.
<ul style="list-style-type: none"> ▪ GFP to encourage Local government authorities within the region to adopt supportive planning scheme provisions for plantation establishment and management 	<ul style="list-style-type: none"> ▪ Simple, clear and uniform set of reasonable regulations

2.4 Carbon Credits and Biofuels

2.4.1 Sub-strategy Objective

To maximise opportunities for Gippsland commercial tree growers to participate in these emerging Greenhouse related markets.

2.4.2 Issues

Favourable:

- The introduction of tradeable permits for carbon dioxide and the use of sequestration into forests as an offset mechanism appear very likely to be adopted by the International community.
- A carbon trading system may increase the value of forest resources by essentially creating an additional forest product.
- Organisations that release greenhouse gases will be interested in the purchase of carbon credits from forest growers or intermediaries to offset their carbon emissions. Furthermore, these organisations may purchase the exclusive carbon right to forests or tree farms at the establishment phase to ensure a future supply of carbon credits.
- The La Trobe Valley in Gippsland is one of the major power producing regions of Australia, suggesting that there may be a significant potential for local carbon trading. Gippsland has taken a lead on exploring the potential linkage between carbon trading and commercial tree growing.
- Trades in NSW suggest that power companies are most likely to accept an Option approach to allow the carbon dioxide sequestered to be claimed as an offset at some point in the future.
- Power producers in the Region have expressed interest in participating in a trading scheme.
- The Commonwealth Government has introduced a scheme where electricity retailers will be required to source 2% of their electricity from renewable energy sources by the Year 2010. This provides an opportunity for the use of wood as biofuel (wood used as biofuel is carbon neutral).
- Victorian Forestry Rights legislation is believed to enable separation of ownership of carbon from ownership of trees (and land).

Challenges:

- There is currently no formal legislation or accepted methodology governing how carbon trading will be monitored and implemented.
- The pricing structure for carbon credits is not yet known.

- “Additionality” clauses, arising out of the Kyoto Protocol, may preclude carbon dioxide sequestered into plantations grown for wood production.
- Current AGO criteria for determining the intake proportion of plantation-grown wood needed for it to be eligible as a renewable energy source may be overly restrictive.

2.4.3 Outcomes Sought

Participation by Gippsland private forest growers in markets for the emerging commodities of sequestered carbon and biofuels. A contract between tree growers and carbon dioxide emitters could be developed that enables the emitter to purchase exclusive rights to the carbon sequestered from a forest or tree farm for a specific period. GFP could manage the relationship between growers and carbon rights purchasers, while providing the technical measurement skills required. Energy producers using biofuels could represent a new market for Gippsland growers, particularly for residual wood.

2.4.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 2-4: Carbon Credits and Biofuels Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to develop database of the relevant carbon dioxide emitters in the Region. 	<ul style="list-style-type: none"> ▪ An understanding of the magnitude of carbon emissions in the region and thus the market for carbon credits.
<ul style="list-style-type: none"> ▪ GFP to develop a carbon investment cost sharing framework. 	<ul style="list-style-type: none"> ▪ A tool for carbon dioxide emitters and other potential investors to analyse carbon investments.
<ul style="list-style-type: none"> ▪ GFP to examine silvicultural enhancement of native forest as a means of increasing sequestration rates, along with optimal wood/carbon regimes for plantations. 	<ul style="list-style-type: none"> ▪ Improved financial returns for managed native forests and plantations.
<ul style="list-style-type: none"> ▪ GFP to provide emitters with information on the potential for future carbon sinks in the Gippsland Region. 	<ul style="list-style-type: none"> ▪ Develops an interest in forests as carbon sinks from the major carbon emitting companies. ▪ Promotes the concept of carbon trading and how it can support both industries.
<ul style="list-style-type: none"> ▪ Work with both carbon emitters and tree growers to develop a contract that capitalises on carbon trading opportunities. 	<ul style="list-style-type: none"> ▪ Formally develops the business of carbon trading benefiting tree growers and carbon emitters. A win-win situation.
<ul style="list-style-type: none"> ▪ GFP to work with Gippsland CMA's to develop register of tree growers interested in carbon trading. 	<ul style="list-style-type: none"> ▪ Mechanism established to aggregate growers resource and link with carbon credit purchases.
<ul style="list-style-type: none"> ▪ GFP to work with policy developers and researchers to ensure appropriate legislation. and monitoring procedures are in place 	<ul style="list-style-type: none"> ▪ Provides appropriate infrastructure to support carbon trading. ▪ Provide appropriate recognition of plantation-grown wood as an eligible renewable energy source.
<ul style="list-style-type: none"> ▪ GFP to explore opportunities to supply biofuels to energy producers from plantations. 	<ul style="list-style-type: none"> ▪ Identifies additional carbon related plantation market opportunity.

2.5 Community Attitudes

2.5.1 Sub-strategy Objective

To achieve a favourable attitude by the community towards private forestry in Gippsland, and an appreciation of the economic, social, and environmental benefits that would result from expansion of this industry.

2.5.2 Issues

Favourable:

- The community attitude towards private forestry in Central Gippsland is generally supportive due to the Region's long history of plantation forestry.
- Landowners recognise that commercial tree growing can be complementary to agriculture.
- The community recognises private forestry as the only acceptable means to expand the resource base for the forest products sector.
- Forestry has provided significant employment and infrastructure to the region, and a cash flow to the local economy.
- Plantation companies seeking to purchase or lease marginal farmland at a reasonable price have general community support.
- Landowners looking to exit farming or reduce their exposure to traditional agricultural enterprises often welcome opportunities to sell or lease agricultural land to plantation development companies.
- The community generally supports the concept of farm forestry, along with tree planting for land protection and biodiversity.
- There is broad recognition of the positive contribution that farm forestry and plantation development can make to achievement of regional catchment and environmental goals.

