



## Australia's Green Triangle

A growing region with significant opportunities for forest sector investment

Prepared by

**URS**

Forestry

This overview of forest sector investment opportunities in the Green Triangle has been prepared by URS Forestry. The document follows a regional development workshop held in the Green Triangle where widespread community support was expressed for the industry. That workshop endorsed a number of actions including the preparation of this report. This report has been prepared with the assistance of the Commonwealth, State and Local governments. The logos of relevant organisations are listed below and contact details provided at end of this document.



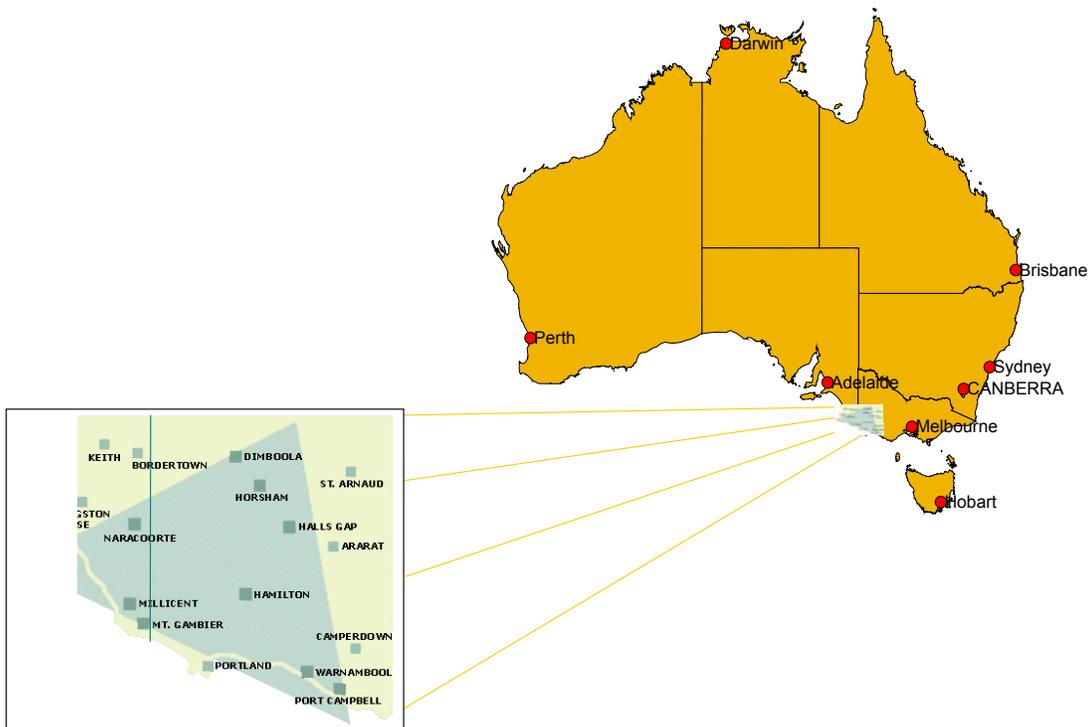
**Australian Government**  
**Department of Agriculture,  
Fisheries and Forestry**



## A dynamic forestry region

Reflecting its name, the “Green Triangle” is one of Australia’s major forest regions. It has extensive plantation softwood and hardwood resources. There is an established, world competitive softwood processing industry in the region including pulp and paper manufacturing, sawntimber, wood panels and woodchip export. The forest industry is a mainstay of the local economy.

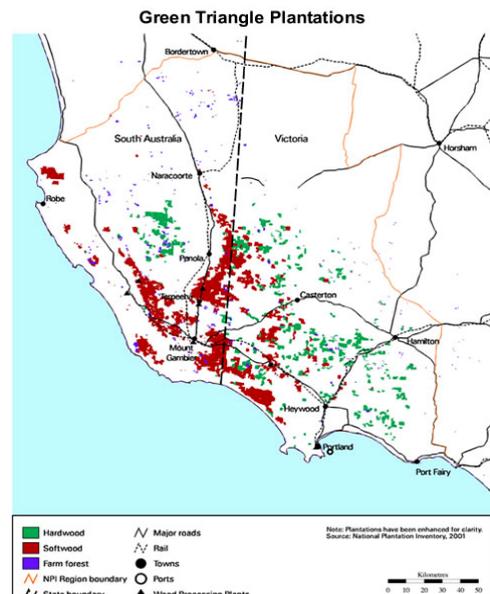
The Green Triangle spans the border area between the states of South Australia and Victoria with ready access to the capital cities of Melbourne and Adelaide and covers an area of 6 million ha. Processing activities are centred around the cities of Mt Gambier in South Australia and Portland in Victoria which also provides the region’s port.



