

A Chronology of the Victorian Government's Century in Plantations

David Williams, 2018

Understanding Government's Century in Plantations

The Government's more than a century in plantations included many achievements as well as a number of disappointments and shortcomings. Overall the government's plantation story was significantly successful. There were many successes including:

- Early statement and consistent affirmation of a policy of establishing plantations. Initially the goals were to rehabilitate land cleared in the 1850's gold rushes, provide timber and avoid cost and unreliability of imported timber, generate revenue and create jobs through local sawmills. Commercial financial returns became a more important objective following increased investment with the plantations expansion program.
- A record of achieving planting targets which aimed to meet Victoria's future timber needs
- There were significant advances in technology, equipment and practices resulting from effective research and development
- There were a number of successful, energetic personalities that overcome many challenges.

There were many challenges, the most significant of which was growing opposition in the 1970's and increasing in the 1980's. At different times environmental activists, affected local communities and farmers opposed different aspects of plantations for reasons including use of chemicals particularly aerial application, adverse environmental effects, clearing of native forests for plantations, use of purchased farmland for plantations and use of public money in an enterprise which was not providing a satisfactory financial return.

With the benefit of hindsight the questioning and opposition from people outside government needs to be evaluated in the context of changing times. Increasing questioning and opposition to all manner of policies and actions from the late 1960's was considered a positive change by some and it was occurring at the time in other states as well as in North America and Europe. On the positive side there was commendation from some external parties on environmental standards, early move to cease clearing native forests and the Government's use of an independent body to review and recommend areas for plantation expansion using a conservation lens. The attractive sale price for the plantations partly ameliorated the earlier poor financial performance.

The chronology listed below provides a snapshot of the events that shaped the government's plantations century.

The listing in the manner presented necessarily simplifies the story. One might incorrectly conclude that a clear, coherent and consistent pathway was set at an early time to achieve the goal of establishing a well-managed, highly productive and extensive plantation estate for the benefit of Victorians. This is not so and the reality is complex and nuanced. Assembling the many inter-related chapters on the website over time will provide interesting insights into the plantation story.

Listing the significant events does not adequately convey the circumstances and the many influences on government plantation decisions. In many situations there had been a prior build-up period to garner support for a particular position before government actions. Government decisions mostly followed, rather led, public positions. Some of the circumstances and influences included:

- The merits of a policy or position,
- Public support or opposition,
- Lobbying and cajoling members of parliament by influential "insiders",
- Broader public and/or local affected community support or opposition,
- Government willingness, financial capacity and whether the government considered there was political advantage at the time,

- Larger scale impact on local communities as the program expanded to purchased private land combined with changing community expectations over time.

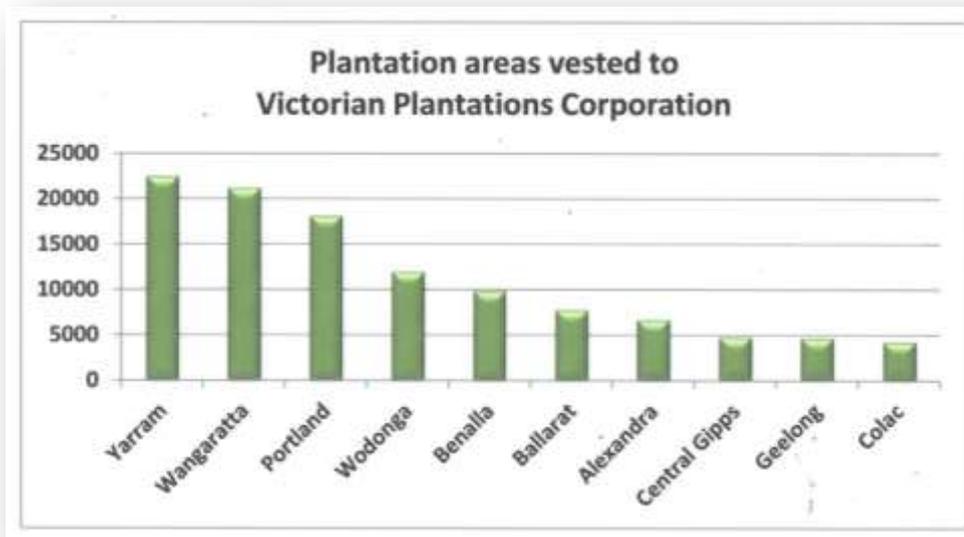
The plantations story

The plantation story can be seen in 4 sequential periods, as follows:

