

Next Generation Forest Plantation Investment



A research project funded by forest industry partners and the Australian Government through Forest and Wood Products Australia



Project Aim

To bring a combination of actors together to design and test new models of investment in planted forests. This approach presents an opportunity to learn from past experiences in order to design more sustainable and attractive models for planted forest investment that meet the requirements of industry, landowners, capital investors and other stakeholders

Rationale

- ◆ Globally there is a growing demand for wood. To meet this future demand, the global area of tree plantations may need to double by 2050.
- ◆ There is a considerable area of farmland in Australia where different types of forest would benefit agricultural production and provide environmental benefits.
- ◆ There are strong policy drivers to invest in trees to mitigate climate change and support forest landscape restoration objectives and significant sources of capital for investment in forest assets. However, there has been limited recent investment in new plantations.
- ◆ This lack of new investment and relatively flat plantation timber supply are strong constraints on new investment and expansion in the forest processing sector and likely to lead to an increasing reliance on imported timber products.



The opportunity

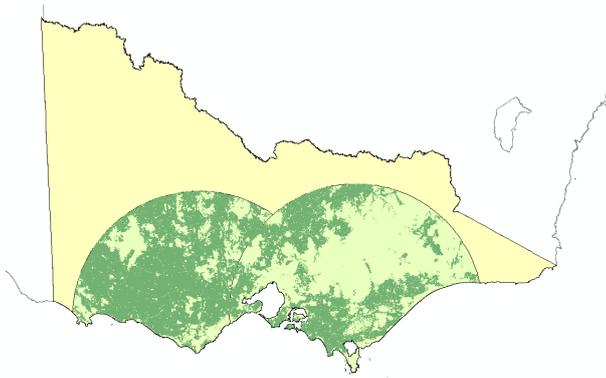
There is potentially significant capital available for investment in plantation assets in Australia. This is coupled with a considerable area of farmland in Australia suitable for integrating trees into agricultural systems with potential benefits for production. Further, there are policy drivers to invest in trees to mitigate climate change and support forest landscape restoration objectives. In order to realise this opportunity, the land sector requires of coalition of stakeholders working together to design a best fit solution for all stakeholders.



Approach

Research will be conducted in a 200 km radius of the Colac-Otway and Central Gippsland regions of Victoria.

A land feasibility assessment will determine the available land base within a broad suite criteria that considers a range of investment pathways to facilitate integrated tree plantations.



Outcomes

- ◆ Improved understanding of land available for planted forest investment in target regions
- ◆ Detailed understanding of land owner attitudes with regard to the forest sector and planted forests and their requirements for plantation investment
- ◆ Understanding the requirements of different types of investors
- ◆ New business models for investment in planted forests for a range of objectives, including environmental values
- ◆ Improved understanding and benchmarking of policies and incentives that have been implemented in Australia and internationally to stimulate plantation investment
- ◆ Increased trust between, investors, forest industry sector and landowners
- ◆ New thinking in the forest sector with regard to working with landowners and investors

Project partners

The University of Melbourne,
Swinburne University of Technology,
Australian Paper, AKD Softwoods,
HVP Plantations, Midway Ltd,
OneFortyOne Plantations Pty Ltd

The industry needs more wood, the environment needs more trees, investors need sustainable and reliable sources of return on capital and farmers need new income options that are integrated with their agricultural operations.