## A growing resource

Plantation forestry has been conducted in the region since the early 1900s. Today the region has around 160,000 ha of mature softwood plantations. It also has around 110,000 ha of hardwood plantations that have been established mostly since the mid-1990s.

Most of the existing softwood plantation resource has been established since the 1960s. The sawlog plantations are generally based around 30 year rotations although this can vary amongst growers in the region. Almost all of the resource is *Pinus radiata* with some smaller areas of *P. pinaster* and other softwood species.

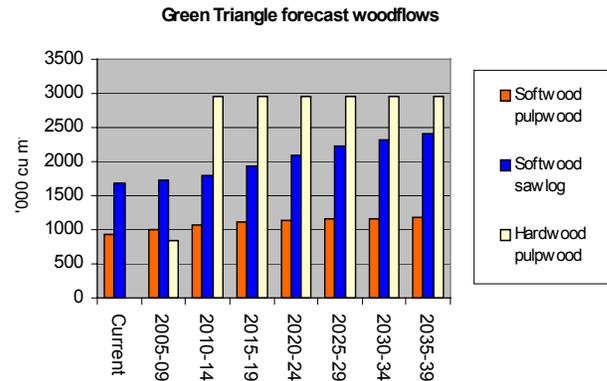


The hardwood plantation resource has been established much more recently and is based virtually entirely on blue gum (*Eucalyptus globulus*) planted for pulpwood rotations of around 10 years.

The Green Triangle currently produces around 1.7 million m<sup>3</sup> pa of softwood sawlogs and around 1 million m<sup>3</sup> pa of softwood pulpwood.

Future woodflows for the region are forecast to increase, particularly for hardwood.

Virtually all of the hardwood resource is currently uncommitted and around three-quarters of the Green Triangle's existing softwood log harvests are subject to long term commitments.



## Private and public resource owners

The forest resources of the Green Triangle are 70% privately owned with the remaining being owned and managed by the state owned authority ForestrySA.



### Major resource owners and managers

#### Auspine

Auspine is the largest integrated softwood processing company in Australia. It has around 47,000 ha of softwood sawlog plantations in the Green Triangle. It has a large softwood sawmill, preservation plant and operates woodchip exports from Portland.

#### ForestrySA

ForestrySA is a fully corporatised state owned agency which manages around 67,000 ha of plantations in the Green Triangle, the vast majority of which is *P. radiata*. ForestrySA supplies all of the major forest product processors in the region.

Hancock Victorian Plantations (HVP)	HVP is owned jointly by US and Australian superannuation and investment funds with management overseen by the Hancock Timber Resource Group. HVP owns around 20,000 ha of plantations on the Victorian side of the Green Triangle. It supplies a number of processors in the region from these resources.
Green Triangle Forest Products (GTFP)	GTFP was formed when the RII Weyerhaeuser World Timberfund acquired the assets of the company CSR. These consisted of sawmills, a treatment plant, woodchip export operations and around 24,000 ha of plantations.
Timbercorp	Timbercorp is a major plantation prospectus company in Australia. It currently has over 73,000 ha of blue gum plantations of which more than half is in the Green Triangle.
ITC	ITC manages around 85,000 ha of blue gum plantations in Australia, which includes plantations by prospectus companies and private growers. Around 24,000 ha of these plantations are in the Green Triangle.



## Major processors in the Green Triangle

Kimberley-Clark Australia	Produces pulp and manufactures a range of tissue products including facial tissues, nappies and personal care products. The Tantanoola pulp mill was commissioned in 1992 and utilises oxygen bleaching.
Carter Holt Harvey	Processing facilities in the region owned by CHH include sawmilling, Australia's largest LVL plant and a particleboard plant.
Green Triangle Forest Products Company	GTFP is owned by Weyerhaeuser and includes two sawmills and a re-manufacturing plant. Products include machine graded sawntimber, board, linings and pine mouldings. GTFP exports softwood woodchips from Portland in a joint venture with ForestrySA.
Auspine	Auspine is a major producer of structural pine framing in Australia from its sawmill at Tarpeena and also has a large, modern timber preserving operation at Kalangadoo. Auspine also exports softwood woodchips from Portland.

