

Tasmanian Forests Intergovernmental Agreement

Economic Diversification Funding

Tasmanian Blackwood Growers Cooperative

TITLE:	TASMANIAN BLACKWOOD GROWERS COOPERATIVE
<p>Contact details:</p> <p><i>Provide name, address, email and phone numbers of the person or persons that should be contacted regarding your submission.</i></p>	<p>Dr Gordon Bradbury 12/12 Saunders Cres, South Hobart, TAS, 7004 gordonjbradbury@gmail.com m. 0428754233 http://blackwoodgrowers.com.au/</p>
<p>Project Location:</p> <p><i>Identify the suburb, town and city in which this project will occur otherwise specify if project is state-wide.</i></p>	<p>The main focus will be in north-west and north-east Tasmania (areas hard hit by the forestry downturn), with smaller areas in the south.</p>

<p>Project Description:</p> <p><i>Provide a brief explanation of the project. Try and keep this to half a page.</i></p>	<p>Establish a commercially-focused, profitable Tasmanian Blackwood Growers Cooperative.</p> <p>Blackwood is Australia's premier timber species with an established market profile, and used in a variety of high-value end uses. It has been a Tasmanian icon for over 100 years. Historically most blackwood has been harvested from public forest. With the implementation of the TFIA production from State forest is expected to drop from 10,000 to 3,000 cubic metres sawlog per year. Blackwood will cease being available in commercial volumes. Under normal market conditions such a drop in supply should result in increased prices and increased demand from alternative suppliers. But normal market conditions do not prevail in the forest industry.</p> <p>The only option for recovery of the blackwood industry is on private land. But individual farmers do not have the expertise nor the scale of resource to realise the opportunities. A cooperative is needed to get the ball rolling and help develop blackwood opportunities on private land:</p> <ul style="list-style-type: none"> • There is an existing large, but unmanaged blackwood resource on private land in Tasmania; some of which has commercial value that could be realised. This can only be achieved through a cooperative approach to resource management and marketing. The commercial realisation of the existing resource would then feed interest in the commercial potential of blackwood from the farming community. The existing resource could also be better managed to produce more timber as well as other benefits. • There is opportunity to grow more blackwood in new plantations as farmers in New Zealand have been doing for the past 30 years. But Tasmanian farmers are not commercially savvy when it comes to the forest industry (which has traditionally been a Government-dominated market). Nor do they know how to successfully grow commercial blackwood. Hence the need for a cooperative. • But current State Government forest policy effectively prevents private investment in blackwood, and stops proper blackwood markets from functioning. This policy needs to be changed. Hence the need for a cooperative. • There are no proper processes or transparency in the blackwood market so price and demand signals are absent. This prevents normal market functioning, and stops farmers from responding to changing market conditions. Hence the need for a cooperative. <p>In 30 years time a blackwood growers cooperative, based on existing farm blackwood and new plantations, could be producing 35-40,000 cubic metres of premium blackwood sawlog per year, supplying domestic and export markets. This would have a farmgate value of approx \$20 million.</p>
<p>Objective:</p> <p><i>What is the aim of this project? A useful way to frame the objective is to answer the question 'why are you planning to undertake this project?'</i></p>	<p>The Tasmanian Blackwood Growers Cooperative has the following objectives:</p> <ol style="list-style-type: none"> 1) Change State Government forest policy to allow private investment in blackwood; 2) Realise the commercial value of existing private blackwood; 3) Generate greater market transparency; 4) Stimulate farmer interest in the commercial value of blackwood; 5) Promote the establishment of new blackwood plantations based on market price and demand signals; 6) Gain FSC certification for farm-grown Tasmanian blackwood; 7) Rebuild Tasmania's iconic blackwood industry.

