Forestry development in Northern Australia: cross sector synergies with mining, grazing and indigenous enterprise opportunities

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Developing Northern Australia conference
Rockhampton, 25 November 2020
Forestry analysis: research overview

- strategic study into challenges and opportunities for forest and timber industry in Northern Australia

- literature review
- regional workshops with stakeholders: Cairns, Nhulunbuy, Darwin, Kununurra
- expert consultations (research partners, industry, practitioners)
- Stage 1 report ➔ Stage 2 report ➔ Final report (April 2020)
- inform future R&D, investment and policy
- ongoing Industry Development Alliance

Research partners:
- Timber Qld
- NT DPIR
- QDAF
- USC
• 48% or 63 Mha of forests in northern Australia
• 13 Mha of native forest with commercial potential (i.e. 20%)
• 100,000 ha of wood plantations
The Indigenous forest estate, by land ownership and management category for northern Australia

- 73% (46 Mha) forests indigenous owned or managed

Indigenous ownership and management category:
- Indigenous owned and managed
- Indigenous managed
- Indigenous co-managed
- Other special rights

Indigenous ownership and management categories are described in indicators 6.4a and 6.4c of Australia's State of the Forests Report 2018

Data source: National Forest Inventory 2018
Map compiled by ABARES 2019
Derived from Figure 6.25 in Australia’s State of the Forests Report 2018

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Forestry in the north

- approx. $100 m in output
- > 1800 direct & indirect jobs
- 100K ha plantations at or nearing harvest age
- native forest potential based on low yield but extensive resource

<table>
<thead>
<tr>
<th>Sector</th>
<th>Regions</th>
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</thead>
<tbody>
<tr>
<td>Hardwood fibre plantations (i.e. pulpwood or bioenergy)</td>
<td>Tiwi Islands</td>
</tr>
<tr>
<td>African mahogany (exotic hardwood) plantations for sawn product/EWPs</td>
<td>Ord River, Douglas Daly, Katherine</td>
</tr>
<tr>
<td>Pine sawlog plantations (e.g. framing)</td>
<td>Far North Queensland</td>
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<tr>
<td>Sandalwood plantations for pharmaceutical/fragrance markets</td>
<td>Ord River, Douglas Daly, Katherine</td>
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<tr>
<td>Native forest (eucalypt) for sawlogs (high durability, appearance grade)</td>
<td>Cape York, East Arnhem Land, Far North Queensland</td>
</tr>
</tbody>
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Pine plantation expansion: FNQ potential

Note: Potential softwood plantation estate refers to potentially economically viable agricultural land. Estimates of economic viability are based on average milldoor log prices from ABARES 2016-17 GVP survey, ABARES yield models, and an assumed transport distance of 75 kilometres from forest to mill.

Cross-sector linkages

- timber demand is rising
- could treble value of production to $300 m pa and generate an extra 600 direct jobs in next 5-10 years

1. Mine site rehabilitation with forestry
2. Indigenous forestry enterprise development (native forests)
3. Silvopastoral systems with commercial plantation tree species
Mine site rehabilitation

Opportunities

• add value to mining land-use through revegetation with productive forestry species (e.g. biomass, timber)
• economic diversification post-mining (East Arnhem, Cape York)

Needs

• R&D on revegetated and/or planted forests with commercial species
• collaboration between indigenous owners, mining industry and the forestry industry
• silvicultural skills and training in addition to environmental management
Indigenous forestry development

*Opportunities*
- 13 Mha native forest with commercial potential
- economic development, jobs, timber production

*Needs*
- better engagement models between industry and indigenous landowners
- commercial native forest inventory
- training and workforce development: forest management, harvest & haulage, processing, marketing

Secure tenure (TO lands) → Forest resource security → Downstream investment (processing)

Timber recycles carbon
Silvopastoralism

**Issue**
- new greenfield plantation investment has stalled over past two decades
- high-up front costs, long time period until harvest return (low IRRs)

**Opportunity**
- large area of suitable forest and grazing land
- integration can provide a new investment vehicle
- can improve early cash flow, diversify income and reduce costs (e.g. weed control), plus carbon sequestration (e.g. CN2030)

**Needs**
- applied field trials and bioeconomic assessments
- quantify trade-offs and net returns of mixed systems
<table>
<thead>
<tr>
<th>Electorate</th>
<th>Morayfield</th>
<th>Warrego</th>
<th>Gympie</th>
<th>Maryborough</th>
<th>Cook</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents surveyed</td>
<td>649</td>
<td>609</td>
<td>607</td>
<td>608</td>
<td>647</td>
<td></td>
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</tbody>
</table>

*Would you be more or less likely to vote for a political party or candidate with policies in support of Queensland’s local forest products and timber industry?*

- More likely: 48.0, 61.6, 62.2, 63.5, 56.2, 58.3
- Less likely: 19.8, 17.6, 16.7, 12.4, 21.6, 17.6
- Vote unchanged: 32.2, 20.8, 21.1, 24.1, 22.2, 24.1

*In your opinion, how important do you think forest industries such as wood production and timber processing are to regional Queensland?*

- Very important: 51.1, 63.3, 66.6, 71.5, 58.6
- Somewhat important: 32.9, 25.2, 23.9, 21.6, 24.1
- Somewhat unimportant: 6.7, 4.4, 6.1, 2.6, 12.2
- Very unimportant: 3.6, 2.4, 1.5, 1.6, 1.4
- Unsure: 5.8, 4.6, 1.9, 2.8, 3.8

- Somewhat important and very important: 84.0, 88.5, 90.5, 93.1, 82.7, 87.8

*Do you agree or disagree that the Queensland Government should be doing more to support and grow local timber industry jobs and decrease our reliance on imports?*

- Strongly agree: 72.3, 80.4, 76.1, 77.8, 74.8
- Agree: 16.5, 11.5, 14.7, 14.7, 14.2
- Disagree: 4.9, 3.2, 4.9, 4.0, 5.2
- Strongly disagree: 2.0, 2.2, 2.0, 1.6, 3.5
- Unsure: 4.2, 2.7, 2.2, 2.1, 2.3

- Agree and strongly agree: 88.8, 91.9, 90.8, 92.5, 89.0, 90.6
Summary

• forestry can contribute to a reimagined north
• can complement other major sectors in the north:
  1. mining activity
  2. indigenous development
  3. grazing industry
• investment capital is not limiting – but underlying investment environment is (derisking is required)
• short term (silvopastoral trials) and long-term (forestry capacity building) RD&E is needed