



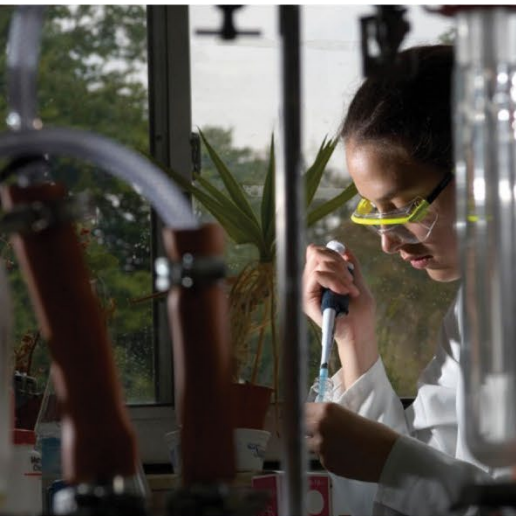
Australian  
Forest  
Products  
Association

## AUSTRALIAN FOREST PRODUCTS ASSOCIATION

### National Farm Forestry Strategy

### Submission

### January 2022



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Department of Agriculture, Water and the Environment  
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To whom it may concern

### **National Farm Forestry Strategy – Submission**

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide a submission on the development of a National Farm Forestry Strategy (the Strategy). AFPA supports the development of the Strategy to help build Australia's future wood resource through increased farm forestry.

AFPA is the peak national industry body representing the Australian forest, wood and paper products industry's interests to governments, the general public and other stakeholders on matters relating to the sustainable development and use of Australia's forests and associated manufacturing and marketing of wood and paper products in Australia.

The feedback from AFPA is provided to identify how to plant more trees on farms, to help build Australia's wood resource through increased farm forestry and to combat climate change.

#### ***What is farm forestry?***

Farm forestry is the incorporation of commercial tree growing into farming systems. For instance, it can include timber belts, alleys, block plantings, contour plantings and paddock tree plantings integrated with farming land and private native forestry.

Farm forestry allows farmers the opportunity to plant a long-term agricultural crop for timber production. It can improve agricultural productivity by providing ecosystem services, such as shelter for stock and crops, increase biodiversity, provide other environmental benefits such as decreased erosion, habitat restoration, increased water quality, salinity control and is an alternative source of income for farmers.

Farm forestry can provide farmers with the ability to reduce their carbon footprint, as has been recognised by the Australian Government, wood that is grown for harvest has a positive carbon benefit, as half the weight of timber is carbon, therefore harvested wood results in the long-term storage of carbon in wood products.

Farm forestry has not realised its full potential in Australia. It is estimated there are more than 150,000 hectares of small-scale planted forest in Australia that have been established by farmers across Australia, but there is potential for a much larger area.

AFPA believes that farm forestry could play a key role in helping the farming sector offset its emissions and Australia achieving its net zero by 2050 target<sup>1</sup>. The red meat sector in Australia has set an ambitious goal of achieving carbon neutrality by 2030. Incorporating production trees to help farmers reduce their carbon footprint while providing an additional revenue stream without reducing (and in fact enhancing on-farm productivity, as studies have shown), while helping fill the timber supply gap is a win-win-win for Australia.

In the past attempts to further expand farm forestry have stumbled due to:

- lack of access or inconsistent support from expert technical advisors

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<sup>1</sup> <https://www.industry.gov.au/data-and-publications/australias-long-term-emissions-reduction-plan>

- lack of connection between farmers trusted cohort of agricultural advisors and expertise and forestry expertise leading to a gap in trust in forestry expertise.
- difficulty in marketing timber as an individual grower especially due to lack of timber price transparency and high costs of processors dealing with individual and dispersed small parcels of farm forests
- inadequate infrastructure for forest establishment, harvest and haul of timber in some areas
- difficulty in scaling and aggregating to make harvest and haul operations economical
- while a farm forestry operation may produce only small volumes or have intermittent supply, generally customers require a large volume supplied consistently
- inability to cost-effectively participate in group certification schemes which increase access to markets
- mill closures, making transport to other processing centres unviable
- no market for timber and not enough timber to establish a market in a certain location
- poor profitability of niche or novel species, and export dependent species and a lack of advice to farmers about the risks of planting non-mainstream plantation species

### ***Australia's timber shortfall and the need to grow our timber plantation estate***

Australia is not producing enough housing timber to meet current and projected future demand. Global demand for timber and wood products is forecast to quadruple by 2050.

