



AIU 1,822 (-35)	WWE 890 (-20)	PLQ 6,350 (-200)	QRT 665 (-18)	QRY 6,800 (-118)
MBC 3,605 (+210)	LJH 9,542 (-128)	MJB 2,609 (+35)	PQN 7,654 (+169)	QSH 1,632 (-58)
YBV 3,204 (-33)	QMN 5,211 (+156)	MMJ 7,100 (-60)	IIT 7,158 (-150)	QEK 1,901 (+100)
MBB 3,320 (-120)	WFF 712 (+12)	HJM 134 (+5)	QLE 2,022 (-18)	QSH 6,287 (-57)
				QHE 12,630 (-320)

Private Forests Tasmania

Enabling Market Access for Private Forest Growers: Options and Recommendations

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PREFACE

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The report presents options and recommendations to improve market access for Tasmania's private forest growers. Its release is subject to the terms of the Disclaimer on the following page.

We trust our report proves useful to you and we would be pleased to provide assistance to you again on future assignments.

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GLOSSARY OF TERMS

Term	Description
-	Minus
~	About, approximately
%	Percent
/a	Per annum
ACC	Australian Competition and Consumer Commission
ACCU/ACCUs	Australian Carbon Credit Unit(s)
AFPA	Australian Forest Products Association
AI	Artificial intelligence
API	Application interface
APLPI	Australian Pine Log Price Index
AFOLU	Agriculture, Forestry and Other Land Use
ASC	Aquaculture Stewardship Council
CER	Clean Energy Regulator
CPI	Consumer price index
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CTL	Cut to length
CY	Calendar year
ETA	Estimated time of arrival
EUDR	European Union Deforestation Regulation
FOB	Free on board or freight on board
FPA	Forest Practices Authority
FPP	Forest Practices Plan
FSC	Forest Stewardship Council
FWPA	Forest & Wood Products Australia
FY	Financial year
GDP	Gross domestic product
GIS	Geographic information system
GLT	Glue-laminated timber (glulam)
GMt	Green metric tonnes
HQSL	High Quality Sawlog
IMAS	Institute for Marine and Antarctic Studies
IP	Intellectual property
ha	Hectares
km	Kilometres
LVL	Laminated veneer lumber
m ³	Cubic metres
MAI	Mean annual increment
MDF	Medium density fibreboard

Term	Description
MIS	Managed investment scheme
MPI	Ministry of Primary Industries, New Zealand
NIPF	Non-Industrial Private Growers
NCT	NCT Forestry Agricultural Co-operative Limited, South Africa
NPA	Net plantable area
NPV	Net present value
NSA	Net stocked area
NZ	New Zealand
REDD+	Reducing Emissions from Deforestation and forest Degradation
R&D	Research and development
RFP	Request for Proposal
OSB	Oriented strandboard
PEFC	Programme for the Endorsement of Forest Certification
PFT	Private Forests Tasmania
PNF	Private native forestry
PFSQ	Private Forestry Services Queensland
PTR	Private Timber Reserve
SAFAS	Sustainable African Forest Assurance Scheme
SALTAS	Salmon Enterprises of Tasmania Pty Ltd
SMS	Short message service
STT	Sustainable Timber Tasmania
spp.	Species
T1	First thinning
T2	Second thinning
T3	Third thinning
TFPA	Tasmanian Forest Products Association
TTPB	Tasmanian Timber Promotion Board
TIMO	Timber Investment Management Organisation
TMI	Timber Market Index (FWPA)
USA	United States of America
WSA	Wood Supply Agreement
YTD	Year to date

SUMMARY

Purpose and Context

Private Forests Tasmania (PFT) commissioned Margules Groome Consulting to identify options to improve market access for Tasmania's private forest growers. The study has focussed on the state's large cohort of small-scale growers (small growers), on the basis the relatively small number of large-scale growers are well-resourced and do not require external assistance.

The study examines the structural barriers and market dynamics which challenge small growers' participation, and proposes recommendations to support a more transparent and coordinated approach, with the aim of improving grower margins and profitability.

While focusing on traditional timber markets, the report also recognises the growing relevance of new and emerging opportunities—such as carbon, biodiversity and natural-capital markets—that can complement timber production and strengthen long-term returns.

Structure and Characteristics of Tasmania's Private Forest Sector

About 71 000 ha of native forest and 206 000 ha of plantation is controlled by several large-scale institutional investors, the so-called Timberland Investment Management Organisations (TIMOs). The balance of the estate is represented by approximately 9 600 small-scale individual holdings, which collectively total around 771 000 ha of native forest and 45 000 ha of plantation.

While production arising from the TIMO estate in the last decade has lifted to historic highs, the opposite has occurred on the small grower estates, which currently produces only a fraction of its potential.

The TIMO's have the benefit of scale to enter and maintain a position in the market, essential to protect profitability through the cyclical peaks and troughs in demand and price. Small growers, acting in isolation and with relatively small parcels to trade, are limited to presenting spot sales to the market which introduces issues around timing and access to infrastructure (e.g. harvesting and transport contractors, port space, professional services etc.).

The challenges presented by scale extend to small growers' capacity to resource routine forest management activities, certification, regulatory compliance, and investment into silviculture, especially thinning and pruning. For plantation owners, the returns from harvest, leading to overall profitability, will determine whether their assessment of highest and best use of the land is to remain in forestry or convert to other uses.

Market Outlook and Challenges

The forest products market is broadly classified by species and type, with each subsector acting more or less independently.

The contraction in processing capacity for native forest logs in Australia has generally followed declining supply from government agencies. At the same time, the remaining processors have repositioned native timbers from commodity style products to appearance grade high value uses, and it is now common to see natural feature grain and recycled native timbers in public spaces and private dwellings. Other innovations such as engineered products made from native timbers are encouraging signals for the sector.

