

Queensland timber plantation 2020 strategy

Growing the future of Queensland's timber plantations



On 26 March 2009, the Department of Primary Industries and Fisheries was amalgamated with other government departments to form the Department of Employment, Economic Development and Innovation.

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Minister's foreword

The growing, processing, management and selling of timber-based products is one of Queensland's oldest and most durable industries. Timber products and their production have been an integral part of the Queensland way of life since the beginning of European settlement.

Today, Queensland's forest and timber production value chain is estimated to contribute around \$4 billion to Queensland's economy, employs more than 18 000 Queenslanders and has a strong positive outlook for future growth.

The Queensland's timber plantation sector is a key component of the forest and timber production value chain. Since the sector's establishment in the 1920s, the Queensland Government has overseen and driven its development by establishing 210 000 hectares of commercial timber plantations in key nodes.

By the mid 1990s, timber plantations had become the dominant source of log timber for the forest and timber product industry, supplying around three-quarters of the total log timber processed in Queensland each year. This resource supports a competitive, integrated and adaptable timber processing sector that provides important income, employment and economic diversity to regional communities and the state as a whole.

As part of the *Renewing Queensland Plan*, the Queensland Government recently announced its intention to sell the right to manage the commercial timber plantations that are currently managed by Forestry Plantations Queensland (FPQ). Transferring responsibility for the management and operation of the state's timber plantations to private interests is the final important step in a reform process that has progressively introduced commercial discipline into the management of publicly owned plantation resources in Queensland.

The transfer of Queensland's publicly owned timber plantations to private sector management is a key milestone for the forest and timber industry. Importantly, it signals a fundamental change in the role of government from direct participation in the market for plantation timber products, to one of leadership and strategic direction.

This *Queensland timber plantation 2020 strategy* is the first of its kind for Queensland. It clearly articulates the Queensland Government's policy objective of encouraging new private investment in the timber plantation sector in a socially and environmentally responsible manner, while outlining key strategies and actions that the Queensland Government is committed to delivering to drive sustainable growth over the next decade.

This strategy complements other key Queensland Government initiatives including *Toward Q2, Tomorrow's Queensland*, helps to develop a diverse Queensland economy and contributes to my vision of accelerating the growth of Queensland's primary industries to \$34 billion by 2020.

Moving forward, the Queensland Government is committed to working with stakeholders and building collaborative partnerships to implement and refine this strategy, taking advantage of new commercial opportunities (including carbon sequestration) and ensuring the continued sustainable growth of Queensland's timber plantation estate.



The Honourable Tim Mulherin MP

Minister for Primary Industries and Fisheries and Rural and Regional Queensland

About Queensland's timber plantation estate

Timber plantations are purpose-planted tree crops for the production of timber, fibre, biomass and other commercial products. They usually contain a single tree species that has been specifically selected for its fast growth and wood quality, or for other characteristics valued by the market.

Timber plantation crop rotation length can vary from around 4 to 50 years depending on factors such as species, site productivity, market prices and end product uses. The shorter rotation crops are grown for biomass, energy and fibre production, whereas higher value 'solid wood' products (framing timber, furniture etc.) require a much longer rotation cycle.

The terms 'softwood' and 'hardwood' describe the grouping of particular tree species with similar wood qualities or properties. Wood properties of softwood and hardwood timber differ in terms of cell type, number and arrangement. This affects durability, density and hardness. Softwood timber is generally of a lower density and hardness compared to hardwood, although as there is considerable variation within and between the two groups the criteria can only be loosely applied.