A recent study by Master Builders Australia and AFPA found Australia faces a housing timber shortage equivalent to 250,000 house frames over the next 15 years because our timber plantation area and productivity has not kept up with demand.

Australia is a net importer of timber for our housing – up to 25% of our frames are imported from as far away as Europe. But we can no longer depend on that imported timber to fill this gap.

The current building boom and COVID related trade disruptions have halved imports which usually make up the shortfall, exacerbating supply problems and exposing our national risk of not being self-sufficient in our timber needs.

However, our plantation estate has not kept up with demand, leading to a critical shortfall in timber. The National Forest Industries Plan has identified that another 400,000 hectares of new plantations are required over the next decade to meet Australia's demand for wood.

Farm forestry is a means of addressing the national timber shortfall, by complementing the larger scale commercial plantation estate in Australia.

There is good collaboration between forestry and the farming community, for instance the National Farmers Federation and AFPA have and are continuing to collaborate on policies which recognise that farm forestry can complement traditional farming enterprises, through longer-term investment returns.

## ***Farm forestry – what has the Australian Government done?***

### National Forest Industries Plan

The 2018 National Forest Industries Plan provides a vision supporting the forest industries' aspirational goal of planting a billion new plantation trees over the period to 2030 to meet growing demand for wood and wood products. The National Forest Industries Plan has a key focus on farm forestry and includes the following initiatives.

- Regional Forestry Hubs  
Some of the tangible outcomes of the Regional Forestry Hubs include providing a financial model to help landowners compare the impact of a tree-growing enterprise on their overall farm financial position and advising farmers on land access and land use policy for plantation forest investment.
- Farm forestry projects  
Through the 2018 National Forest Industries Plan the Department of Agriculture, Water and the Environment has committed \$3.5 million for farm forestry, private native forestry, and Indigenous forestry projects to be delivered through the states and territories. AFPA looks forward to DAWE providing details on how this funding has been allocated.
- Defining the resource  
The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) is mapping and modelling private and Indigenous farm forestry resources, to determine their extent and the role they could play in providing additional resource for wood processing.
- Information for farmers  
DAWE has engaged Forests and Wood Products Australia to develop online resources to encourage increased wood supply and diversify landholder income streams to support farm forestry and the use of existing forest resources on Indigenous owned and managed land, and privately owned land. AFPA looks forward to the outcome of this work.

### Farm forestry projects in the Emissions Reduction Fund (ERF)

There are two ERF methodologies available for crediting emissions reductions to landholders who plant production trees on their land. These are the Farm Forestry Method and the Plantation Forestry Method. AFPA continues to work with government to improve eligibility criteria to improve the take up of these methods. AFPA will also continue to pursue updates to the methodology to better reflect the total emission benefit of planting trees such as including the full soil carbon benefits of plantation forestry. Of note, the Farm Forestry Method does not include the carbon stored in the wood products derived from the trees as part of the methodology, whereas the plantation methodology does. This is inconsistent and also a major barrier to farm forestry projects, and should be amended to align with the plantation methodology.

Furthermore, while the Government has removed a regulatory barrier in the Plantation Forestry methodology in six of the 11 Regional Forestry Hubs that excludes projects in areas with an average annual rainfall above 600mm, the Farm Forestry methodology contains a similar clause that limits farm forestry projects in the ERF to 100ha in areas of more than 400mm of average annual rainfall, and to 300ha for projects in area 100ha in areas below 400mm rainfall (noting that all the key forestry regions are in rainfall areas above 400mm). AFPA calls on the full removal of these regulatory barriers in both methodologies in all Regional Forestry Hubs.