## Infrastructure

The Green Triangle has an extensive and competitive infrastructure base suited to development of the forest industries.

### Transport

The region has an extensive network of roads including Commonwealth, State and Local government roads. These have been developed over time to serve the agricultural and forest industries as well as domestic and tourist traffic.

Future needs for the increasing hardwood resource are being planned by cooperative industry and government organisations. The region also has a rail network that connects to major centres in Eastern Australia.



The **port of Portland** is a highly competitive privately owned port. The port currently exports logs, woodchips, timber products, grain, aluminium ingots and livestock.

The port has two major softwood export operations and is planning for the export of hardwood woodchips.

The deepwater port provides fast and efficient access to international markets around the world. Rail and road transport provide efficient access into and out of the port.

### Energy

The region is well serviced by existing power and gas networks and these are capable of supplying requirements for wood processing operations. A new gas pipeline from nearby offshore reserves is currently being planned to pass through the region that will provide options for natural gas to be supplied to processors in the region.

### Water

There are large reserves of unallocated groundwater available across the Green Triangle. Future development of water is an important issue to the region and governments and industry are cooperating to ensure sustainable approaches to water use and allocation for the future.

## Driving forest sector investment

The Green Triangle provides a dynamic and supportive environment for forest sector investment. Existing operators have demonstrated their confidence with a wide range of new investments based on value adding as well as expanded activities. These include:

- Around 110,000 ha of new hardwood pulpwood plantation establishment representing direct investment in the region of around \$130 million. This has been predominantly funded by private equity raised in Australia together with foreign capital for some joint venture and other arrangements.
- Carter Holt Harvey acquired the processing operations of Forwood (previously operated by the SA Government) for \$130 million in 1999. It also established an LVL mill at Tarpeena in 1996 at a cost of \$40 million.
- Weyerhaeuser acquired the Green Triangle assets of CSR for \$310 million in 1999. It has since invested in significant upgrades of its mill operations.
- Auspine upgraded its sawmilling operations with a \$30 million investment in 2000.
- Kimberley-Clark Australia is constructing a new tissue machine with converting infrastructure at a cost of over \$200 million. This investment was made only after careful consideration of the costs and benefits of the Green Triangle compared to other potential investment sites in Australia.

## Potential investment opportunities

A recent study conducted on behalf of a number of stakeholders in the region identified opportunities for investment in a kraft pulp mill and veneer manufacturing based on the increasing hardwood plantation resource.

The Green Triangle meets all of the major requirements for **a world scale kraft pulp mill** with an output of 750,000 tonnes per year. The region has ample resources of good quality water as well as readily accessible transport and energy networks, and sufficient uncommitted blue gum resources. Blue gum is highly suitable for pulp production with pulp yields of around 54%. Development of blue gum woodchip exports is seen as complementary to a kraft pulp mill development. It will facilitate development of cost effective harvesting, transport and chipping systems that will be attractive to potential pulp mill investors.





A **rotary veneer mill** provides the opportunity to meet international market needs for hardwood veneer. Trials of production utilising young blue gum timber in Australia have demonstrated good peeling properties and plywood from plantation grown eucalypts is currently being produced in Brazil and Argentina. Spain and Portugal also produce plywood from plantation grown blue gum.

The availability of significant volumes of pulpwood that are currently exported from the region together with increasing volumes of hardwood pulpwood also provide opportunities for investments in board products including **MDF and OSB**.

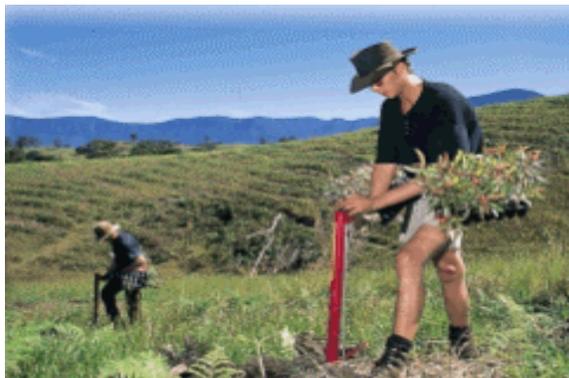
The potential to use **biomass for energy** in the region is being investigated by a number of companies. In conjunction with energy industry partners Auspine has been investigating the construction of Australia's largest biomass fuelled power station. Another company specialising in renewable energy development has also been investigating the potential for a biomass energy plant in the Green Triangle.