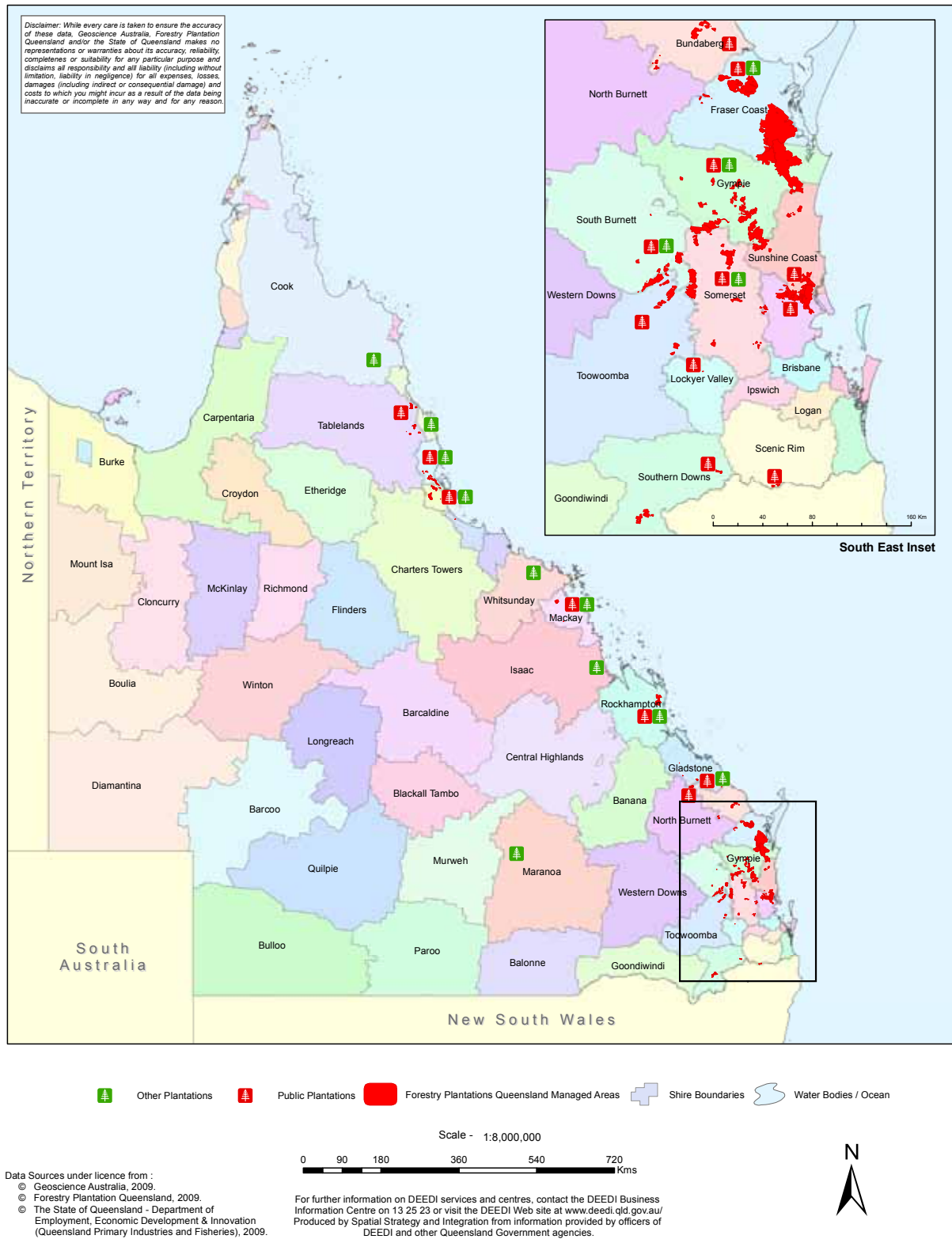
The overwhelming majority of Queensland's current timber plantation estate is in the coastal higher rainfall zones of south-east Queensland. As shown on the map, other plantation 'nodes' have been established in both central and north Queensland.

As a long-term agricultural crop, timber plantations require suitable rainfall, soil and topography. Other factors also impact on decisions about where to establish new timber plantations, such as access to appropriate transport and processing infrastructure, proximity to existing plantation resources to form 'critical mass', land parcel sizes and prices, local community views about plantations, and government legislative requirements.

