

Green Triangle Treefarm Project



Government
of South Australia



ForestrySA



The demand for wood continues unabated with plantations increasingly seen worldwide as a way to meet future demands. For many farmers in the Green Triangle Region (South-West Victoria and the South-East South Australia), it has never been a better time to plant trees. Growers need no longer be concerned about whether there will be a market for their product. The Green Triangle Treefarm Project (GTP) offers a guaranteed market for timber harvested from bluegum plantations within 150km of Portland.

The Project

ForestrySA promotes and manages the plantation component of the Green Triangle Treefarm Project for the production of hardwood woodchips for export through the Port of Portland to Nippon Paper Industries Co. Ltd in Japan.

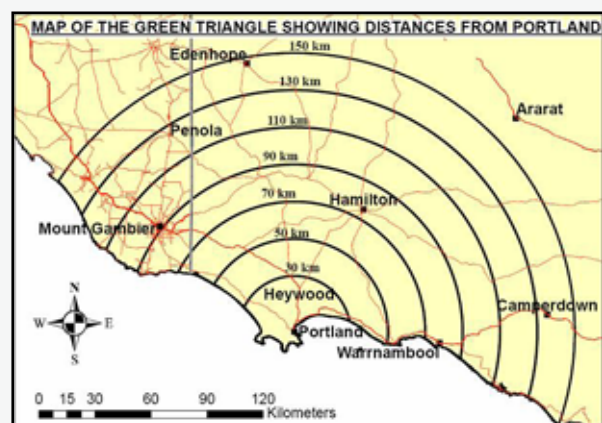


Figure 1.

To be eligible to join the GTP, growers must agree to establish at least 20 hectares of plantation, planted at a minimum of 1000 trees per hectare, within a radius of 150km of Portland (see Figure 1). For those growers who already have established bluegum plantations, the good news is that they can still secure a market for their trees by entering into an Existing Plantations Grower Agreement.

ForestrySA's joint venturers are Mitsui & Co. Ltd and Nippon Paper Treefarm Australia Pty Ltd. The joint venturers are already established as exporters of woodchip through Portland to Japan.

Tasmanian Bluegum (*Eucalyptus globulus*) is the species selected as being the best hardwood for growing in plantations in the Green Triangle Region. It is a fast growing, high yielding eucalypt, ideal for pulpwood production. The Green Triangle Region has good soils, high rainfall, cool summers and mild winters - conditions that are particularly suitable for the growing of Tasmanian Bluegum in short rotations of 10-12 years.

The Agreement

Under the terms of the agreement, growers establish plantations of not less than 20 ha of *Eucalyptus globulus* to be harvested for chip 10-12 years after planting. The joint venturers guarantee to buy the timber at the end of the rotation and the growers guarantee to sell the timber to the joint venturers. The base price at the stump is fixed at the time of signing the contract (Grower Agreement) and is indexed to the price of hardwood chip from Tasmania. This base price varies depending on the distance of the plantation

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from Portland in Victoria, with a maximum distance of 150 km. For more details on price indexation, please refer to: http://www.forestry.sa.gov.au/privateforestry/FS_11_PFG34_Woodchip_Export_prices_explained.htm

ForestrySA advise growers on the establishment of plantations, develop management plans and monitor the growth and health of the plantations. The costs of harvesting and transport to Portland are borne by the joint venturers, as are services provided by ForestrySA.

The Parties



ForestrySA ForestrySA

ForestrySA has been involved in forestry and the production of timber since 1875. It has pioneered many forest practices that are now employed throughout the timber industry in Australia. ForestrySA is the third largest forest owner in Australia and the largest in the Green Triangle Region, with over 100,000 ha of plantation trees. ForestrySA has played a key role in the establishment of hardwood plantations in the region and is currently involved in the production of hardwood timber for the local pulpwood industry.

ForestrySA has considerable experience, not only in the growing and management of plantations but also in the harvesting and marketing of the end product.



Mitsui & Co. Ltd

Mitsui was founded in 1876 and is known as a 'sogo shosha', a general or integrated trading company. Its primary activity is acting as an intermediary between buyers and sellers. Mitsui was the first such company in Japan and is now one of the largest.

Today Mitsui is a global organisation with more than 10,000 personnel, 1000 group companies and 225 offices in 90 countries. It has an annual turnover of some 15,358,000 million yen (A\$153,577 million). The company is active in almost all geographical areas and handles an exceptionally wide range of products and services covering virtually all industries. It works in close co-operation with business partners worldwide.



Nippon Paper Industries Co. Ltd

Nippon Paper Industries Co. Ltd was established in 1949. It is one of the world's largest integrated paper manufacturers and produces a comprehensive assortment of paper including newsprint, printing and publishing paper and business communication paper, and pulp. Its group deals with a wide range of other paper-related products.

Nippon Paper Industries has an annual turnover of some 634,000 million yen (A\$7,459 million) and has over 5,500 employees. Its 'Treefarm Initiative' oversees plantation projects which the company operates and manages in Australia, as well as Chile and South Africa. They have more than 80,000 hectares of trees under cultivation in order to secure sustainable hardwood chip resource for paper.

Coppice Agreements

If you have already harvested your Bluegum plantation, you might be interested to know that second rotation plantations are also eligible for the Green Triangle Treefarm Project. A special agreement for coppice has been developed, which has the same terms and conditions, as standard GTP grower agreements.

Harvesting

In 2006 Mitsui and Nippon Paper Treefarm began harvesting and exporting plantation Bluegum woodchip from the Green Triangle Region through a newly completed woodchip export facility at the Port of Portland.

In total approximately 75,000 GMT of Bluegum plantation woodchips were exported from Portland in 2006. This marks the start of an on going export program for plantation grown Bluegum. This is planned to increase to 200,000 GMT in 2007 and in excess of 800,000 tonnes per year over the next few years as existing plantations mature.

Woodchip supplied from Portland will be used in the manufacture of high quality coated papers at a number of pulp mills in Japan. Plantation Bluegum is valued by paper manufacturers for its high fibre yield and its environmental sustainability.

If you have a plantation that is due to be harvested soon, start investigating markets today. With harvesting contracts being negotiated 12 months in advance, don't leave it until the last minute and risk 'missing the boat'.



For more information on New, Existing, Multiple or Coppice Grower Agreements, check out the ForestrySA website www.forestrysa.sa.gov.au or contact the GTP Coordinator (08) 8724 2888.