

NOTICE OF FIELD DAY

The next Field Day meeting of the FFORNE Hardwood Co-operative will be held at **11.30 am Saturday June 21st at Jack Frewin's property 13 km north of Violet Town.**

We will have a chance to view a magnificent property completely converted from a sheep property to a tree property. Being fairly low rainfall, a number of interesting species will be seen, including spotted gum, ironbark and blue gum hybrids, as well as olives. Plantings are up to 20 years old.

A number of FFORNE growers are looking at selling some of their thinnings. Clinton Tepper from Woollybutt is going to run through how to assess the quantity and quality of timber in your plantation so you will have an idea of what to tell potential buyers. He will also explain how to measure growth rates to help assist in management decisions.

On the day we will have the opportunity to view a demonstration of tree harvesting of thinnings using a machine designed recently for that purpose. This fits onto a front end loader of a farm tractor. The FFORNE co-op contributed to the development of this machine so members now have a chance to see it in action as it is available for members to use.

Further details of the field day are later in this newsletter.

THE FFORNE WEBSITE

Have you visited the FFORNE website yet- it is there for your information.

www.fforne.com.au

Any information you would like added or suggestions, Georgie Connan would love to hear about. Email her on georgie@fforne.com.au

BUSINESS PLAN NEWS

FFORNE Co operative appoints General Manager.

The FFORNE board appointed Graeme Stoney as General Manager of the FFORNE cooperative late last year.

Graeme has Georgie Connan working with him

and they are based at a small office in Mansfield

The Board wish FFORNE to grow and one of Graeme's tasks is to encourage more landowners to join FFORNE and consider planting native trees for sawlogs. The Board say that for only a modest annual fee to become a member, much work is being undertaken on member's behalf. Graeme is also investigating ways to attract financial involvement from both Government and investors.

Graeme has been very busy raising the profile of FFORNE and the farm forestry sector generally within Government circles and is working closely with many groups who have similar objectives. He has identified that issues connected to the farm forestry sector may be slipping from the Government's and the forest industry's radar and he is working to lift the profile of the sector.

FFORNE has recently completed a detailed submission to the Timber Industry Strategy which can be read on the FFORNE website; <http://www.fforne.com.au>

One major concern that FFORNE has raised with the Minister for Agriculture and to the Timber Industry Strategy is the apparent closing down of the DPI Farm Forestry unit at the end of June 2008.

Graeme has expressed concern that this may occur at a critical time for private forestry as the role of forestry in carbon sequestration is bedded down and opportunities present themselves to plantation owners. Graeme would be glad to discuss any queries or expressions of interests from landowners regarding Farm Forestry or how to join FFORNE. You may contact Graeme by either phone or e-mail.

Graeme Stoney
General Manager
FFORNE

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Georgie Connan and Graeme Stoney

FFORNE Hardwood Co-operative Ltd

FIELD DAY

Assessing the wood in your trees & Inspecting lower rainfall blue gum hybrids

11.30am – 3.30 pm

Saturday 21st June 2008

**Coomalong, the property of Jack Frewin,
Sloans Rd, Violet Town.**

Sloans Rd is 13 km north of Violet town on the Dookie Rd. Turn Right and Coomalong is the first property on the left.

\$15.00 per person BYO Chair, Lunch supplied

Program of the day

- 11.30 am Meet at Coomalong. -Introduction to the property by Jack Frewin.
This 500 ha property in the medium to low rainfall zone, has been completely planted out with 400 ha of native trees and 100 ha of olives, including ironbarks, spotted gums, red gums and grey box. A number of trial sites exist on the property including a Heartland Species trial, a CSIRO provenance (family) trial of spotted gums and ironbarks and plantation water use trails.
- 12.00 am Inspect the Heartlands project species trial, which includes some Blue Gum X Red Gum hybrids. **Philippa Noble** will outline the project and discuss the trees.
Walk through the trees to view the different species and their performance through the drought.
- 12.45 pm Lunch
- 1.15 pm Demonstration of the Farm Tree Gripper Snipper
This is a plantation thinning attachment fitted to the front end loader of a tractor to enable tree growers to cut down and place their thinnings or small trees, without the need for backbreaking chainsaw use. The FFORNE Hardwood co-op supported the development of the prototype machine which was designed by Richard Noble, an engineering student at RMIT in 2006. This machine is now available for FFORNE members to lease. It processes trees up to 20 cm in diameter.
- 1.30 pm **Clinton Tepper from Woollybutt** will explain and demonstrate
- how to assess the volumes of timber present in a standing plantation and
 - how to monitor the growth of plantations and
 - how to set up permanent sampling plots, to ensure appropriate management such as thinning or fertilising.
- 3.30 pm Finish