Queensland currently has an estimated 250 000 hectares of timber plantations (planted area), or about 13 per cent of Australia's overall timber plantation estate. Over 75 per cent of Queensland's timber plantation estate comprises softwood species.



Figure 1. Timber plantation resources in Queensland



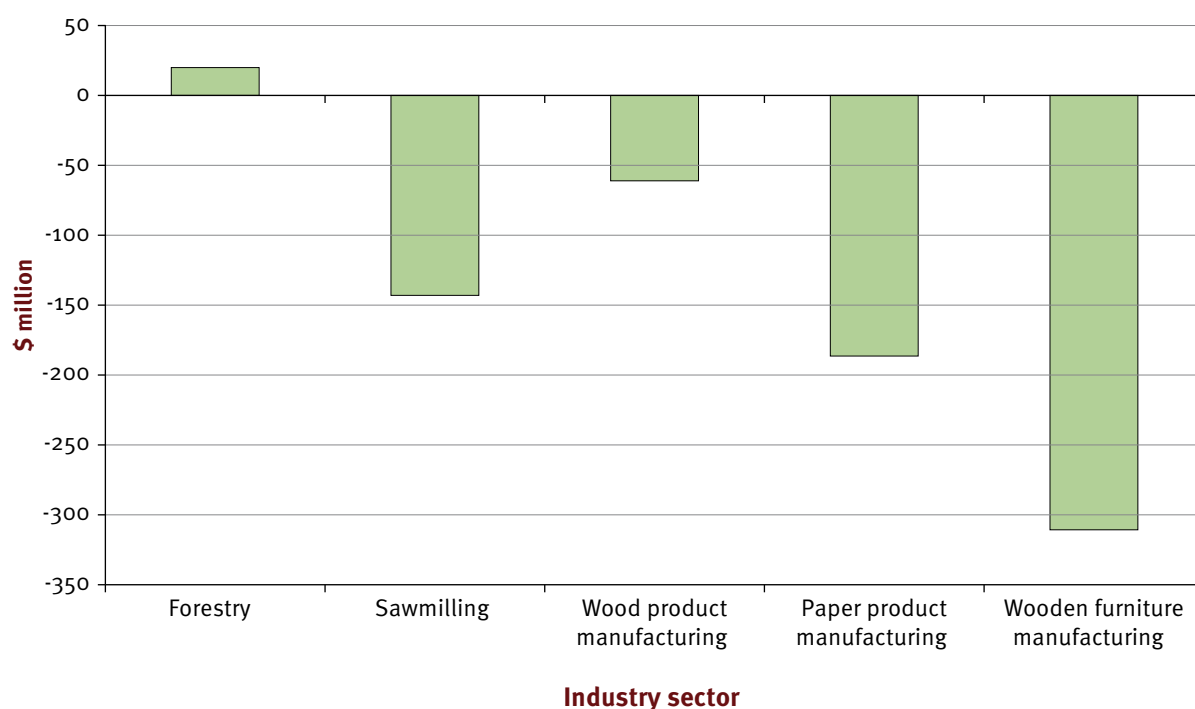
Market outlook

The medium-term market outlook for timber plantation products in Queensland is very positive. This is underpinned by continued strong population growth in Queensland and increasing demand for housing and other timber-based products, supply constraints from the mature softwood timber plantation and the native forest estate, new timber product development, and the expectation of an increasing market preference for sustainable and low-embodied energy building products relative to high-embodied energy products (such as steel and concrete).

Over the last 15 years there have been changing trends in the markets for timber products in Queensland—most notably, the substitution of hardwood with softwood for house framing, and the increased use of hardwood timbers for high-value products such as timber flooring and furniture. Overall demand for sawn hardwood, mainly for housing construction, has decreased while demand for sawn softwood, paper products and engineered wood products (wood panels and load bearing products) has continued to increase.