## Support for forestry development

Commonwealth, State and Local governments all provide considerable support for forest sector development in the Green Triangle. Assistance could be provided for specific project developments together with assistance for development planning.

**Plantations for Australia: The 2020 Vision** – this Australia-wide initiative by governments and industry supports the ongoing development of a sustainable and profitable long term forest plantation sector in Australia with significant private investment. It incorporates a target of trebling the effective areas of plantations in Australia between 1996 and 2020.

[www.plantations2020.com.au](http://www.plantations2020.com.au)



**The Commonwealth Department of Agriculture, Fisheries and Forestry** (the Department) is the Commonwealth agency responsible for agriculture, fisheries, forestry and food. The Department's mission is to increase the profitability, competitiveness and sustainability of Australian agriculture, fisheries, forestry and food industries and enhance the natural resource base to achieve greater national wealth and stronger rural and regional communities.

The Department assists Australia's forest and wood products industries to grow, improve and capitalise on new opportunities while protecting the environment and contributing to the prosperity and quality of life in rural and regional Australia. For potential investors the Department can assist with information available through the National Plantations Inventory, industry development issues, information on the role of forests in reducing greenhouse gases, addressing salinity, and enhancing biodiversity, and provide assistance with investment coordination and forest policy issues.

[www.affa.gov.au](http://www.affa.gov.au)

**Research and development** – A number of world class organisations provide research and development services for the Australian forest industries. The **Forest and Wood Products Research and Development Corporation** funds an extensive program of research and development activities relevant to the development of sustainable forest industries in Australia (see [www.fwprdc.org.au](http://www.fwprdc.org.au)). The **CSIRO Forestry and Forest Products** group is the largest single organisation conducting research into forestry wood and paper science issues in Australia (see [www.ffp.csiro.org.au](http://www.ffp.csiro.org.au)). There is also a network of **Cooperative Research Centres** around Australia of which a number support research and development into forestry and forest products. These centres are funded by the Commonwealth Government and bring together researchers from various sources into long term collaborative arrangements that support research and development and education activities to achieve real outcomes of national economic and social significance. A number of CRCs deal with forest sector issues (see [www.crc.gov.au](http://www.crc.gov.au)).

**Invest Australia** is a national agency to support foreign direct investment in Australia. It provides promotion, attraction, and facilitation services for foreign investors. It also administers the Australian Government's Strategic Investment Coordination Process and implements the Government's National Investment Framework. Invest Australia has prepared a capability statement for the Australian forest products industry that is available to potential investors.

[www.investaustralia.gov.au](http://www.investaustralia.gov.au)

The South Australian government is also highly supportive of forest sector investments. The **SA Office of Economic Development** and the **SA Economic Development Board** provide facilitation services for major projects in the state. The **Department of Business Manufacturing and Trade** provides industry assistance and industry development planning.



**The Victorian Department of Innovation, Industry and Regional Development** provides services to potential new investors in the state. These include project facilitation and guiding companies through the development approval process. The Victorian government's Regional Infrastructure Fund can provide funding for infrastructure associated with development projects.

The **Limestone Coast Regional Development Board** promotes economic development in the region. It is a cooperative venture between the SA government and Local governments in the region. It supports development of forest industries in the region. The Board is currently undertaking a study of future forest industry development requirements in the region.

[www.lcrdb.com](http://www.lcrdb.com)

The vision of the Board is:  
*“The South East of South Australia will evolve into a dynamic regional economy in which diverse industries are competitive in a global marketplace, and well-tuned to the environment and to peoples' needs. Wealth creation will not be seen as an end in itself but will translate into a high level of employment, education and social health”*

**Victorian local governments** in the Green Triangle are highly supportive of forest sector development in the region. The Glenelg and Southern Grampians local governments have contributed to preparation of an investment memorandum aimed at attracting interest in pulp mill and veneer mill developments. A copy of the memorandum is available at [www.business.vic.gov.au/pulpmill](http://www.business.vic.gov.au/pulpmill) or [www.business.vic.gov.au/veneermill](http://www.business.vic.gov.au/veneermill)

As the major export port for the region the local government area of Portland also supports forest industry development. More information on Portland can be found at the local government's website: [www.glenelg.vic.gov.au](http://www.glenelg.vic.gov.au).