Please RSVP by Thursday 19th June 2008 to:

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GROWER SURVEY OF HARVESTING INTENTIONS BY PNE

Plantations North East (PNE) has invited FFORNE to partake in a survey organised by Charles Sturt University on the future of resource in NE Victoria. PNE wants to understand the harvesting and replanting intentions of the range of private non-industrial forest growers in the region. This information will provide the private and public investors with important information, particularly in terms of estimating the timing, volume and product classes of timber likely to be harvested and what further investment in forestry, growers might make in the future. Charles Sturt University will conduct a mailed survey of 350 private growers in NE Victoria. FFORNE has submitted some questions to the survey, in turn PNE has asked for a contribution for the cost of the survey. The Board agreed to allocate PNE the annual \$5000 funds PNE makes available for FFORNE.

PLANTATION FIRE INSURANCE **Experiences of Mike and Marilla Byrne of Stanley.**

In August 2001 we planted 8.1 hectares of Shining Gums (*E. nitens*) in a 9.8 ha paddock that had previously been an apple orchard with some 1,500 trees. The apples had become uneconomic for the farmer from whom we bought the block in 1999. There are two sets of power lines crossing the block, so that the area available for planting was reduced somewhat, after also allowing for a 15-metre firebreak around it.

Our plantation was established under the Victorian Government's "Plantations for Greenhouse" scheme, which involved our signing a contract with the (then) DNRE (the DPI is now our contractual partner).

The agreement shared the establishment costs 50/50 with the DNRE, which was responsible for preparing the paddock with ripping and mounding and then planting 6,400 seedlings. Our contribution was \$750/ha. The DPI owns 100% of the carbon sequestration rights, while Marilla and I own the land and the trees, but we are not permitted to cut them down for 20 years i.e. in 2021.

The DNRE managed the plantation for the first two years, after which we became responsible, under a management plan drawn up by our consultant, Ray Borschmann, of Plantation Development Services Pty. Ltd., Bright.

Since that time we have arranged two lots of thinning and pruning, resulting in our plantation now comprising about 1,600 trees, which are now around 20 metres tall, as Stanley has fairly high rainfall (though 2006 was a bad year for rain).

In December 2006, fearing bushfires, we

asked Phil Ash, our contact at Elders Insurance Limited, Wangaratta, if he could arrange fire insurance cover for our plantation, since his company already handles our Farm and Home insurance.

After some delay we found ourselves dealing with a different member of the Elders Insurance Broker network in the person of Brody Jarman, who operates out of Elders Yarrowonga. Finally, in June 2007 we completed an application form for him to submit to Allianz Australia Insurance Group, via Primacy Underwriting Agency Pty. Ltd., Sydney.

The cover offered was Fire and Hail as standard perils and we opted to also insure against 'Windstorm', but not Replanting Costs. It was necessary to provide an estimate of the present value of the plantation based on our intention to eventually sell the timber as sawlogs. This figure, after discussion with Ray, was set at \$3,800 per hectare, so that the plantation is now insured for \$30,780 until 12 July 2008. The premium charged was \$423.50 gross i.e. inclusive of brokerage, GST, stamp duty etc.

All in all, while it was a bit of a saga over several months, we found Brody Jarman very helpful (though we had to persist a bit to actually receive a copy of the policy itself, as distinct from a summary). We trust that we don't have need to claim under it, though!

Hope the foregoing is useful for others, who should simply talk directly to Brody Jarman on 03 5743 3238.

By Mike Byrne

MARKETING PLANTATION TIMBER **SMARTtimbers experiences can teach FFORNE** **some valuable lessons**

SMARTtimbers has recently put together a booklet summarizing the approaches of the cooperative in harvesting processing and marketing. It is called "**Realising the Potential of Farm Forestry – Making Money out of Farm Trees**"

SMARTtimbers is ahead of FFORNE in their experiences at the pointy end of sawlog production- harvest and marketing, so there is much we can learn from them. I will attempt to summarize some of the issues they raise in this booklet, but really recommend you have a read of it. It is soon to be made available on their website www.smarttimbers.com.au

Smarttimbers started with a resource of dispersed, unmanaged shelterbelts and woodlots of sugar gum around 100 years old. It was generally **worth around \$10/m³** on the stump as firewood and SMARTtimbers has developed the markets for this resource to **now be worth around \$400/m³ stumpage**.