<p>Target Outcomes:</p> <p><i>Outline the benefits that the project intends to achieve such as increased productivity, decreased costs, lower carbon footprint etc.</i></p>	<p>Outcomes of the Blackwood Growers Cooperative include:</p> <p>For farmers:</p> <ol style="list-style-type: none"> 1. Realise commercial value of existing blackwood resource; 2. Establish blackwood as a profitable addition to farming business and diversify farm income; 3. Increased farm value by using currently unproductive resources and land; 4. Greater expertise and knowledge on how to better manage existing blackwood and establish new commercial plantations; 5. Access to cooperative benefits such as shared knowledge, skills and experience, greater efficiencies, reduce costs, greater marketing power, improved profitability, FSC certification, carbon markets; 6. Greater engagement with blackwood industry. <p>For industry:</p> <ol style="list-style-type: none"> 1) Continuing access to profitable, sustainable commercial production of blackwood to meet growing international demand for premium-grade appearance timbers; 2) Access to FSC certified blackwood; 3) Improve blackwood quality and consistency through selection and breeding; 4) Greater engagement with blackwood growers.
<p>Outputs:</p> <p><i>What outputs will be delivered by the project? Outputs should link to your outcomes and indicate how the proposal will alter and improve product.</i></p>	<p>Project outputs will include:</p> <ol style="list-style-type: none"> 1. Increased blackwood production from existing private blackwood resource and new plantations on a fully commercial and profitable basis, and increased farm income; 2. Greater on-farm skills, knowledge and experience in blackwood silviculture and forestry markets; 3. Cooperative benefits such as shared knowledge, skills and experience, greater efficiencies, reduce costs, greater marketing power, improved profitability, FSC certification, carbon markets; 4. Improved blackwood quality and consistency from a selection and breeding program.
<p>Proponent:</p> <p><i>Who is the proponent? Describe the management arrangements that will be put in place to govern the project and briefly describe the accountabilities of each party. As a minimum this will include the name and title of the Project Manager and Project Sponsor.</i></p>	<p>The proponent is Dr. Gordon Bradbury (myself). I am a forester of 25 years experience in the forest industry with extensive experience in blackwood silviculture and research. The Tasmanian Blackwood Growers Cooperative will consist of farmer/members, myself as technical advisor/director and a management Board consisting of myself, and four others from the farming community and industry. Once the Cooperative is up and running I expect major industry groups will form partnerships with the Coop.</p>
<p>Cost of project:</p> <p><i>What is the total cost of the project? (Verified yes/no)</i></p>	<p>\$2.9 million</p>
<p>Government contribution:</p> <p><i>How much is the proponent applying for?</i></p>	<p>\$1.3 million</p>

<p>Other Contributions:</p> <p><i>Detail cash and in-kind contributions and contributors (Verified yes/no)</i></p>	
<p>Private investment:</p> <p><i>What is the level of private investment that this project will generate?</i></p>	<p>\$1.6 million of private investment is expected over the 4 year funding period.</p>
<p>Consultation:</p> <p><i>List the key stakeholders or stakeholder groups who will impact the project or be impacted by the project and describe how they will be engaged.</i></p>	<p>Key stakeholders:</p> <ol style="list-style-type: none"> 1. Farming community In the first instance the farming community will be engaged by bringing together those farmers with existing blackwood in a joint marketing exercise. As the combined resource grows the ability to access more markets increases. This should then feedback into greater farmer interest and participation through price and demand transparency. New blackwood plantations will then be established to grow the industry. 2. Blackwood industry The objective is to get the blackwood industry more engaged with where their timber comes from, and establish strong commercial relationships with growers. At the moment there is strong demand for blackwood from the international tonewood market with potential demand of >1000 m3 sawlog per year.
<p>Approvals Required</p> <p><i>List any known formal or statutory approvals required prior to the project being able to commence, and whether received.</i></p>	<p>The first major challenge for the Cooperative project is getting State forest policy changed to allow private investment in blackwood. Currently Forestry Tasmania regards it's blackwood and other special timbers perations as "non-profit, taxpayer subsidised", and is putting blackwood into the market at well below the cost of production.</p> <p>While Forestry Tasmania remains the dominant blackwood producer and until it adopts a fully commercial, profit-driven business model for it's special timbers business activities, achieving any private investment in the blackwood industry will be difficult.</p>
<p>Related Strategies:</p> <p><i>List any strategies which align with the project.</i></p>	<p>This project builds on the objectives of the TFIA to build a plantation-based, profitable, high-value, community-supported forest industry.</p>
<p>Investment Ready:</p> <p><i>Is the project investment ready? Has a full business case been developed?</i></p>	<p>The project is investment ready. Setting up the Coop and selecting the Board will be done quickly, while at the same time engagement with the farming community and industry will commence. A draft business plan has existed for the past 2 years</p>
<p>Job Numbers:</p> <p><i>Estimate the number and types of jobs (in FTEs) at 12 and 24 months that will be created by the project.</i></p>	<ul style="list-style-type: none"> • The Cooperative is expected to attract between 300-500 members; • Between 20-40 silvicultural support jobs are expected; • Between 10-20 harvesting and transport jobs are expected; • All existing blackwood industry processing (sawmilling, furniture and craft) and sales jobs will be retained rather than lost; • Once plantation harvesting commences, these job figures will at least double.