Queensland's softwood timber plantation estate currently supplies around 2 million cubic metres of log timber each year. Further expansion of Queensland's timber plantation estate will create substantial new opportunities for investment in world-class processing facilities to supply both domestic and export markets. This will help to reduce Queensland's current trade deficit in timber and timber-based products (see chart below), and create economic growth and new employment opportunities in regional areas.

Figure 2. Queensland's trade balance in timber and timber-based products.



Queensland has a strong competitive advantage in growing and processing timber plantation products that is underpinned by extensive suitable land, a suitable growing climate, sound technical plantation skills, strong research and development support, and a vibrant and a stable business environment. In particular:

- Queensland's timber plantations are globally competitive and demonstrate sound risk and financial return profiles
- strong, integrated and competitive downstream processing sectors have been established to provide a wide range of markets for timber plantation products
- suitably located ports, relatively low port charges and proximity to emerging timber product markets in India and Asia provide a range of export market opportunities for both log timber and processed or partially processed timber plantation products.

Suitable land and resources are readily available in Queensland for the establishment of new timber plantations. Research undertaken almost a decade ago indicates that there is about 4.7 million hectares of cleared freehold land suitable for timber plantation establishment within 200 km of the major population centres and/or ports of Brisbane, Gladstone, Mackay and Cairns.

However, despite Queensland's strong competitive advantages, the state currently has the second smallest timber plantation estate of all of the Australian states, exceeding only South Australia. About 60 000 hectares of new timber plantations have been established in Queensland since 2000, or less than 2 per cent of the estimated suitable land.

The sector is facing a number of key challenges such as inconsistencies in development assessment processes, the lack of community acceptance of timber plantations in some local government areas, and a range of technical issues—all of which will be addressed in this strategy.



Environmental and social benefits

Timber plantations deliver a range of environmental benefits, including removing carbon dioxide from the atmosphere and using energy from sunlight (converting it into carbohydrates for their own use including fibre construction). Oxygen is also liberated in the process. Timber plantations also have the potential to improve biodiversity when compared to some other land uses, offset demand for native forest timber products, and provide salinity, water interception and erosion benefits. Timber plantations on Crown land are also accessible to the public for a range of recreational and other activities.

In the process of growing 1 cubic metre of timber, about 230 kg of carbon dioxide is absorbed from the atmosphere and 160 kg of oxygen is released. One large tree is estimated to provide sufficient oxygen for up to four people per day, and 500 mature trees can absorb all of the carbon dioxide emitted by a typical car covering 20 000 km per year.

The Australian Government's proposed Carbon Pollution Reduction Scheme (CPRS) is expected to provide some new commercial opportunities for the use of timber plantations as carbon sinks. However, the extent of these opportunities is not yet known and is largely dependent on the final form of the CPRS.

Queensland forest policy framework

The Queensland Government has played an integral role in the development of the timber plantation sector since its inception, including:

- investing in the establishment of approximately 80 per cent of the state's current commercial timber plantation estate
- undertaking most of the research and development work that has underpinned the sector's development
- establishing the legislative and policy framework for the sale of state-owned plantation timber products to the timber processing sector of the industry.

Consistent with key national policies such as the *National Forest Policy Statement*, the Queensland Government has progressively reshaped forest policies over the last decade in response to changing community perceptions about the role of native forests, in particular their economic and environmental contributions to Queensland.