Challenges:

- Local government is concerned with the costs of maintenance and upgrading of public infrastructure to support forest industry development, especially local roads and bridges.
- The community does not fully appreciate the economic benefits of plantations and farm forestry.
- Some landholders regard weed control, fence maintenance, fire and vermin control as disincentives to farm forestry and revegetation on private land.

- Concerns have been expressed over the privatisation of the former public (VPC) plantation resource.
- Plantation forestry in the Strzelecki Ranges has been subject to some community debate and criticism in relation to pest and disease control, native vegetation protection, and harvesting operations.
- Some Gippsland agricultural communities do not favour the conversion of productive farmland into industrial plantations, regardless of the economics.
- Some isolated farming communities feel threatened by plantation expansion.
- Native species are generally regarded as preferable to pines for plantation development.
- Community attitudes differ over the issue of converting private native forest for establishment of higher yielding plantations.
- Some landowners with plantations are concerned that future harvesting will be restricted by community pressure.
- Some community members react negatively to the removal of commercially grown trees from the landscape, even if they are to be replaced by a new forest or plantation.
- Not all community members appreciate the distinction between forest harvesting, which is followed by replanting or regeneration, and forest clearing.

2.5.3 Outcomes Sought

Greater appreciation by landowners and the broader community of the positive benefits that can be derived from a competitive and sustainable private forest and plantation industry. Community attitudes based on factual information, supportive of a forest industry that recognises the need to adhere to accepted standards and practices.

2.5.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 2.5 Community Attitudes Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to continue advocating merits of integrating farm forestry with rural enterprises. 	<ul style="list-style-type: none"> ▪ Commercial tree growing regarded as a long term agricultural crop.
<ul style="list-style-type: none"> ▪ GFP to commission report on benefits of farm forestry to the Gippsland region and promulgate results. 	<ul style="list-style-type: none"> ▪ Recognition of the economic, social, and environmental benefits to Gippsland of sustainable private forestry activity.
<ul style="list-style-type: none"> ▪ GFP to integrate the Gippsland Regional Farm Forestry and Plantations Strategy with related regional economic and environmental strategies. 	<ul style="list-style-type: none"> ▪ Complimentary outcomes achieved in efficient and effective manner.
<ul style="list-style-type: none"> ▪ GFP to promote the region's plantation expansion opportunities and potential. 	<ul style="list-style-type: none"> ▪ Plantation development regarded as opportunity to expand region's timber resource base.
<ul style="list-style-type: none"> ▪ The plantations and farm forestry industry continue to demonstrate commitment to good land management practices. 	<ul style="list-style-type: none"> ▪ Community confidence in industry's environmental performance.
<ul style="list-style-type: none"> ▪ Plantations and farm forestry industry to engage with local government to address issues and promote benefits. 	<ul style="list-style-type: none"> ▪ Achieve genuine local government support for plantation development in Gippsland.
<ul style="list-style-type: none"> ▪ GFP to develop/promulgate information on private forestry silviculture, and rotation dynamics. 	<ul style="list-style-type: none"> ▪ Better community appreciation of nature of production forest processes and cycles.

2.6 Sector Facilitation

2.6.1 Sub-strategy Objective

To ensure Gippsland provides a climate for a flourishing farm forestry and plantation industry via coordinated and ongoing commitment by all regional stakeholders.

2.6.2 Issues

Favourable:

- The forest industry is an integral part of Gippsland's economy and landscape.
- The bulk of the existing Gippsland plantation resource is owned by two companies, making internal and external industry liaison relatively simple.
- Numerous regional strategies recognise the scope for the farm forestry and plantations sector to deliver substantial economic and environmental benefits.
- The forest industry has a comprehensive Code of Practice, unlike other broad-acre rural industries.
- As the Regional Plantations Committee, GFP has provided a strategic coordination forum for industry stakeholders.

Challenges:

- Further regional timber resource development requires a catalyst to initiate it.
- There is a need for regional sector leadership to encourage competitive resource development at sufficient scale to attract additional local processing capacity.
- Instilling grower confidence is vital, given the long lead times of forestry, as ability to reorientate resource is limited once established.
- Industry and regulators do not always achieve consistent on-ground interpretation of Code provisions.
- Some quarters of the community are critical of industry performance in Code compliance.
- Further industry development needs to be matched with adequate provision of infrastructure.
- Facilitation of industry development requires focused leadership capable of responding to emerging trends and issues.

2.6.3 Outcomes sought

Continuation of the industry leadership and coordination role in Gippsland, to maximise the capture of regional opportunities and the delivery of benefits in the short and longer term.

2.6.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 2.6 Sector Facilitation Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ Continue delivery of the industry sector facilitation function in Gippsland. 	<ul style="list-style-type: none"> ▪ Achieve region's industry development potential by building confidence in farm forestry in the region, and attracting continued industry investment.
<ul style="list-style-type: none"> ▪ GFP to continue transfer of market intelligence to region's growers. 	<ul style="list-style-type: none"> ▪ Match resource development to industry/market needs.
<ul style="list-style-type: none"> ▪ GFP to support industry lobbying for provision of adequate infrastructure. 	<ul style="list-style-type: none"> ▪ Achievement of efficient, cost competitive resource and processing industry.
<ul style="list-style-type: none"> ▪ GFP to support development of mechanisms and regulatory framework to ensure high environmental performance. 	<ul style="list-style-type: none"> ▪ Consistent attainment of environmental standards, and consequential community recognition and confidence.
<ul style="list-style-type: none"> ▪ Ensure Gippsland retains a forum for industry stakeholder interaction and coordination. 	<ul style="list-style-type: none"> ▪ Reduce overlap/duplication, speedy technology transfer, and improved risk management.

