



Plantations, Investment and Employment Facts

Plantation expansion has the capacity to inject new capital into rural areas, underpinning investments in new timber processing infrastructure and generating increased employment and other socio-economic benefits.

Key messages

- Plantation expansion can make a significant contribution to the socio-economic well-being of rural areas
- Over \$4 billion of new investment in plantations and processing facilities have occurred/are planned since 2002.
- The majority of employment is created by timber processing activities.
- Since 1989-90, off-farm income has supplied around 65% of household income for broad-acre farms. Plantations are one sector which can provide such income.
- Plantations now supply 66% of Australia's raw timber production.
- Australia still has a \$2 billion trade deficit in timber products, much of which is imported paper products.

In 2006, new hardwood plantings accounted for 67,300 ha. 11,100 ha of new softwoods were planted.

The majority of new hardwood plantations were established in Tasmania (18,500 ha), Victoria (10,600 ha), Western Australia (10,500 ha) and the Northern Territory (9,400 ha). New South Wales dominated new softwood plantings with an additional 6,400 ha.

Investment in plantations and processing

Since 2002, there has been significant investment in new plantations. State governments have largely withdrawn from new plantings, focussing on re-planting harvested areas to maintain industry log supplies.

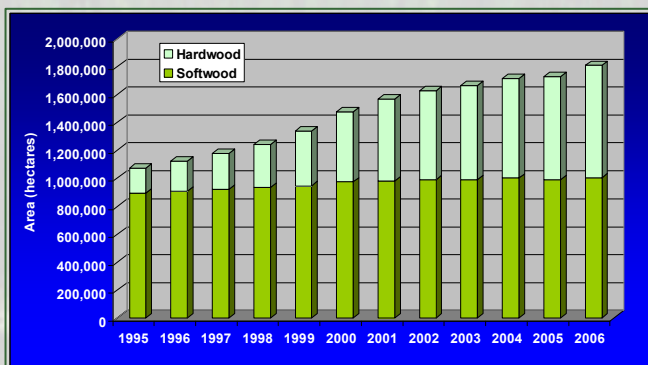
New plantation investment is now dominated by the private sector. During 2002-2006, around \$1.4 billion was invested in plantation establishment. In 2006, 94% of this activity was from private sources.

Processing facilities have also expanded with over \$2.8 billion of new or planned investment since 2002. This includes the \$1.4 billion Tasmanian pulp mill, a \$247 million kraft pulp mill in Maryvale Victoria and \$350 million investment planned for an engineered strand lumber plant in Albany Western Australia.

Plantation expansion

When the Plantation 2020 Vision was launched in 1997, the Australian plantation estate stood at 1.1 million hectares. By 2007, the estate had increased to 1.82 million hectares, with an average of 73,000 ha of new plantation established annually (Fig 1).

Figure 1. Total area of Australian plantations



Source: National Plantation Inventory 2007

Increasingly, new plantations consist of short rotation hardwoods for the pulpwood market, with hardwood plantations now representing 44% of the total plantation area.



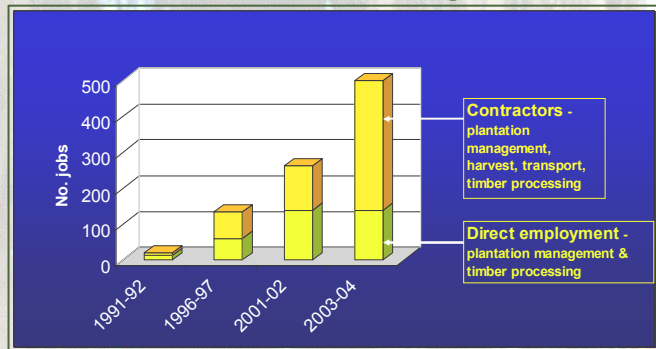
Employment

Plantation expansion in rural areas has provided much needed employment in several regions facing population decline due to agricultural consolidation.

A five year study of socio-economic trends in the Oberon area of NSW during the 1990's revealed that local employment opportunities from a softwood industry which processes a range of wood products allowed extended farm families to remain in the region, when farm incomes were no longer able to support more than one generation.

More recent studies have confirmed the employment benefits of an expanding woodchip industry in the Great Southern region of Western Australia (Fig 2).

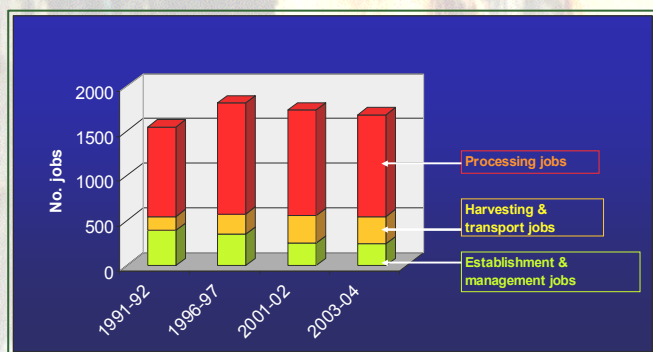
Figure 2. Direct employment in the plantation sector of the Great Southern region



Source: BRS (2005a)

The majority of the employment generated within the plantation sector comes from the timber processing segment of the value chain (Fig 3).

Figure 3. Direct employment in the plantation sector of the South West Slopes of NSW



Source: BRS (2005b)

Socio-economic studies have shown that when the flow-on or indirect effects are added to the direct effects, plantation forestry can produce significantly more jobs than agriculture. For example, 900 ha of beef cattle production on the north coast of NSW generated 4 jobs in the regional economy. A 900 ha eucalypt plantation in a steady state with 30 ha being harvested and processed annually generated 50 jobs. The majority of these jobs (42) are delivered by timber processing activities (CARE 1997).



Rural population decline

Many rural regions have experienced socioeconomic and land use change in recent decades, including farm amalgamation, declining population and services, and shifts in employment opportunities.

Between 1986 and 2001, the number of Australian farming families declined by 22%.

When harvesting commences and when the plantation estate is mature, the presence of processing facilities in regional areas can help prevent population decline by providing alternative sources of employment in harvesting, transport and processing (BRS 2005c).



Plantation forest area	1.82 million hectares
Total forestry sector employment	83,000 jobs
Wood manufacturing employment	71,600 jobs
Plantation proportion of total timber supply	66 per cent
Volume of plantation supplied paper and timber products	22 million cubic metres per annum
Plantation Employment multiplier	0.65-1.3 jobs generated for every plantation job
Plantation employment effect	8.3-17.1 jobs for every \$1 million spent by plantation sector
Plantation industry turnover	\$13.3 billion (\$6 billion in paper and paperboard)
Plantation industry value added	\$4.7 billion
Wood product exports	\$2.1 billion (\$839 million woodchips)
Total value of wood & paper product imports	\$4.1 billion (\$1.45 billion printing and writing paper)
Forestry contribution to gross domestic product	1 per cent

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