### Timber trees + carbon

AFPA congratulates the Federal Government on recognising the potential for farmers to participate in the ERF by planting trees on their farms without diminishing on-farm productivity. The Government's \$66 million Agriculture Biodiversity Stewardship Program, which includes the Carbon + Biodiversity Program, aims to deliver a market-based mechanism that rewards farmers for increasing biodiversity while also sequestering carbon and receiving payments under the ERF. However, this program is limited to ERF projects under the ERF's environmental plantings methodology.

AFPA believes this is a missed opportunity. While environmental plantings and biodiversity and soil carbon are an important focus, there is sufficient available land and a national demand for increased timber supply to warrant the inclusion or extension of the program to include farm forestry projects for timber trees.

The Federal Government's report modelling its net zero by 2050 target, Australia's Long-Term Emissions Reduction Plan: Modelling and Analysis<sup>2</sup>, noted that "CSIRO advice on abatement potential estimates up to 10% of agricultural land could be replanted with no negative impacts on agricultural output." Australia has around 380 million hectares of agricultural land, so 10 per cent represents close to 40 million hectares of land. Similarly, Agriculture Minister David Littleproud has said recently that "There's over 90 million hectares of productive country that can go into soil carbon." In this context, the forest industries analysis that we need another 400,000 hectares of plantations in this country to help close that supply-demand gap represents an almost unnoticeable change in land use.

As well as delivering future timber supply and carbon abatement, plantation trees also provide many of the same benefits that environmental plantings deliver, such as mitigating against salinity and erosion, and providing habitat for native species.

AFPA recommends the Federal Government expand the Biodiversity Stewardship program to include farm forestry projects.

### ***Overseas experience***

In Scandinavia, southern United States and New Zealand, there is a long history of industrial wood supply from a large number of small private landowners and farmers as well as the development of marketing cooperatives.

In Sweden 50% of forest land<sup>3</sup> is owned by individuals and families. A number of successful marketing cooperatives have been developed, including Norra Skogsägarna – which has 17,000 members<sup>4</sup> and collectively produces and sells around 2 million cubic metres of wood each year.<sup>5</sup> In the United States, around 50% of the total forest area<sup>6</sup> is owned by small family landowners who actively participate in forestry production in regional and global markets.<sup>7</sup>

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<sup>2</sup> <https://www.industry.gov.au/sites/default/files/November%202021/document/australias-long-term-emissions-reduction-plan-modelling.pdf>

<sup>3</sup> [http://www.ksla.se/wp-content/uploads/2015/08/Forests-and-Forestry-in-Sweden\\_2015.pdf](http://www.ksla.se/wp-content/uploads/2015/08/Forests-and-Forestry-in-Sweden_2015.pdf)

<sup>4</sup> <http://www.norra.se/medlem/medlemskap/Pages/default.aspx> (about Northern Forest Growers)

<sup>5</sup> <http://www.norra.se/medlem/medlemskap/Pages/default.aspx> (about Northern Forest Growers)

<sup>6</sup> <https://www.pefc.org/forest-issues/who-owns-the-forest>

<sup>7</sup> <https://www.fia.fs.fed.us/program-features/rpa/index.php>

In New Zealand, more than 578,000 hectares or 34% of the plantation forest,<sup>8</sup> is owned by private individuals with parcels of no more than 10,000 hectares. The New Zealand Farm Forestry Association (NZFFA) acts as a national network of farm foresters who share information for mutual commercial benefit. Farm forestry is working in New Zealand and opportunities for Australia should be investigated.

Farm forestry is working in other developed nations and key success factors from these nations should be adopted for greater success in Australia.

### ***Promote the carbon benefits of farm forestry***

New independent modelling by Principal Economics<sup>9</sup> shows that 400,000 hectares of new timber plantations would sequester between 150 to 210Mt CO<sub>2</sub>-e by 2050 and ultimately up to 388Mt CO<sub>2</sub>-e after three cycles of harvesting and replanting.