3. Product Strategies for Private Forestry in Gippsland

3.1 Eucalypt Pulpwood Plantations

3.1.1 Sub-strategy Objective

To provide an economically sustainable industry by expanding the existing eucalypt pulpwood plantation base in the Central Gippsland sub-Region.

(At a smaller scale, there are also opportunities for eucalypt pulpwood production in East Gippsland to supply an export market via Harris Daishowa (Aust) at Eden in SE New South Wales.)

3.1.2 Issues

Favourable:

- Gippsland has ideal growing conditions for the preferred eucalypt pulp species (Blue gum and Shining gum), and a large domestic pulp/paper processing facility (Australian Paper Ltd)
- Plantation pulpwood is worth more than native forest pulpwood because of its superior pulping qualities. At present a significant volume of Australian Paper Ltd's (AP) raw material comes from public native forest resources.
- AP now has a legislative agreement that specifies a commitment to decreasing their use of native forest pulpwood. This opens the market for plantation hardwood pulp.
- Short rotation (10 - 12 years) pulpwood-only regimes allow rapid returns to investors (although AP prefers longer rotations ~ 20 years, as pulp yield improves with tree age)
- There is potential to integrate pulpwood and sawlog production (eg. eucalypt sawlogs are currently supplied to the Planthard sawmill at Morwell).
- The export market (Geelong) is developing due to increasing global demand for fibre.
- The area supports a pulpwood industry supplying the AP pulp and paper mill.
- Suitable land parcels are available for the establishment of new plantations.
- AP has recently invested \$330m in expanded production facilities, and wishes to stimulate 3,000 ha of private eucalypt plantations by the year 2020 through the AP Eucalypt Timber Sale Agreement.
- The AP Eucalypt Forward Sale Agreement secures a solid market for hardwood pulpwood growers.
- There is community support for plantation expansion programs.
- There is considerable interest in carbon credits from power producers.
- The existing west/east infrastructure to Melbourne and Geelong creates opportunities for selling wood products on both the domestic and export markets.
- There is greater public acceptance of eucalypt vs pine as a plantation species.

Challenges:

- There is a low commitment to the establishment of new tree farms by individual landowners due to the marketing difficulties experienced by many current growers. Some past forestry ventures have been tainted by poor management and market problems.
- There is a local dominance by major suppliers (Hancock VP/APP) that currently own over 96% of the standing plantation resource.
- AP is the one dominant pulpwood buyer in the region.
- There is a current excess supply of softwood pulp and the outlook is poor for at least 5 years; by association this impacts negatively on the perceived prospects for eucalypt pulpwood.
- Distances greater than 150 km from potential plantation sites to the AP mill can be economically restrictive to growers.
- In some areas of Gippsland, land values are too high for pulpwood production. Large areas are considered to be good dairy land, which is regarded as too expensive for forest plantations. To be competitive, new ventures for the production of pulpwood should target less expensive, lower quality land.
- The Strzelecki mountain range is a significant barrier that impedes transport to and from southern areas of the region. Some of the more suitable forestry sites are to the south of this area.
- Transport infrastructure in the north and south directions is limited.
- The preferred pulp species (*E.globulus*) has not been perceived as a substitute for the preferred hardwood sawlog species (*E.regnans*)
- Transport distances to the export markets (Geelong) are high - returns to growers are likely to be reduced as a consequence.
- There are rainfall shadows in some areas of the region within economic haul distance to the AP mill that reduce tree productivity and therefore the economics of otherwise suitable areas.
- Lack of current joint venture investment interest in the region means private growers bear all the growing expenses and financial risks.

3.1.3 Outcomes Sought

A commercially viable pulpwood growing industry supplying the existing pulp and paper mill (and other markets), creating business opportunities in the Region.

3.1.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 3-1: Eucalypt Pulpwood Plantations Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ Develop and publicise Forward Timber Sale Contracts offered by processors, such as the APP Eucalypt Pulp agreement currently being developed. 	<ul style="list-style-type: none"> ▪ Gives GFP the ability to provide a complete industrial tree-growing package including land, management and markets to initiate the expansion process.
<ul style="list-style-type: none"> ▪ Negotiate with Hancock VP and other private growers to explore means of more effectively using resources. 	<ul style="list-style-type: none"> ▪ Integrated resource will be more efficient; allows focus on other areas (e.g. south of Strzelecki area).
<ul style="list-style-type: none"> ▪ Produce a Eucalypt Pulp Grower's Information Package outlining recommended species, establishment techniques, site requirements, and likely costs and returns. 	<ul style="list-style-type: none"> ▪ Supplies information for interested parties to use in developing new tree farms. ▪ Creates interest in the investment opportunities of tree farming.
<ul style="list-style-type: none"> ▪ Model current and future private plantation yields by products and incorporate as part of Information Package. 	<ul style="list-style-type: none"> ▪ Provides potential wood users with an integrated picture of the available resource. ▪ Integrates private wood into the main stream of wood flows.
<ul style="list-style-type: none"> ▪ GFP and/or other providers to continue farm forestry extension services in Gippsland, including field days and suitable demonstration plots. 	<ul style="list-style-type: none"> ▪ Creates interest in tree farming opportunities. ▪ Develops a sense of security that an organisation is prepared to support new tree farming ventures.
<ul style="list-style-type: none"> ▪ Encourage research to develop sawlog compatible pulpwood species suitable for growing in plantations. 	<ul style="list-style-type: none"> ▪ More versatile species would improve grower flexibility and returns.
<ul style="list-style-type: none"> ▪ Provide assistance to Prospectus companies and other plantation investors for the establishment of tree farms. 	<ul style="list-style-type: none"> ▪ Attracts small investors into tree farming consortiums. ▪ Expands the existing plantation base to smaller tree farm parcels. ▪ Improves the investment climate for the region.

