



THE UNIVERSITY OF
MELBOURNE

Planted forest investment: the future

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There's never been a better time to be a forest grower..

BUT Australia producing more wood than ever but not the species, regimes or locations processors need

FORESTRY

Estimated volume and value of log harvest

↑8% to 29.5 million m³ in 2015-16

↑12% to \$2.3 billion in 2015-16

The volume and value of logs harvested in Australia are estimated to have reached record levels, coinciding with strong domestic and international demand conditions.



Dwelling commencements

↑5% to 229 600 in 2015-16

Dwelling commencements were the highest on record, increasing for the fourth year in a row.



Value of exports

↑11% to \$3.1 billion in 2015-16

The value of exports reached an all-time high on the back of strong demand for woodchips and roundwood exports.



Value of imports

↑7% to \$5.5 billion in 2015-16

The value of imports increased strongly, driven by increases in imports from China and Indonesia.



ABARES 2017



Competing visions for planted forests

Timber and wood products focus



**Landowner
driven**

**Corporate
driven**



Environmental services and co-benefits focus



Timber and wood products focus

Landowner driven

Landowner designed assets
Dispersed and diverse scale and plantings
Landowner investment plus some government and philanthropy
Benefits not traded, realised by the landowner

Large scale plantations
High value assets (plantations/mills)
Economies of scale/Low unit costs
Commodity products
Consolidation of ownership
Market oligopolies (few/one buyers and sellers)

Corporate driven

Large-scale offset plantings
Large-scale aggregators
Low unit costs
Corporate offset investors
Large government funds
Market-based approaches
Market oligopolies (few/one buyers and sellers)

Environmental services and co-benefits focus



Timber and wood products focus



Landowner driven

Small-scale distributed plantings
Sunk land costs
Higher value niche products
High unit costs
Cooperative ownership of processing assets
Relationship-based markets with brokers and aggregators

Corporate driven

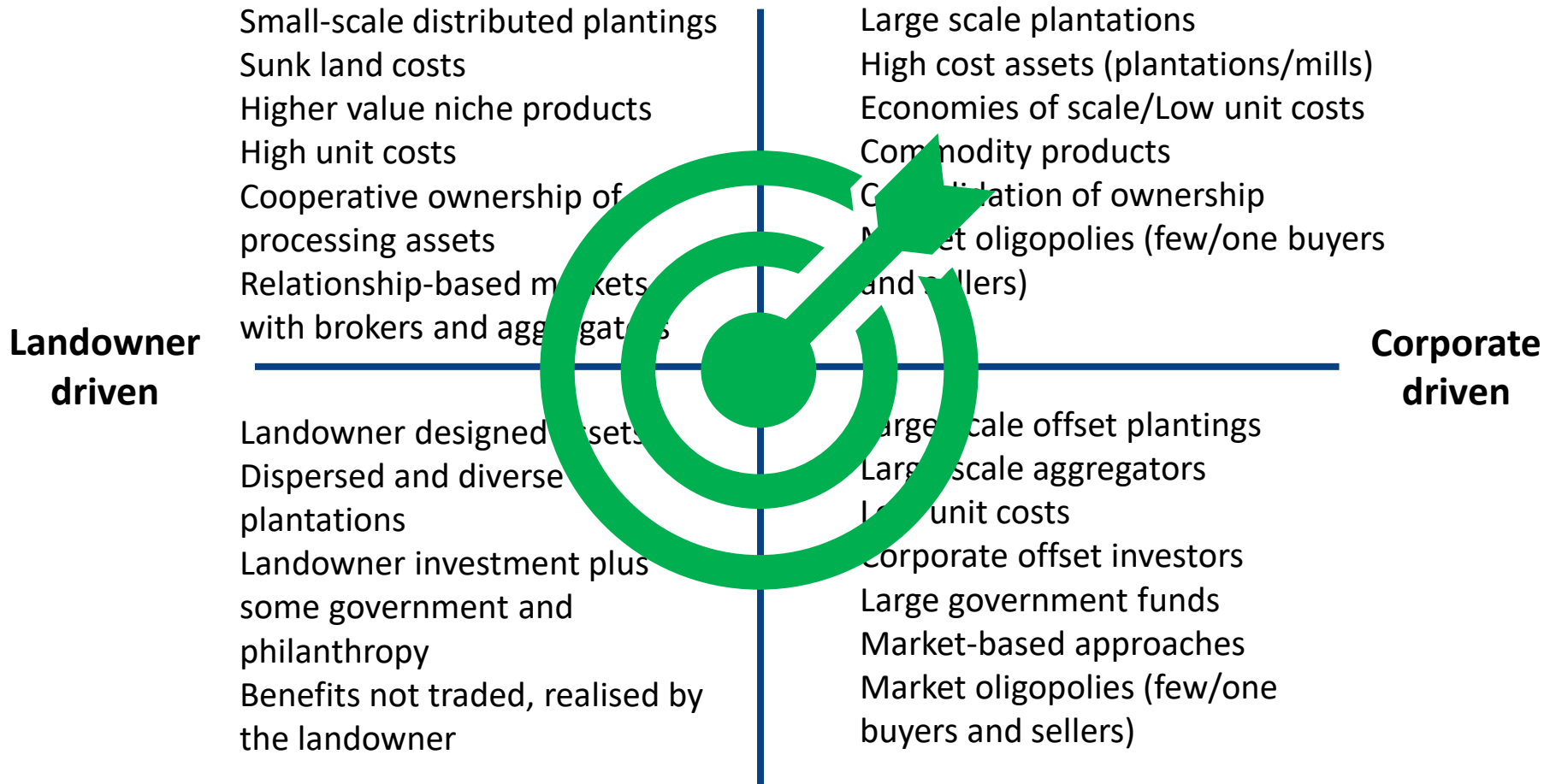
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The way forward?

Farmers

- Land
- Labour
- Local knowledge

Financiers

- Capital
- Business model
- Risk management



Foresters & industry

- Markets
- Technical expertise

Build trust
Long-term relationships

Government

- Enabling policy and regulations
- R, D and E
- Investment in public benefits