The *South East Queensland Forests Agreement* (SEQFA) is a historic agreement that was signed in September 1999 by the Queensland Government, the timber industry and conservationists. It provides a vision for the future management of state-owned forests in South East Queensland (SEQ) and for a secure and sustainable hardwood timber industry based upon a timber plantation resource and value-adding processing. Under the SEQFA:

- approximately 425 000 hectares of state-owned native forests are being designated as new conservation areas in which timber harvesting will no longer be permitted. By 2025 the area of conservation reserves in SEQ will be more than one million hectares
- the timber processing sector has been provided with 25-year sales permits that guarantee hardwood sawlog supply, providing unprecedented supply security for sawmills in SEQ and confidence to invest and create jobs in regional and rural towns
- the native hardwood timber processing sector will transition from one largely based on log supplies from state-owned native forests to one based on supplies from timber plantations and private native forests. The Queensland Government committed to the establishment of an initial 5000 hectares of new native hardwood timber plantations as part of the SEQFA.

As a result of the success of SEQFA, the Queensland Government proceeded with the Statewide Forest Process (SFP) in 2001 for those state-owned native forests outside SEQ. The broad aims of the SFP are to provide certainty to the timber processing and to protect high conservation value areas.

In 2004, the Queensland Government (in consultation with stakeholders) announced a plan for managing state-owned native forests and stabilising the timber processing sector in the western hardwoods region of Queensland, including:

- adding over one million hectares of western hardwood state-owned native forests to the conservation estate
- reducing state native forest sawlog allocations, transitioning the timber processing sector to timber plantations and private native forests, and completing harvesting in approved areas of state-owned native forests by 31 December 2025
- developing long-term (to 31 December 2025) timber supply agreements with sawmills that are continuing to access state-owned timber supplies
- committing to expand the native hardwood timber plantation estate to 20 000 hectares.

Over the last decade, the Queensland Government has worked with the Queensland timber plantation sector to build a positive environment for private investment in timber plantations by implementing a range of policy and industry development initiatives, enhancing industry efficiency and capability through a range of research and development projects, and by building industry capacity through plantation extension and industry development activities.



Supporting future growth

The *Queensland timber plantation 2020 strategy* outlines strategies and actions to be implemented with the aim of delivering on the Queensland Government's policy objective of securing new investment in the timber plantation sector for a range of economic, social and environmental outcomes.

In developing these strategies and actions, the Queensland Government acknowledges that the timber plantation sector moving forward will comprise a number of inter-related sectors with varying but legitimate objectives. These include:

- large industrial timber plantations, including the current FPQ-owned timber plantation estate, managed for a range of products such as solid wood products, fibre, biomass, carbon sequestration and other commercial outcomes to meet demand from both domestic and export markets
- smaller scale (farm forestry) timber plantations that are integrated into existing farming enterprises and managed for a range of commercial outcomes.

The guiding principles used in the development of these strategies and actions are consistent with national and Queensland forest policies and strategies, and include:

- recognition that the market and economic considerations will determine the eventual size, composition and location of Queensland's timber plantation estate moving forward
- recognition that the long-term nature of timber plantation investment requires stable and transparent government policy settings in order to minimise 'sovereign risk' (changes to government policy and regulation)
- recognition that the successful implementation of this strategy will require close and ongoing collaboration between industry and government
- the need for a competitive business environment
- commitment to identify and seek to address legislative and administrative impediments that adversely affect the timber plantation sector
- ensuring that actions by government to assist timber plantation sector development demonstrate net economic benefits to the wider community
- support for the sustainable management of commercial timber plantations
- regular review and refinement of the strategy to ensure that it is delivering its overall objective.



Strategies and actions

The Queensland Government is committed to working collaboratively with the industry and key stakeholders over the next decade to achieve a timber plantation sector that is internationally competitive, sustainably managed and demonstrates viable financial returns that attract new investment in both plantations and downstream processing activities. To achieve this outcome, the Queensland Government will focus its efforts on strategies and actions based around five core areas:

1. improved land-use planning framework for timber plantations
2. supportive legislative and policy frameworks
3. facilitate new investment in timber plantations
4. targeted industry development support
5. strengthen community support for timber plantations.

1. Improved land-use planning framework for timber plantations

The Queensland Government has established a policy position that timber plantations are a legitimate primary production activity and therefore should be treated commensurate with other cropping activities for general land-use planning purposes in Queensland.