It is amazing how much work has gone into this marketing as every step of the way they have been breaking new ground. They had the task of simultaneously developing products, markets and processes, with value adding activities involving lengthy periods between expenditure and receipt of income.

Firstly growers realized they had to unite and form a grower trading group where growers

- ❖ had a common interest,
- ❖ had a product that could be differentiated in the market
- ❖ could guarantee a consistency of supply
- ❖ had adequate funding to employ someone to organize the chain of supply, develop marketing and products and
- ❖ could fund initial costs prior to any returns coming in, and
- ❖ had adequate harvesting contractors and processing facilities in the region.

They looked at various legal structures and decided on a cooperative structure over a company.

The major limiting aspect SMARTimbers has found with the cooperative is the inability to raise capital from external investors and generally cooperatives do not qualify for most government funding.

To raise working capital SMARTimbers obtains some funding from membership subscription of \$1.00 shares, but the majority of processing capital has been raised by a syndicate of group members.

Supply Chain

SMARTimbers is not in the business of selling logs- it is in the business of marketing a small range of high quality products into niche markets. They quickly realized that the costs for harvest, transport and milling low-quality logs was exactly the same as for high-quality logs but the sawn recovery of boards from low-quality logs is less than half that of a good log. A high quality log of one cubic meter gave a recovery of 0.45 cubic meters of sound board, but the lesser quality log with more taper, some heart rot and knots requiring docking, only yielded 0.2 cubic meters of boards thus costing twice as much per linear meter to produce from the lower quality log. A **“Good Log”** for SMARTimbers is over 40 cm in diameter at the small end under bark, straight, cylindrical, sound with not branch stubs, minimal taper and 2.7 – 5 m long.

Harvest Issues

SMARTimbers arranges stand assessments with marking every tree leaving some habitat retention trees and log separation into grades. They develop agreements with suppliers/sellers of logs on log specifications price and loading.

At a members site at the end of harvest they will have separate dumps of sawlogs, a dump of straight small- diameter round wood suited for posts, poles or specialist milling, and a series of large dumps of firewood material. All these placed so that they are easily accessible for end waxing, marking and loading. Treating both ends of sawlogs as soon as possible after felling with a propriety wax emulsion greatly reduces end-splitting of logs and poles, thereby reducing the need for later docking of split boards. A mechanical harvester is used for all but the trees greater than 400 mm at breast height. Larger trees are chainsaw felled by a professional faller. While the economics of scale of mechanical

harvesting 1 – 2 ha sites are not as good as for larger sites, SMARTimbers has found that with the value adding approach it is still viable, providing the percentage of sawlogs is a high enough fraction of the total yield. SMARTimbers are generally getting around 60 –90 tonnes of sawlog, about 30 – 50 tonnes of straight small diameter roundwood and around 200tonnes of firewood per hectare. *(It is hoped FFORNE plantations will yield around 150 tonnes of sawlog at harvest)*

SMARTimbers have also developed agreements for other aspects of the supply chain, including a SMARTimbers harvest management agreement with landowner members clarifying responsibilities at harvest, with firewood cutters clarifying the site and product requirements and responsibilities and with members investing in log purchasing joint ventures.

Marketing

Marketing has also been an important aspect of SMARTimbers work. Sugar gums’ competitive advantage is its durability, making it an excellent product for exterior purposes. Initially furniture products were thought to be the market but SMARTimbers soon found that furniture manufacturers only use small amounts of timber and are under considerable cost pressure from Chinese products. Other product investigations were limited by the relatively low volume, relatively low recovery and high handling cost, but lead SMARTimbers to settle on concentrating on decking and cladding products sold into house extensions and new buildings owned or controlled by people who had some commitment to sustainable products. Market research found that architects ranked durability, its aesthetic appeal, and then its sustainability as significant factors. Most of their clients are interested in “the Look”, and not particularly interested in the sustainability factor. Builders were only interested in the price and many firms only deal with long established clients with whom they have a personal relationship. Building this relationship before harvest, mainly with face to face contact, was found by SMARTimbers to be very important for marketing and recommended for other groups. Market information such as well -designed technical information outlining product characteristics and including case studies of uses were found to be important. A professionally developed website requiring a brief questionnaire as a precondition to access, has been found to sort out the genuine prospective clients from the bored teenagers. Architects were also interested in the local small scale and farm trace back aspects, with the uniqueness of the timber and distinctive characteristics as a way of appealing to customers.