<p>Other Strategic Benefits:</p> <p><i>For example, revenues, exports, industry growth, sector growth etc.</i></p>	<p>Without a Tasmanian Blackwood Growers Cooperative the iconic blackwood industry will disappear following the implementation of the TFIA, with blackwood sawlog volumes from State forest expected to fall below 3,000 cubic metres per year. These volumes will not support the existing industry, let alone allow industry growth.</p> <p>The Cooperative is the only option that will allow commercial blackwood supply to be retained into the market, and begin the process of expanding the blackwood resource to meet growing demand for quality timbers. Under a basic new plantation scenario 30,000 cubic metres per year of premium blackwood sawlog could be produced – 3 times the current supply! This would allow access to export markets, improved revenues and profits.</p>
<p>Impacted Communities:</p> <p><i>Identify the benefits (if any) of the project to communities impacted by the restructure of the forestry industry.</i></p>	<p>Communities in north-west Tasmania from Devonport through to Smithton, and communities in the north-east from Scottsdale through to Pyengana, will directly benefit from hundreds of farmers growing commercial blackwood. All of these communities have been affected by the downturn in the low-value, commodity-driven forest industry. Jobs in silvicultural services, harvesting and transport, rural services, sawmilling and processing will be retained or created.</p>
<p>Additional Indicators of Success:</p> <p><i>Are there any other measures of success if this project is completed?</i></p>	<p>Blackwood timber has been a Tasmanian icon for over 100 years. No other Australian timber has the reputation of blackwood, nor achieves the value-adding in so many different markets. But it's history has been tied to the commercial management of public forest. With the TFIA that history will come to an end.</p> <p>It is time to open a new chapter in the history of blackwood. Blackwood is widespread across the rural landscape of northern Tasmania. New Zealand blackwood scientist Ian Nicholas said in 2011 that Tasmania had enormous potential with farm-grown blackwood. Blackwood is the ideal farm forestry tree as New Zealand farmers are discovering.</p> <p>With a commercially-driven Growers Cooperative Tasmania could once again be renowned for its quality blackwood timber, supplying high-value international and domestic markets. But this can only happen with a focused, dedicated Cooperative. No other business model can make this happen.</p>