Queensland's planning system provides considerable flexibility for local governments to address the land-use planning requirements of their particular areas. As a result, there are currently inconsistent assessment practices for new timber plantations adopted by local governments across Queensland, with the levels of assessment applied by some jurisdictions disproportionate to the process reasonably required to make an informed decision.

In particular, the use of impact assessment to new timber plantations by some local governments through Queensland's planning system represents a significantly higher regulatory burden with considerably more uncertainty about the outcome when compared to other cropping activities that are not subject to any formal planning approval processes.

The Queensland Government will:

- adopt an approach that recognises timber plantations as a legitimate form of agricultural crop for general land-use planning purposes in the new Queensland Planning Provisions (QPP) of the *Sustainable Planning Act 2009*
- develop a mandatory timber plantation assessment code under the QPP to improve consistency across local government areas and to ensure that the planning assessment process for timber plantations is commensurate with other agricultural cropping activities (by December 2010 in consultation with local governments)
- provide technical assistance to local governments and plantation companies as required to assist with the implementation and operation of the timber plantation assessment code of practice
- facilitate regular discussions between representatives from the Queensland Government, local governments, the Local Government Association of Queensland and industry to discuss and resolve timber plantation planning issues.

2. Supportive legislative and policy frameworks

The timber plantation sector requires a stable, transparent and supportive regulatory environment that encourages new investment, innovation, accountability and continued growth in Queensland's timber plantation estate to facilitate the establishment of downstream value-adding capacity.

'Sovereign risk' (that is changes to government policy and regulation) over its long cropping cycle, is a key risk factor for the timber plantation sector. This strategy will reduce 'sovereign risk' for the sector by providing a clear, whole-of-government commitment to legislative and policy frameworks that support the growth of the timber plantation sector.

The Queensland Government will:

- proceed with the proposed transfer of the right to manage and operate timber plantations currently managed by FPQ to the private sector as part of the *Renewing Queensland Plan*. This will inject significant new private investment in the Queensland timber plantation sector, improve the operation of the timber product market and eliminate the inherent 'distortions' arising from direct state government participation in the market for timber products.
- develop whole-of-government timber procurement and sustainability policies that recognise credible international third-party certification as meeting the highest possible environmental standards, thereby supporting Queensland-produced plantation timber products
- review and address Queensland Government legislation and administrative arrangements as appropriate to identify and seek to resolve impediments to timber plantation investment and growth. Reviews of the Queensland Tree Tenure System (contained in the *Forestry Act 1959*, the *Land Title Act 1994* and the *Land Act 1994*) and the *Timber Utilisation and Marketing Act 1987* are already underway. The Queensland Government will formally respond to the recommendations in these reviews in 2010
- work with other levels of government to develop supportive policy environments for timber plantation investment, particularly in relation to issues such as the National Water Initiative outcomes, carbon trading, illegal logging, renewable energy initiatives, biosecurity systems, harvested wood product and climate change accounting framework issues, and timber procurement policies
- work with the Australian Government to seek to remove the existing export controls on unprocessed timber products from Queensland.

3. Facilitate new investment in timber plantations

Timber plantations are long-term operations with crop cycles that can be up to 50 years. They are also non-liquid assets with relatively high establishment costs, high risks and long periods of time between investment for establishment and income generated from the sale of timber. These characteristics mean that attracting investment in new timber plantations has historically been problematic.