Forest Certification

With regard to forest certification, SMARTimbers has developed a low cost AFS (Australian Forestry Standard) farm forestry management plan that enables farm foresters to comply with the basic criteria of AFS at effectively no cost until they decide to opt to qualify for formal group certification, which may not be until a year or two before harvest. The farm forestry management

plan requires growers to develop a comprehensive written plan using the SMARTimbers developed format, which shows conformity to a number of criteria.

This report contains many really valuable experiences that FFORNE can learn from, and highlights the long road ahead for marketing of our timber. We still have the time to plan and prepare for this.

PLANTATION THINNINGS' UTILISATION

The project investigating harvesting processes for first thinnings is progressing well. The tractor front-end-loader-mounted shear harvester designed by an RMIT engineering student has been designed, built and trialled. It will be demonstrated at our next field day. It can harvest trees up to 20 cm diameter. It has been called the "Farm Tree Gripper Snipper."



The time and motion study trials have been completed and the results are now being analysed. In this study, the time taken for selecting a tree for thinning, cutting, processing (either taking top off or cutting into billets or chipping), has been measured so calculations as to the best methods to use can be undertaken according to the varying costs of labour or machine at the time. One of the trial sites was in a 6yo Sugar Gum plantation at Lismore, and the other in a 10 yo Red Gum plantation at Yarrawonga. A little skid steer was available at Yarrawonga and this machine proved to be a real whiz for manoeuvring the logs. The Farm Tree Gripper Snipper came into its own for harvesting these trees as all had been planted with wires holding guards in place and these had not been removed- a great hazard to chainsaws but no problem with the gripper snipper.



Skid Steer picking up trees and amalgamating logs



Skid Steer feeding the in-field 9 "chipper



SECOND THINNINGS BEING HARVESTED

A woodchip export company has been assessing a number of FFORNE plantations as to their potential for supplying logs for the plantation woodchip export market to Japan from Geelong. The price of this product has been increasing to such an extent that it is now more viable for transporting these logs greater distances. So far a few plantations have been accessed. A plantation of Shining Gum in Rosewhite which was completely burnt and killed in 2007 has been salvaged for chips, and Chris Tuck's plantation at Alexandra has also been supplying woodchips from 2nd thinnings. Woollybutt, a plantation management company, has organised a harvesting contractor to commence thinning a number of plantations, including some FFORNE plantations, around Kilmore and Yea. They are

interested in organising other thinning operations where there is sufficient volume of timber for this to be worthwhile. Come along to our next field day to help you learn how to assess the volumes in your plantation and you can also speak with Clinton Tepper of Woollybutt.

FFORNE FUNDING SUBMISSION - WOODY BIOMASS TO ELECTRICITY

FFORNE has developed a project “**Carbon Neutral Sustainable Energy Farming using Woody Biomass Plantations**” and applied for funding from the 2008-09 National Landcare Program Sustainable Practices funding round. The application involves the planting of demonstration woodchip plantations for biomass in medium to low rainfall areas, investigating processes to harvest woodchip from this type of plantation and demonstrating the conversion of woodchips into electricity on a farm scale using gasifiers being built in Australia for this purpose. We are still waiting to hear of the outcome of this submission.

CLIMATE CHANGE AND BLUE GUMS

A project investigating the implications of climate change on the growth and potential distribution of Blue Gums in North East Victoria is currently being conducted by the DPI and North East CMA. The project will use some of the information obtained from the measurement of the FFORNE plantations by Paul Feikema, as it involves modelling the growth of blue gums based on the soil characteristics, such as soil water holding capacity and acidity, already mapped in detail for the north east, and overlaying that information with the current and future predicted climatic conditions predicted in the NE landscape

as a result of climate change. The changes in areas suitable for growing blue gums will then be mapped according to the different climatic scenarios entered.

PLANTATIONS AND BIODIVERSITY

A number of FFORNE plantations have been involved in a study into the biodiversity found in plantations undertaken by the DSE and DPI. The results of this study clearly show that plantations make a positive contribution to biodiversity conservation. These contributions can be enhanced further by

- Retaining patches of remnant forest and individual old trees,
- Locating plantations close to remnant forest
- Planting blocks, not strips where possible including some rough barked species such as stringybark or box where possible
- Allowing natural or planted understorey in the plantation
- Adding artificial hollows in the form of nest boxes and
- planning planting and harvest cycles for connectivity in the landscape.

A full copy of this report is available on www.rirdc.gov.au



Black faced cuckoo shrike

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