The **Green Triangle Regional Plantation Committee** brings together representatives of the major interest groups associated with the timber and farm forestry industry in the Green Triangle. It is part of a national network of regional plantation committees promoting plantations in Australia and is funded by the Commonwealth and State governments. The Committee has undertaken a number of studies including:

- *Socio-economic Impact of Changing Land Use in South West Victoria, and*
- *Development of a Strategy: Forests For The Future - Towards The 2020 Vision.*

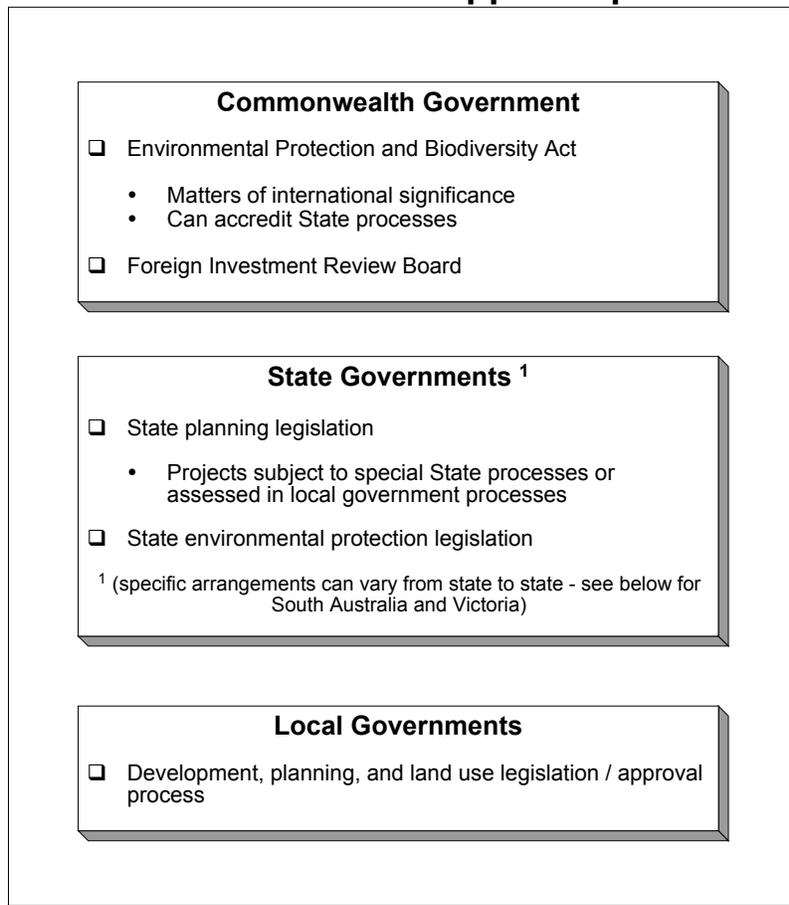
The Committee is also preparing a model of future woodflows and implications for infrastructure in the Green Triangle region.

[www.gtplantations.org](http://www.gtplantations.org)

### Investment approval processes

The following diagram provides an overview of general requirements for project approval in Australia. Further detail is provided below. Potential investors are advised to make contact with the relevant agencies if more information is required.

### Overview of investment approval processes



Australian governments are committed to promoting sustainable development in the Green Triangle region. As part of this approach all governments are committed to providing simple, transparent processes for approving new developments. This is done through clear legislative requirements. The organisations outlined in this document will assist investors through these processes. Key development approval requirements can vary depending on the particular project.

### **Commonwealth government**

Commonwealth government approval for new investment projects may be required under environmental protection and foreign investment legislation in certain circumstances.