The report makes clear that additional sequestration from new timber plantations could provide significant contributions to Australia meeting its national emission targets under the Paris Agreement commitments. The report reaffirms that forestry is one of the simplest and most cost-effective land-based sequestration options to implement. The additional 400,000 hectare plantation resource in Australia would assist Australia to meet its future wood fibre demand, increase carbon stores in the built environment and contribute to the circular economy due to the sustainable, renewable and recyclable potential of timber and fibre products.<sup>10</sup>

The report cautioned that the new timber plantation trees are unlikely to occur without significant new policy decisions, highlighting that current methodologies do not completely acknowledge all the sequestration which would occur in new plantation development.

As Australia and the world ramp up efforts to drastically reduce emissions, planting more trees will be critical in Australia's transition to a greener, low-emission economy. Just as important growing our own timber for housing should be seen as a sovereign capability issue alongside fuel and food.

The report by Principal Economics should strengthen the resolve of decision makers across all levels of government to ensure policies act to increase new timber plantation trees.

### ***Integration of farm forestry with conventional agricultural practices – case studies***

Recent and ongoing research by Daniel Mendham from CSIRO Land and Water into the benefits of planting trees on farms, through the publication *Lifting farmgate profitability through high value modular agroforestry*<sup>11</sup>, highlights exciting opportunities for Australian farmers to integrate farm or agroforestry to their enterprises. The sites studied showed major benefits including improved cashflow using tree rotations, increased shelter for stock, biodiversity improvements and land restoration benefits. At one location tree planting helped increase pasture productivity by 30 per cent.

There has also been research conducted within south-east Queensland and northern NSW on improving the productivity of private native forests, which have been identified as having significant potential to provide additional hardwood supply as part of whole farm planning. The research identified that better

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<sup>8</sup><http://www2.stats.govt.nz/domino/external/web/nzstories.nsf/0/b229fe40e690bacacc256b1f00014ebd?OpenDocument>

<sup>9</sup><https://ausfpa.com.au/wp-content/uploads/2021/12/Potential-for-carbon-sequestration-in-Australian-plantations-forests-to-contribute-to-Australias-net-zero-by-2050-target.pdf>

<sup>10</sup>[https://docs.wbcsd.org/2019/07/WBCSD\\_Forest\\_Sector\\_SDG\\_Roadmap.pdf](https://docs.wbcsd.org/2019/07/WBCSD_Forest_Sector_SDG_Roadmap.pdf)

<sup>11</sup>[https://www.fwpa.com.au/images/resources/-2020/Modular\\_Agroforestry\\_-\\_Final\\_Report\\_RRD401-1516.pdf](https://www.fwpa.com.au/images/resources/-2020/Modular_Agroforestry_-_Final_Report_RRD401-1516.pdf)

awareness of applied silviculture to increase long-term wood supply and incentives and extension activities to encourage improved management by private landowners would assist in realising these opportunities.<sup>12</sup>

Furthermore, there is growing research interest in the integration of farming practices such as cattle grazing with trees on farms, with applied trials of silvopastoral systems in far-north Queensland to measure the net financial benefits from integrated carbon, timber and livestock production.<sup>13</sup>

#### **Case study - Jigsaw Farms, Hamilton, Victoria**

Jigsaw Farms, the 3,378 hectare family property of Mark Wootton and Eve Kantor in Western Victoria, integrates plantation forestry, carbon and indigenous plantings with high-productivity grazing on a large scale. In doing so, Jigsaw Farms is able to promote itself as a “carbon neutral” operation. The mixed grazing operation consists of a fine wool sheep flock, a prime lamb operation and an Angus/Poll Hereford breeding program. The underlying focus of Jigsaw Farms is to integrate a profitable, highly productive stock and agroforestry operation while adhering to environmental guidelines, based on the understanding that looking after and developing the non-pasture areas of the farm assists productivity.<sup>14</sup>

#### **Provide business models to engage farmers and use trusted advisors**

##### Business models for farmers

In 2019, a research project led by Professor Rod Keenan from the University of Melbourne on farm forestry called ‘Next Generation Plantation Investment’ was completed. The project looked at the current needs and past experiences of landowners, industry and the investment community. The information gathered helped inform development of new models for planted forest investment and drive long-term change to position the sector to access new capital and engage in partnerships with farmers.