3.2 Pine Sawlog Plantations

3.2.1 Sub-strategy Objective

*To expand the softwood (*Pinus radiata*) sawlog plantation base in the Gippsland region.*

3.2.2 Issues

Favourable:

- The area supports an operational, established industrial plantation estate. The industry is a major source of employment for the region.
- The region has suitable growing conditions for a range of timber resources.
- Land parcels are available for the establishment of new plantations.
- There is general community support for plantation expansion programs, although some local communities have expressed disquiet about industrial plantation development proposals.
- There is considerable interest in the possibility of trading for carbon credits by the local power stations.
- The existing west/east infrastructure to Melbourne and Geelong provides opportunities for selling wood products on the export market.
- The marketing arrangements for radiata pine sawlogs is well established.
- There is an opportunity to enhance returns from softwood sawlogs by managing for clearwood logs through silvicultural pruning. These products may command a premium in the market and be easier to sell.
- There is an excellent knowledge base for growing softwood in the Gippsland region.
- The long-term outlook for Radiata pine within Australia is strong; increased export likely.
- Hancock VP has expressed an interest in expanding its capacity to supply softwood logs by entering into marketing agreements with private landholders.
- Brown and Dureau are interested in installing a new line in their mill to process small diameter logs (18-24 cm sed).
- A market for pine sawlogs exists at Bombala (NSW), and there is potential for a pine roundwood export market through the Eden port.
- There is sufficient existing resource to support a pine veneer plant in the region.

Challenges:

- There is a low commitment to the establishment of new tree farms by individual landowners due to the marketing difficulties experienced by many current growers. Some past forestry ventures have been tainted by poor management and market problems.
- There is a local dominance by major suppliers (Hancock VP/APP) that currently own over 96% of the standing plantation resource.
- The main buyer in Central Gippsland for softwood sawlogs, Brown and Dureau, dominates the existing market.
- In many high rainfall areas of the region, land values are too high for forestry. Large areas are considered to be good dairy land, which is too expensive for forest plantations.
- The Strzelecki mountain range is a barrier that impedes transport to southern areas of the region, particularly for low value products. Some of the more suitable forestry sites are to the south of this range.
- Intra-region north-south transport infrastructure is limited.
- There are rainfall shadows in some areas that reduce tree productivity and inhibit the potential planting area for new forestry ventures.
- The sawlog rotation length is approximately 28 to 30 years. These time frames are often not suitable for potential investors.
- Radiata pine is considered by some landowners as a less desirable farm tree species than eucalypts.

3.2.3 Outcomes Sought

An expanded commercially viable softwood industry producing a wide range of products supplying sawmills, the existing pulp and paper mill, and export markets, and creating business opportunities in the Region.

3.2.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 3-2: Pine Sawlog Plantations Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to collate information on sawlog pricing structures and product specifications. 	<ul style="list-style-type: none"> ▪ An understanding of the industry's price structure by product class both locally and elsewhere.
<ul style="list-style-type: none"> ▪ GFP to negotiate joint venture or marketing agreements (Forward Sale Contracts) between growers and product markets. 	<ul style="list-style-type: none"> ▪ Give growers confidence that their product will be sold when it is mature. ▪ Establishes a confirmed wood flow for processors.
<ul style="list-style-type: none"> ▪ GFP to create a new WEB site with current pricing information by product class for the region. 	<ul style="list-style-type: none"> ▪ Allows growers to track their investment.
<ul style="list-style-type: none"> ▪ Continue extension services, field days and select suitable demonstration plots. 	<ul style="list-style-type: none"> ▪ Creates interest in tree farming opportunities. ▪ Develops a sense of security that an organisation is prepared to support new tree farming ventures.
<ul style="list-style-type: none"> ▪ Provide assistance for Prospectus based companies and other investors for the establishment of tree farms on managed small-scale leases. 	<ul style="list-style-type: none"> ▪ Attracts small investors into tree farming consortiums. ▪ Expands the existing plantation base to smaller tree farm parcels. ▪ Improves the investment climate for the region.
<ul style="list-style-type: none"> ▪ Initiate investigations with Gippsland Development to review the potential for additional processing options (eg. a new plymill or veneer plant). 	<ul style="list-style-type: none"> ▪ Starts the processes for developing alternative markets in the region.

3.3 Eucalypt Sawlog Plantations

3.3.1 Sub-strategy Objective

To develop an expanded and vibrant industry based on hardwood (Eucalypt) sawlogs in the Gippsland region.

3.3.2 Issues

Favourable:

- The knowledge base for growing plantation hardwoods is good due to Hancock VP's and APP's 40 year experience in hardwood plantations, and extensive species trials in the region.
- The industry has developed good markets for specialised hardwood timber products (mostly using timber from native forests) and successfully gained access to markets in both Japan and the United States.
- The community has a good attitude toward plantation hardwoods and these products may be selected in preference to native forest timber.
- Hardwood tree farms are often favoured over softwood for their visual attractiveness and environmental benefits.
- The technology for processing plantation hardwood sawlogs is in its relative infancy, but is expected to improve as the industry develops.
- The knowledge base for sawn utilisation of some plantation grown species is improving, with species such as *E. regnans* now being processed by Planthard. The mill is expecting to expand capacity from 100,000 m³/a to 180,000+ m³/a. This will increase the plantation hardwood market in the region.
- Eucalypts are self-pruning (at close spacing) and have the potential to produce high quality, knot free wood.
- The region has suitable growing conditions for a range of hardwood timber species.
- Suitable land parcels are available for the establishment of new hardwood plantations.
- There is community support for hardwood plantation expansion programs.