- Approval under the *Environment Protection and Biodiversity Act 1999* is required where projects are likely to have a significant impact on defined matters of national significance. These include impacts on World Heritage properties, Ramsar wetlands of international significance, listed threatened species and ecological communities, listed migratory species, Commonwealth marine areas and nuclear actions - see [www.ea.gov.au](http://www.ea.gov.au) for further information.
- Foreign Investment Review Board approval is required for acquisitions of substantial interests in existing Australian businesses with total assets of over \$50 million, and for proposals to establish new businesses involving investments of \$10 million or more - see [www.firb.gov.au](http://www.firb.gov.au) for further information.

There is scope for environmental approval processes required by the Commonwealth to be met as part of State government requirements thereby streamlining appropriate processes.

### **State governments**

#### **South Australia**

In SA proposed developments are considered within the context of the integrated planning and development assessment system consistent with the *Development Act 1993*. Development applications generally are assessed by the relevant local government. This means that proposals are considered in relation to local government development plans. Depending on consistency with that plan, proposals then undergo differing levels of assessment and notification/comment. In some cases projects can be nominated as being of major environmental, economic or social importance. In this case the development approval decision is made by the State government and proposals subjected to consideration by a Development Assessment Panel which will include public consultations through preparation of an Environmental Impact Statement or a Public Environment Report.

Other legislation relevant to consideration of development applications includes the *Environment Protection Act 1993*, *Heritage Act 1993* and *Water Resources Act 1997*.

#### **Victoria**

Victoria provides two main options for approval of new development projects. For major projects (eg, projects with investment of \$100 million or more, or projects judged to have significant environmental effects) proponents must prepare an Environment Effects Statement (EES). This is subject to public consultation and analysis by an independent panel that reports to the Minister for Planning who has responsibility for project approval. The major legislation relevant to this process is the *Environmental Effects Statement Act 1998*. Other projects are considered via local government processes. These

processes can vary depending on whether or not a planning scheme amendment is required. The *Planning and Environment Act 1987* provides the basis for these processes. Where a proposal is consistent with the local government planning scheme the process is essentially in the hands of the local government which may decide whether or not proponents have to advertise their proposal for public comment. Where planning scheme amendments are required, proposals must be exhibited and may require consideration by an Assessment Panel that is then reviewed by the Planning Authority with a final decision made by the State Minister.

## Local governments

In **South Australia**, all Local governments are the relevant authority for decisions relating to development proposals. This is spelt out in the *Development Act 1993*. All Local governments have a Development Plan that contains relevant development policies. In considering a proposal, consistency with the Development Plan is the most important factor. Depending on the level of consistency different levels of notification and public consultation are required. Where proposals do not comply with the Development Plan the proposal is referred to the Development Assessment Commission.

In **Victoria** all Local government areas are covered by land use planning controls which are prepared and administered by State and Local government authorities. The legislation governing such controls is the *Planning and Environment Act 1987*. The key issue in determining project approvals from a Local government perspective is consistency with the Local government planning scheme. Where proposals are consistent with that scheme approval decisions rest with the Local government. However, if they require amendment to local plans the decision is transferred to the State Minister with a different approval process.

## Contacts for further information

Commonwealth Government	Agriculture, Fisheries and Forestry Australia Manager, Forest Industry Development and Trade Ph +61 2 6272 3933 Email: forestry.contact@affa.gov.au	Invest Australia Senior Manager Agribusiness Ph: +61 3 8664 7700 Email: askus@investaustralia.gov.au
	Environment Australia Assistant Secretary Policy and Compliance Branch Ph: + 61 2 6274 1666 Email: ciu@ea.gov.au	
South Australian Government	Office of Economic Development Deputy Executive Director Strategic Initiatives Ph: +61 8 8303 2400 Email: david.mitchell@state.sa.gov.au	Department of Business, Manufacturing and Trade Investment Officer Ph: +61 8 8303 2368 Email: paddy.orourke@state.sa.gov.au
Victorian government	Department of Innovation, Industry and Regional Development Specialist, Timber Products Ph: +61 3 9651 8122 Email: brian.walsh@iird.vic.gov.au	
Regional organisation	Green Triangle Regional Plantation Committee Executive Officer Ph: +61 8 8724 7628 Email: j.drohan@jseacc.org.au	Limestone Coast Regional Development Board Chief Executive Officer Ph: +61 8 8723 1057 Email: info@lcrdb.com
Local government Victoria	Glenelg Shire Council Chief Executive Officer Ph: +61 3 5522 2317 Email: enquiry@glenelg.vic.gov.au	