The opportunity for Tasmanian private native forest growers is to service the remaining processors in Tasmania and the mainland as production of logs from government sources continues to decline, or in the case of Victoria, stop completely.

The challenge for processors is to adopt procurement practices appropriate for small grower/owners. Margules Groome was encouraged by the native forest processors interviewed for this project, who shared business plans to increase supply from small grower sources.

Softwood markets in Australia are largely driven by domestic demand for construction materials. Domestic sawmills have traditionally secured resource through long term arrangements with large scale growers. Most large-scale softwood plantations in Australia were developed by government agencies, which sought to promote rural and regional development by making available logs for local processing and manufacturing satisfying demand for domestic construction.

In Tasmania the sale of the government plantations and entry of TIMOs coincided with a consolidation of softwood processing around one large plant in northern Tasmania, which now has cross-ownership with the privatised softwood estate. This arrangement has supported scale efficiencies and profitability for the TIMO investors but has reduced domestic market access for softwood small growers.

At the same time the previously profitable export market servicing demand in China and India, has declined to the point that it no longer offers a sufficient price to incentivise small growers to bring logs to market, let alone commit to reforestation.

Tasmanian small softwood growers are therefore caught between reduced domestic market access and low export prices.

The hardwood plantation market in Tasmania, traditionally oriented towards servicing export demand for eucalypt woodchips in China and Japan, has in recent times diversified to include domestic processing for sawlogs. This recent innovation has been welcomed as hardwood woodchip trade into Asian markets has declined, largely due to reduced demand and capacity to pay from China.

Despite the benefits local sawlog processing has brought to hardwood plantation growers, margins are still not sufficient to encourage replanting by some growers.

Some small hardwood growers are reportedly incentivised by the Federal Government's ACCU market (Plantation Forestry Method - Schedule 2 and 3) to convert from short to long rotation, or from hardwood to softwood. Bearing in mind the market challenges described above for softwood growers, it is reasonable to assume that investment decisions to convert to softwood are made on the assumption access and pricing will improve.

Stakeholder Consultation

Consultations with growers, processors, aggregators, and policymakers revealed strong consensus on several points:

- Fragmentation and opacity are the fundamental barriers to efficient markets.
- Aggregation and cooperation can achieve scale and bargaining power.
- Market transparency—including published pricing and processor demand data—would increase knowledge and confidence.
- Certification and carbon trading need simplified, lower-cost frameworks.
- Education and extension services are recognised to rebuild grower confidence and capability.

Market Access Models and Evaluation

Margules Groome reviewed nine market access models encompassing nineteen case studies and presented a selection of these to stakeholders for consideration. Stakeholders broadly supported hybrid approaches that combine elements of grower co-operatives, brokerage models, education and extension programs, and digital market platforms. These models were deemed by stakeholders as most effective when underpinned by transparent governance and supported by public-private investment during early implementation.

Based on stakeholder input, Margules Groome developed eleven evaluation criteria. The resulting model rankings were broadly consistent with the views expressed during the stakeholder workshops.

Market Access Solutions and Implementation Pathway

Having considered the structural and market challenges facing small growers in Tasmania, together with stakeholder feedback and the outcomes of the market access model review and evaluation, Margules Groome has developed a set of recommendations to improve market access.

These recommendations build on existing services offered by PFT and businesses to the sector, with a focus on increasing transparency and availability of market information, and aggregation of individual growers' resource to achieve scale in market.

A practical approach to staging implementation is offered, which provides for short term achievable outcomes while supporting the more complex initiatives in the longer term:

1. Short Term

- Expand grower education and extension by establishing a market dashboard that covers softwood, hardwood and native log markets and prices.
- Develop forest econometric models as a tool to support small grower investment analysis.
- Establish logistical cost databases (harvest, transport, overheads and marketing, port costs etc.).
- Develop focused digital directories of buyers, contractors, and service providers.

2. Medium Term

- Develop a digital (web-based) mapping platform for small growers seeking to manage their forests for log supply. This tool will enable the spatial visibility of small growers to aggregators and processors. The resulting database can also help prioritise future inventory work and provide foundational data to support woodflow modelling, as outlined in subsequent recommendations.
- Continue resource inventory work to improve the description and quantification of smallholder forests.
- Develop a dynamic, state-wide woodflow model and plan for the aggregate supply of all logs in Tasmania including Crown, large grower, and small grower resources, by major forest and species types. Such a model is considered critical for addressing strategic questions related to future market access and for informing the long-term recommendation outlined below.

Note: Our short- and medium-term recommendations are designed to serve a dual purpose: first, to support Tasmania's existing aggregation operators, processors, and small growers by improving resource descriptions, enhancing resource visibility, and increasing cost and price transparency; and second, to lay the foundation for evaluating the long-term recommendation.

3. Long Term

- Consider the formation of a grower co-operative to aggregate supply and to provide professional marketing and logistical services to small growers.

Each phase is designed to build progressively, enhancing transparency, reducing transaction costs, and enabling aggregation toward a mature, co-operative, and competitive market framework.

Conclusions and Key Takeaways

Tasmania's private forestry sector possesses significant untapped potential, but its individual small-scale and fragmented nature prevents growers from capturing fair value. Without new market access pathways, the sector risks stagnation and declining replanting activity.

This study concludes that:

- Improved market transparency and reliability of Information can build confidence amongst existing and prospective participants in the forest products market.
- Aggregation of resource to build scale in the market can improve individual profitability.
- The prospect of improved returns and greater confidence will likely lead to greater participation and retention by growers in the market.

While the implementation plan is offered to strengthen Tasmania's small growers' position in the market, it is also intended that other supply chain participants – processors, contractors and service providers, should also benefit from the development of a new sustainable resource.