Challenges:

- The Gippsland region only has limited markets for plantation hardwood logs. The Planthard mill is by far the largest regional processor of plantation hardwood sawlogs, but other mills such as Radcon at Yarram are also interested. Few other hardwood sawmills in the area have expressed a desire to process plantation grown logs at this stage.
- The price paid for plantation hardwood logs is lower than native forest logs (quality and size issues).
- Hardwood logs have a low value when compared with similar sized softwood logs and financial returns to growers on current prices are poor.
- Many plantations of eucalypts have favoured tree growth rather than log quality - many plantations have produced very poor timber.
- The most suitable areas for expansion of hardwood plantations are greater than 50 km from existing processing centres, reducing the economic returns for growers of the raw material.
- The Strzelecki mountain range is a significant barrier that impedes transport to southern areas of the region. Some of the more suitable hardwood forestry sites are to the south of this area.
- Intra-region north-south transport infrastructure is limited.
- There are rainfall shadows in some areas that reduce tree productivity and inhibit the potential planting area for new forestry ventures.
- While experience with eucalypts such as *E. regnans* is extensive, such experience does not extend to many other plantation grown eucalypts.
- There is a need to select species and provenances that meet quality objectives for both sawlog and pulpwood production.

3.3.3 Outcomes Sought

A commercially viable hardwood plantation sawlog industry, based on a limited range of species, producing a wide range of products, supplying sawmills, the existing pulp and paper mill (residues), and export markets and creating business opportunities in further processing in the Region. The aim of this sub-Strategy is to place Gippsland as the pre-eminent Region in Australia for specialised plantation grown eucalypt timber.

3.3.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 3-3: Eucalypt Sawlog Plantations Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to select and promote key species for plantation development that are not in large supply from native forests. 	<ul style="list-style-type: none"> ▪ New hardwood plantation developers are able to plant species that are market competitive - high volumes of targeted species.
<ul style="list-style-type: none"> ▪ Develop an information database on the pricing structures for hardwood products. 	<ul style="list-style-type: none"> ▪ Give growers and processors an indication of the current market trends for the region on hardwood products.
<ul style="list-style-type: none"> ▪ Promote alternative hardwood plantation species to processors – the advantages; justify price premiums. 	<ul style="list-style-type: none"> ▪ Develops new processing opportunities for alternative hardwood plantation species.
<ul style="list-style-type: none"> ▪ GFP to provide best practice silvicultural information on a selection of key hardwood plantation species. 	<ul style="list-style-type: none"> ▪ Helps produce limited range of high quality, defect free hardwood products.
<ul style="list-style-type: none"> ▪ GFP to strongly focus its promotion to growers to a selected suite of species and products, with appropriate markets specifications and silviculture. 	<ul style="list-style-type: none"> ▪ Gippsland growers to become Australia's plantation (and native forest) hardwood sawlog specialists.
<ul style="list-style-type: none"> ▪ Encourage adoption of hardwood sawlog forward sale contracts and other mechanisms to convey market preferences. 	<ul style="list-style-type: none"> ▪ Achieve clear signals of market product preferences and grower confidence in ability to sell at maturity.
<ul style="list-style-type: none"> ▪ Develop mechanisms to achieve resource aggregation by multiple growers. 	<ul style="list-style-type: none"> ▪ Achieve better market access by providing sustainable supply over time.
<ul style="list-style-type: none"> ▪ Promote research/product development of plantation hardwood species. 	<ul style="list-style-type: none"> ▪ Improved species options with better market prospects.
<ul style="list-style-type: none"> ▪ GFP to investigate certification for sustainably managed forests. 	<ul style="list-style-type: none"> ▪ Strengthened position in market.

3.4 Boutique Tree Farming of Specialty Timbers

3.4.1 Sub-strategy Objective

To encourage the development of boutique (specialty timber) tree farming as a local self-sustaining industry. While this sub-strategy has potential in much of the Region, it is most applicable where land values are high, land parcel sizes are smaller, and conventional forestry is unlikely to be a viable land use.

3.4.2 Issues

Favourable:

- Much of the Gippsland Region has excellent climatic and environmental conditions suited to the growing of specialty timber species.
- There is sufficient infrastructure to service the area.
- Substantial suitable area is in close proximity to Melbourne markets and processing facilities.
- People are very enthusiastic about the general concept of growing trees and don't necessarily grow them on a fully commercial basis.
- As a long-term investment, the anticipated proceeds from a tree farm could add value to the property.
- There is a strong market for firewood and this will help early cash flow with thinnings.
- There is potential to add to property value based on aesthetic and ecological values.
- Trees can be a "cost/time saver" crop for rural landholders who wish to be involved with the management of rural land but whose time availability is limited.
- The growing of older, larger trees for specialty timber products may make tree farming more complimentary with high value agriculture land.
- There is a specialty drying facility and small volume, high value processor operating in West Gippsland.

Challenges:

- In the area west of Warragul, land prices are relatively high due to the area's close proximity to Melbourne and the high quality of the land.
- Properties are generally smaller parcels of land, and many are owned by lifestylers or hobby farmers, with land use being predominantly small-scale agricultural ventures or grazing. Property owners are generally not interested in large-scale commercial forestry.
- Specialty timber tree growing usually involves species on long rotations where growers may not receive returns from the crop in their lifetime.