<p>Project Focus Area</p> <p><i>Identify how your project aligns one or more of the following focus areas:</i></p> <p><i>a) skills – to develop and retain the specialised skills required to support innovation and the future skills needs of a strengthened economic base that builds on national opportunities and supports career paths</i></p> <p><i>b) business development services – to provide support for businesses to improve innovation and competitiveness</i></p> <p><i>c) the potential for increased value-adding and greater use of plantation timber by the forestry industry</i></p> <p><i>d) infrastructure investment - to transform supply chains or minor infrastructure investment to support connectivity for selected sectors</i></p> <p><i>e) facilitation, research and collaboration - to support improved innovation, competitiveness and productivity.</i></p>	<p>The Tasmanian Blackwood Growers Cooperative aligns with all five focus areas:</p> <ol style="list-style-type: none"> Having spent many years in blackwood silviculture and research, including a PhD in blackwood genetic and wood quality, I now seek to share my skills and knowledge with the farming community and the blackwood industry to rebuild the iconic high-value blackwood industry; The purpose of the Cooperative is to provide business development and support services to farmers and the blackwood industry, developing and sharing specialised skills, build relationships, greater market transparency and profitability; The project hits this nail on the head! You can't get better timber value-adding than with blackwood timber. The Coop will use the existing private blackwood resource to improve blackwood supply and foster farmer interest in new blackwood plantations to increase supply, profitability, and improve product quality and consistency. Blackwood plantations are the way in which the blackwood industry can rebuild into the future; The Cooperative will deliver improved supply-chain development and management for private blackwood growers, and build relationships between growers and the blackwood industry; The development of a blackwood plantation resource by the Cooperative will facilitate the development of a blackwood selection and breeding program to improve product quality and consistency. Placing the future of the blackwood industry into the hands of hundreds of commercially-focused Coop members will drive innovation, efficiency, productivity and profitability. But this can only happen within the context of a cooperative. Individual farmers cannot achieve these results.
<p>Priority Sector:</p> <p><i>Does the project pertain to any of the identified priority sectors:</i></p> <ul style="list-style-type: none"> • Wine • Agriculture, horticulture and food • Aquaculture • Dairy • Tourism • Mining • Sport and creative industries • Advanced manufacturing • Education and skills • Clean energy • Forestry and forests products 	<p>The project builds on the forestry and forest products sector at the high-value, low-volume end of the wood products market, using an already existing quality product.</p>

<p>Goal Tasmanian Economic Development Plan :</p> <ul style="list-style-type: none"> • <i>Goal 1- Supporting and Growing Business</i> • <i>Goal 2 - Maximising Tasmania's Economic Potential</i> • <i>Goal 3 - Social and Environmental Sustainability</i> • <i>Goal 4 - Supporting Communities In Our Regions</i> 	<p>The Tasmanian Blackwood Growers Cooperative supports all four goals:</p> <ol style="list-style-type: none"> 1. Under the TFIA the iconic blackwood industry will be reduced to a specialist craft industry at best, unless Tasmanian farmers are allowed to take over the growing of commercial blackwood. This is only possible within the context of a Growers Cooperative; 2. Blackwood has been a Tassie icon for over 100 years. It is <i>the</i> premier Australian timber. It already has established market presence. This can be grown and developed further based on a commercially focused profitable Growers Cooperative; 3. With hundreds of farmers growing profitable commercial blackwood, better managing their existing blackwood and establishing new plantations on currently unproductive derelict land, a large part of the Tasmanian community will have a direct interest in and support of the blackwood industry. The Cooperative will provide direct and immediate positive environmental, social and economic outcomes; 4. A commercially-focused profitable Blackwood Growers Cooperative will improve and diversify on-farm income. Existing jobs will be retained and new jobs created to support farmers better manage existing blackwood, establish new plantations, harvest and transport wood to domestic and export markets.
<p>State Wide Significance</p> <p><i>Is the project of state-wide significance?</i></p>	<p>Absolutely iconic 100% Tasmanian statewide significance!</p> <p>It's main focus will be in the north, but will also include the south of the State.</p>
<p>Status:</p> <p><i>Identify the current stage of the project, for example ready to proceed to full business case, shovel ready or commenced.</i></p>	<p>To date, with limited resources, the Cooperative has:</p> <ol style="list-style-type: none"> a. Received significant interest and support from the farming community and parts of the blackwood industry including local and international tonewood buyers; b. Received support from about half the members of the TFIA Special Council; c. Established the presence of a significant land resource suitable for blackwood plantations; d. Developed a draft business plan and four-year budget; e. Developed a website to promote the Cooperative, help build relationships and improve blackwood market transparency; f. Identified State forest policy issues that significantly constrain private investment in blackwood; <p>Once funding is obtained the Cooperative can be registered and incorporated, and the business plan and budget can be finalised and implemented.</p>