Three types of business models have been created which are recommended: land lease, joint venture and out grower models. All three of these models have been used successfully in Australia. The three models offer alternative models which enable the industry to engage landowners with different scales of suitable land, different interests in growing trees, varying needs for immediate income, and risk appetites.

##### The key role of trusted advisors

In December 2021 and in collaboration with the Green Triangle Forest Industries Hub, Mr Braden Jenkin presented at the *Trees into Farming* launch at Mount Gambier. Mr Jenkin has been undertaking research into the next generation of forest plantation investment in Australia. This work has identified and added two new phases to the previously documented four stages of development of the Australian plantation estate and more importantly to conclude that information is not what planted trees do, but what people do. This work promotes the use of trusted advisors already engaged with farmers (e.g. agricultural and financial advisors) to spread the message of commercial trees into and as part of agriculture.

A trusted adviser is generally not a forester, but rather someone who can start a conversation to see how trees fit within a farming enterprise, and subsequently seek information (with full disclosure) on evidence-based silviculture and current markets for the resulting wood. A robust and successful formula seeks to align interests; the party who needs the resources, the party who has land and a party with funds to invest. Mechanisms are required to balance the relationships and interests: historically well-structured and defined joint ventures have achieved a power balance.

<sup>12</sup> [https://www.fwpa.com.au/images/resources/-2020/Final\\_Report\\_PNF\\_PNC379-1516.pdf](https://www.fwpa.com.au/images/resources/-2020/Final_Report_PNF_PNC379-1516.pdf)

<sup>13</sup> <https://crcna.com.au/news/new-project-unlock-softwood-income-stream-beef-graziers>

<sup>14</sup> <https://www.jigsawfarms.com.au/about-us-2>

Considerable investment needs to be made in the identification of trusted advisors and their education regarding the benefits of the integration of commercial trees within rural business enterprises. This would include providing information to farmers on pricing transparency, therefore providing farmers with information on the costs and returns from planting trees on farms.

### ***Australian Government coordination, implementation plan and monitoring & evaluation program***

#### Coordination

There needs to be greater coordination by the Australian Government on strategies to address Farm Forestry, for example the coordination of the Regional Forestry Hubs, so there is alignment and information sharing between the hubs on strategies to increase trees on farms. Currently there is a lack of coordination between the Regional Forestry Hubs, as a recommendation coordination and information sharing could be a part of the workplans for the Regional Forestry Hubs.

#### Implementation plan

An implementation plan, including milestones, clearly articulating what is a measurement of success regarding trees on farms, for instance how many hectares planted by when and where, these milestones should be reported against through an implementation plan, similar to the implementation plan for the 2018 National Forest Industries Plan.

#### Monitoring and evaluation program

There is a need for an effective and long-term monitoring and evaluation program to ensure that the trees that are planted are appropriately maintained and managed so that they are able to produce the wood products that they were initially planted for.

### ***Summary of policy measures needed to help build Australia's future wood resource through increased farm forestry***

- Removal of barriers preventing new plantation projects from accessing carbon credits under the Australian Government's Emissions Reduction Fund in all 11 Regional Forestry Hubs.
- Policy initiatives to encourage farm forestry, which would support farmers to include timber trees on their farms, such as production trees version of the Government's Biodiversity + Carbon program to support biodiversity, and the development of resources to inform farmers about the opportunities of farm forestry.
- A COAG-level strategy supported by state plans to grow our timber plantation estate, including joint commitments to establish new tree plantings in key strategic timber processing regions and achieve the One Billion Trees goal.

Thank you for providing AFPA with the opportunity to provide a submission on the National Farm Forestry Strategy, if you have any queries regarding this submission please contact Richard Hyett, Senior Policy Manager on 0487 250 005 or via email [richard.hyett@ausfpa.com.au](mailto:richard.hyett@ausfpa.com.au)





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AFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp and paper.