- The price structure for plantation grown boutique species is relatively unknown.
- There are few clearly defined existing markets for boutique species. The species with best potential have not been clearly identified.
- Trees established as commercial crops may never be harvested, if the grower decides the aesthetic value of the trees outweighs their financial value.
- There is a need to achieve sufficient resource scale to enable ongoing supply capacity.
- There is a general market preference for red coloured timbers, which may restrict species options.

3.4.3 Outcomes Sought

It is not expected that large-scale commercial plantations could be developed in some western parts of the Region due to the price and size of land parcels. However, landholders favour trees and recognise the value of small tree lots on their properties. It is expected that this social climate would suit the development of small-scale boutique tree farms that enhance the visual and environmental characteristics of a property, while having the additional advantage of supplying an economic return in future years from harvesting the timber.

Long rotation, high quality timber species would be ideal for this region, and local Melbourne furniture markets would be targeted to buy the timber. The establishment and management of trees would be largely implemented by individual landowners, who would need access to establishment, management and marketing advice tailored to this boutique field.

There is potential that time spent in promoting this form of forestry could result in the establishment of forests with a risk of not subsequently being harvested, if landowner values or community attitudes change. The accreditation of plantations and other measures, which would form the basis of legitimising the business of boutique commercial forestry, is considered an important requirement to advance this sub-strategy.

3.4.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 3-4: Boutique Tree Farming of Specialty Timbers Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to provide an accreditation service which registers plantations which comply with approved regional guidelines set by GFP and ATO. 	<ul style="list-style-type: none"> ▪ To assist growers who legitimately wish to grow “boutique” forests meet taxation requirements for commercial enterprises
<ul style="list-style-type: none"> ▪ GFP to provide information on the opportunities of developing small-scale boutique tree farms including recommended species and potential markets, establishment and maintenance costs, economic returns, taxation benefits, and social and environmental advantages. 	<ul style="list-style-type: none"> ▪ A greater community/land owner understanding of the forestry options in the local environment ▪ The development of a “want to plant trees” attitude in the community. ▪ A prescription of the procedure to establish a boutique tree farm and a list people to contact for further information.
<ul style="list-style-type: none"> ▪ GFP to develop sites where boutique species and their management can be seen and information obtained. 	<ul style="list-style-type: none"> ▪ Demonstration of the potential to grow high quality, boutique tree species. ▪ An understanding of the suitable species for the area. ▪ A demonstration of what GFP is trying to achieve in the region.
<ul style="list-style-type: none"> ▪ Develop mechanisms to achieve resource aggregation by multiple growers. 	<ul style="list-style-type: none"> ▪ Achieve better market access by providing sustainable supply over time.
<ul style="list-style-type: none"> ▪ GFP to arrange production of a regional farm forestry information package to be issued to local shires for distribution to new and existing landowners in target areas. 	<ul style="list-style-type: none"> ▪ Gain Shire understanding and support for GFP initiatives.

3.5 Private Native Forest Management

3.5.1 Sub-strategy Objective

To promote sound management, including appropriate sustainable utilisation, of private native forest resources in the Gippsland region.

3.5.2 Issues

Favourable:

- A significant area of high quality, native forest resource is potentially available for sustainable harvesting, subject to native vegetation conservation policy resolution. Adoption of Regional Vegetation Plans should clarify the policy and strategic planning factors that will influence identification of private native forest areas available for harvesting.
- There are many existing markets for native forest wood products.
- The Victorian Code of Forest Practices applies to private native forest timber production activities, as well as to private plantations and public native forest management.
- A significant private native forest harvesting industry and comprehensive contractor base is available in most areas due to the magnitude of forest operations in the region.
- There is significant potential for yield improvements and financial returns from private native forests through application of appropriate silviculture.
- Government policies discourage alternate land use of private native forest areas (eg. clearing for agriculture or plantation forestry).
- Areas with established regrowth would respond well to stand improvement works.
- Managed native forest regrowth can be as productive as a eucalypt plantation and of higher quality.
- Carbon credits may be available to landowners who undertake improved native forest management.
- Private native forest areas provide a range of public environmental benefits, although these are not necessarily recognised or valued by the community.
- Gippsland has a private native forest management extension program (Forestcare) that promotes sustainable management of this resource.

Challenges:

- The existing native forest resource is poorly defined by species composition, volume and log qualities. A detailed understanding of the resource is required to analyse the regional supply and demand trends and opportunities.
- Native forest harvesting is a highly regulated environment in which to operate due to native vegetation planning controls.
- Planning permits are required for any harvesting operation. Currently these procedures are not clearly defined and the roles of local Shires and NRE overlap.
- The identification of current and potential markets for specific native forest wood products from private land, including pricing structure and log quality requirements, are not clearly defined.
- Regional variability in climatic conditions, markets and infrastructure make strategic planning difficult.
- There is a limited existing culture of management of private native forests for sustainable production of timber.
- Having native forest adjacent to cleared farmland is perceived as an increased fire risk.

3.5.3 Outcomes Sought

Widespread adoption of quality management practices by owners of private native forest, including sustainable harvesting in forest types deemed available for productive use. The key to achieving this objective is development and use of sound silvicultural, management and harvesting techniques that generate viable yields while maintaining environmental values at acceptable levels. Currently Shires and NRE are working together to improve compliance with Code standards for forest operations, including harvesting. It remains the responsibility of local Shires to administer these standards.