The Queensland Government will:

- identify the timber plantation sector as a priority industry so that major private investors can access the range of government project facilitation services
- ensure the delivery of the final phase of a 20 000 hectare native hardwood plantation estate by 2015 (to be delivered by the new plantation operator) to provide a secure and sustainable resource supply for the timber processing sector and encourage new private investment in both timber plantations and processing capacity in the region
- undertake a significant timber plantation suitability project to identify priority land areas that are suitable for development as timber plantations in Queensland. This project would be conducted in existing plantation 'nodes' using Geographic Information Systems technology to identify land that is suitable in terms of terrain, soil and rainfall for particular germplasm, and with access to required infrastructure. The outputs will be designed to inform investment decisions, both by investors in timber plantations and downstream processors, as well as government planning processes
- work collaboratively with industry participants to identify and facilitate commercial opportunities for timber plantations arising from carbon trading as a result of the Australian Government's proposed Carbon Pollution Reduction Scheme (CPRS) and from 'voluntary' trading systems, including reviewing Queensland legislation to ensure that Queensland businesses can effectively participate in the proposed CPRS and other 'voluntary' carbon trading systems
- work in partnership with the Australian Government, peak industry bodies and other stakeholders to identify potential new investment sources for new timber plantations
- prepare appropriate information products to promote Queensland's competitive advantages for investment in new timber plantations.



4. Targeted industry development support

The Queensland Government, in consultation with industry participants, will deliver a range of targeted industry development actions to the Queensland timber plantation sector to facilitate sector growth and to deliver net economic benefits to the wider community.

The Queensland Government will:

- identify a dedicated unit within the Department of Employment, Economic Development and Innovation (DEEDI) to coordinate the implementation of this strategy and provide an initial contact point for investors seeking to access information about the Queensland timber plantation sector
- continue to invest in targeted priority research and development projects to support the development of the timber plantation sector. Key investment areas will include the development and release of improved hardwood plant material suitable for Queensland's climate and growing conditions; development of effective timber plantation management strategies; tree physiology research to support commercial outcomes such as carbon sequestration; identification of effective control strategies for endemic pests and diseases; and the development of profitable and sustainable early return wood products and production processes, including sustainable systems to protect in-service forest products from deterioration
- collaborate with the timber plantation sector, training providers and Forestworks (the industry's training advisory body) to ensure that the industry has access to appropriate training and skills development opportunities in Queensland
- support the timber plantation sector to develop and maintain an effective biosecurity framework in Queensland in line with the objectives of the *Queensland Biosecurity Strategy*
- provide industry development support to the timber plantation sector through DEEDI's Plantation Industry Development project that provides two industry development officers, one within the peak Queensland forest and timber organisation, Timber Queensland
- work with the timber plantation sector, prospective investors and peak bodies to identify, clarify and support new market opportunities for timber plantation products, particularly in relation to the Australian Government's proposed CPRS, as well as voluntary carbon trading and bioenergy opportunities
- identify and plan for the sector's future infrastructure requirements within or adjacent to Queensland's timber plantation nodes
- work with the industry and key research and development providers to develop land capability and species decision support systems for timber plantations in Queensland
- encourage both large and small timber plantation growers and processors to utilise credible 'third party' forest certification and chain of custody schemes to support ongoing market access for Queensland timber plantation products and to enhance the overall sustainability of the sector
- work with industry organisations and networks to help build their capability to support industry growth
- promote small-scale timber plantings as part of integrated farming enterprises to assist in the building of critical resource mass in key plantation nodes.

5. Strengthen community support for timber plantations

In Queensland, commercial timber plantations on private land are a relatively new and different form of land use to traditional agricultural land uses such as horticulture, cropping, and grazing. The Queensland Government will work with timber plantation companies and other stakeholders to improve the profile of the timber plantation sector in key communities to deliver enhanced social acceptance for the sector.

The Queensland Government will:

- regularly communicate Queensland Government support for the sustainable development of the timber plantation sector
- initiate and support research projects to provide robust information about the timber plantation sector and its social, economic and natural resource benefits, and identify other activities to enhance the industry's profile in regional communities
- work with industry to build collaborative relationships with key stakeholders such as Local Government, the Local Government Association of Queensland other land users and industries to improve the profile of the timber plantation sector in key communities.