GFP (and other extension providers) should play a pivotal role in providing harvest planning and management advice services to both individual landowners and local Shires. Promotional information and demonstrations of quality, sustainable harvesting operations would improve the community's perception of these activities, while encouraging further participation from other private landowners.

The current Gippsland Forestcare program is beginning to address these issues, and should remain closely integrated with other Gippsland forest and vegetation management extension programs.

3.5.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 3-5: Private Native Forest Management Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to support resolution of private native vegetation policy. 	<ul style="list-style-type: none"> ▪ Provide clarification to landowners on potential for productive use of their private forest resources.
<ul style="list-style-type: none"> ▪ Collate information to define the existing available native forest resource and its relevant markets. 	<ul style="list-style-type: none"> ▪ An understanding of the native forest resource and identification of suitable harvesting areas for interested stakeholders. ▪ An understanding of existing and future markets for specific species and wood products from native forest species.
<ul style="list-style-type: none"> ▪ Develop a database of private resource owners who are interested in harvesting their resource. 	<ul style="list-style-type: none"> ▪ List of private growers, area of forest, composition
<ul style="list-style-type: none"> ▪ Production of extension information advising landholders of utilisation and management options for their properties. 	<ul style="list-style-type: none"> ▪ Educate landowners with native forest of the potential of their forested lands, a potential which is often not realised ▪ Provide information on the economic returns achievable from native forest harvesting at sustainable levels.
<ul style="list-style-type: none"> ▪ Hold a series of field days and demonstration of 'best practice' harvesting operations. 	<ul style="list-style-type: none"> ▪ Increase stakeholder awareness and understanding that sustainable native forest harvesting operations are achievable and economically viable. ▪ Improvement of community and environmentalist attitudes of the roles of native forest harvesting operations. ▪ Demonstrate how harvest yields can be improved through best management practices. ▪ Commence the process of "culture change"
<ul style="list-style-type: none"> ▪ Gippsland Forestcare to provide assistance in native forest harvest planning and related extension services to stake holders. 	<ul style="list-style-type: none"> ▪ More efficient and environmentally acceptable harvest operations. ▪ Increased yields from improved management practices.

Table 3-6: Private Native Forest Management Action List (continued)

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to lobby Local Government for a consistent and equitable approach to native forest management in the Gippsland region. 	<ul style="list-style-type: none"> ▪ Greater certainty for growers. ▪ Uniform and reasonable planning controls
<ul style="list-style-type: none"> ▪ Provide support to local Shires in the form of workshops and audit checklists on the monitoring of harvest operations. ▪ Advocate adequate resourcing of local Government to enable undertaking of statutory obligations for private forestry. ▪ Support Shires development and adoption of procedures that improve statutory planning compliance (Accredited Forester program, Timber Harvesting Plan Certification). 	<ul style="list-style-type: none"> ▪ Will give local Shires the independence from NRE to monitor harvest operations. ▪ An efficient system to ensure native forest harvesting is managed as prescribed by the Victorian Code of Forest Practice. ▪ Better systems to encourage industry compliance. Community and Local government confidence in application of statutory requirements.
<ul style="list-style-type: none"> ▪ Promote aggregated harvesting operations between smaller stakeholders to achieve a suitable critical mass and overcoming the problem of economies of scale. 	<ul style="list-style-type: none"> ▪ Will improve the economy of scale for property owners decreasing the cost of harvesting operations. ▪ Reduces fragmentation of harvesting operations to localised areas.
<ul style="list-style-type: none"> ▪ Act as a liaison for private growers and buyers in a similar arrangement to the APP timber sale agreement. 	<ul style="list-style-type: none"> ▪ Ongoing contact for private wood producers allowing GFP to provide a complete management package.
<ul style="list-style-type: none"> ▪ GFP to investigate certification for sustainably managed private forests 	<ul style="list-style-type: none"> ▪ Strengthened position in market

3.6 Plantations for Lower Rainfall Areas

3.6.1 Sub-strategy Objective

To encourage the establishment of tree farms in lower rainfall (less than 650 mm) areas in Gippsland, resulting in multiple environmental, social and economic benefits to landowners and the community.

3.6.2 Issues

Favourable:

- There are cost subsidies available for planting trees for environmental benefits.
- There are large areas of cleared, flat, lower rainfall land in the region on which tree planting is desirable for a range of reasons.
- Most of these areas are within economic haulage distances to domestic markets or processing facilities.
- Agricultural returns from traditional activities such as beef and sheep grazing are low.
- There is good existing infrastructure.
- Field trials have been established in the area and indicate that certain high quality species will grow, albeit more slowly, in these areas.
- Significant environmental benefits can be achieved from plantation establishment.
- There are significant salinity and erosion concerns in some parts of the region's lower rainfall areas that could be addressed by tree planting.
- The prospect of some future commercial return from tree farming is likely to induce greater participation in large-scale revegetation by farmers than otherwise.
- There is considerable interest in farm forestry from Gippsland farmers in lower rainfall areas.

Challenges:

- Poor growing conditions for recognised short rotation commercial species suggest that only longer rotation, high quality species would be silviculturally viable for the region.
- Long time frames before returns achieved.
- Wood production is unlikely to be economically viable in its own right, but could be "subsidised" for providing environmental benefits.
- There are limited species options for tree farms under these conditions.

3.6.3 Outcomes Sought

Wider adoption of commercial tree farming, including mixed species plantations, in Gippsland's lower rainfall areas that improves the environmental and visual characteristics of the area while having a positive impact on salinity problems. Long rotation, high quality tree crops will supply alternative species wood markets in the region, and provide an eventual financial return to growers.

3.6.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 3-7: Plantations for Lower Rainfall Areas Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ Obtain information on growth rates, management techniques, wood properties, and markets for potential species 	<ul style="list-style-type: none"> ▪ Vital information to guide investment
<ul style="list-style-type: none"> ▪ Actively seek involvement of Landcare and environmental groups to jointly approach issue. 	<ul style="list-style-type: none"> ▪ "Ownership" by broad range of stakeholders ▪ Optimise environmental outcomes
<ul style="list-style-type: none"> ▪ GFP to collate and disseminate information on government assistance for environmental activities. 	<ul style="list-style-type: none"> ▪ Financial assistance for the establishment of trees.
<ul style="list-style-type: none"> ▪ Develop a very limited range of species recommendations for lower rainfall (and sometimes saline) sites. Key factors include environmental benefits, wood products markets and potential economic returns. 	<ul style="list-style-type: none"> ▪ Provides information to interested parties on the best options for tree farming on low rainfall sites. ▪ Enhances community awareness that tree farming can be achieved in this environment.
<ul style="list-style-type: none"> ▪ Organise field days and information packages for interested parties. Establish some demonstration sites. 	<ul style="list-style-type: none"> ▪ Educates local interests on the possibilities for tree farming in low rainfall areas.
<ul style="list-style-type: none"> ▪ Lobby for adoption of cost sharing arrangements that enable public contribution to tree growing activities with substantial public benefit. 	<ul style="list-style-type: none"> ▪ Provides for sharing of costs in circumstances where tree growing economics are sub-optimal.
<ul style="list-style-type: none"> ▪ Develop economic models that account for the range of benefits, not simply wood value. 	<ul style="list-style-type: none"> ▪ Demonstrates the advantages of selecting commercial species with market values to best achieve environmental outcomes.

3.7 Public Environmental Benefits

3.7.1 Sub-strategy Objective

To achieve recognition and understanding by plantation and farm forestry growers, and the broader community, of the local and catchment wide environmental benefits arising from existing and new commercial tree growing in the region. To encourage appreciation of public environmental benefits as a commodity produced by commercial tree growers, and consideration of mechanisms to reward or subsidise growers for contributing to strategic public environmental objectives.

3.7.2 Issues

Favourable:

- Commercial tree growing often makes a positive contribution to local and catchment wide environmental issues, including greenhouse, soil erosion, salinity control, water quality, wildlife habitat, landscape, and waste water reuse.
- Many of these benefits apply off site and are thus contributions to broader public good.
- The nature and extent of the contribution to these environmental issues depends on many factors relating to the location and type of commercial tree growing activity.
- Design and management of plantations and farm forestry can enhance their contribution to environmental benefits.
- Gippsland Regional Catchment Management Strategies identify the scope of broad-scale commercial tree planting to positively contribute to important catchment issues.
- In some circumstances public financial support is available to landholders who grow or manage trees resulting in public environmental benefits, including Shire rate rebates, subsidies, taxation deductions or rebates.
- The concept of cost sharing for on-ground works to drive the significant land use changes necessary to improve sustainable natural resource management is achieving greater community and public policy acceptance. Cost sharing implies that the financing of desired land management activities is a shared responsibility among landholders, the community and governments.
- Given the scale of private land revegetation sought by Regional Catchment Strategies, there is a strong argument that commercial tree growing, as a productive land use involving revegetation, has much to offer landowners and the broader community alike.

Challenges:

- Commercial forestry (especially harvesting) is regarded in some quarters as being a negative contributor to environmental values.

- Some owners of private native forest regard it as a liability in light of restrictions placed on their land use options by native vegetation controls. These restrictions are regarded by some as a limitation on farm productivity for public environmental benefit, without any public contribution.
- Accommodating environmental outcomes beyond those required by minimum standards (eg Code) can add to the cost of, or reduce returns from, commercial tree growing operations.
- Commercial activities, including tree growing, have found it difficult to meet eligibility criteria for direct public incentive funding programs in the past.

3.7.3 Outcomes Sought

Greater community recognition of the positive contribution to strategic environmental values arising from commercial treegrowing, and adoption of mechanisms to enable reward to treegrowers for providing public good benefits where such benefits exceed the responsibilities of a grower as a land manager.

3.7.4 Action Plan

The following table summarises the actions required to achieve the desired outcomes.

Table 3-8: Public Environmental Benefits Action List

ACTIONS REQUIRED	OUTCOMES
<ul style="list-style-type: none"> ▪ GFP to prepare and distribute information on the local and catchment environmental benefits arising from commercial tree growing. 	<ul style="list-style-type: none"> ▪ Better understanding by landowners, treegrowers and the community.
<ul style="list-style-type: none"> ▪ GFP to assist identification of mechanisms to achieve recognition or reward to treegrowers for providing strategic public environmental benefits. 	<ul style="list-style-type: none"> ▪ Incentive and recognition to treegrowers for contribution to public good.
<ul style="list-style-type: none"> ▪ GFP to lobby public policy makers for adoption of appropriate cost sharing/reward mechanisms. 	<ul style="list-style-type: none"> ▪ Adoption of appropriate mechanisms.
<ul style="list-style-type: none"> ▪ GFP to continue liaison with CMA's and other public environmental agencies. 	<ul style="list-style-type: none"> ▪ Maximise opportunity for ongoing contribution by commercial treegrowing sector to environmental outcomes.
<ul style="list-style-type: none"> ▪ GFP to work with industry and regulators to achieve high environmental standards of commercial forest operations on private land. 	<ul style="list-style-type: none"> ▪ Minimise negative environmental impact of private land forest operations and improved community perceptions of industry environmental performance.