1. **1880-1959 - low level activity.** Only a small proportion of the total plantings occurred over the first seven decades. There was early recognition of the need for softwood plantations and repeated statements about plantations but there was limited planting activity.
2. **1960-69 - busy decade.** Total plantings increased steadily during the 1960's decade. The Government adopted the plantation expansion (PX) program which committed ambitious area targets at the time, provided increasing funds, commenced planting in new areas across the state and secured attractive loans from the Commonwealth Government.
3. **1970-79 – heighten activity and controversy for the first time.** This decade was the busiest with a substantial proportion of total plantings being established. Whilst a period of great activity, it also saw controversy for the first time. Affected local communities and environmentalists became increasingly vocal in opposition to the preferred practice of aerial application of weedicides and concern about potential adverse environmental effects.
4. **1980-92 – continued heightened activity & broadened opposition.** High level plantation activity continued. The Timber Industry Strategy (TIS) confirmed increased area targets with the aim of supporting ongoing investment in a competitive processing sector. But opposition also increased and broadened particularly in the Strzelecki and Otways Ranges, and North East Victoria. Opposition was directed at a number of activities including use of chemicals, clearing native forests for plantation establishment, increased overall scale of plantations, potential adverse environmental effects and use of purchased farm land for plantations. Criticism and opposition from affected local communities and farmers represented a significant shift as these groups had traditionally been supporters of forestry and forest industries.

Achievements of Forests Commission Vic & its predecessors & successors

- created an estate of 113,209 ha composed of 105,964 ha of softwood and 7,245 ha of hardwood plantations – the area by region is shown in the figure below,
- the estate incorporated productive plantations based on best practice,
- the resource supported new competitive mills in all major plantation regions with consequent social, job creation and economic benefits,
- the estate was ultimately sold to private investors for an attractive price of \$550 million under conditions ensuring the continuation of the plantations. The Government also received \$68 million in dividends from its state owned enterprise, Victorian Plantations Corporation ,
- the plantation business provided sustainable log supplies for regionally based competitive processing sector well positioned for future prosperity in a timber hungry market.



Chronology of major events

1851 State of Victoria proclaimed

1850's **Destructive clearing of forests** - the discovery of gold in Victoria led to the destructive clearing of forests causing adverse impacts including loss of productive forests, widespread erosion and proliferation of weed infestations.

1865-67 **Need for plantations recognised** - Boards of Inquiries recognise the need for plantations of broadleaved and coniferous species to generate revenue, provide softwood timber to replace imports and support jobs in local mills.

1872 **First nursery established** - Macedon nursery was established to raise plants for plantations - initial emphasis was on broadleaved species but Radiata & Nigra pines were also planted.

1880-1910 **Early environmental plantations & employment for miners** - Plantings at Macedon were extended and new plantation projects were commenced at Creswick (1888) and the You Yangs (1889) to rehabilitate land eroded by mining and provide work for miners who were unemployed following the decline in gold production post the Gold Rush. The plantings of mainly commercial softwood species were also to produce softwood timber to reduce the volume of imported timber.

1888-90 **More nurseries** – nurseries were established at Sawpit Gully (Creswick) nursery in 1888 and Havelock, Gunbower Island & You Yangs in 1888-90. .

1895 **Government seeks expert advice** – the Government commissioned Inspector General Ribbentrop, Indian Forest Service to review and make recommendations on Victorian forestry. His comprehensive report concluded, among many matters, that there was merit in establishing softwood plantations but cautioned against broadcast introduction of *Pinus insignis*¹ because whilst fast growing, he considered the wood to be of “low character”.

1907 **Forests Act introduced** – the first Forests Act created a new Forests Department under Conservator of Forests Mckay and supported the establishment of plantations over the following decade.

¹ Although considered separate species in in the 19th century, *Pinus insignis* and *Pinus radiata* were subsequently confirmed as the same species.

- 1910** **Training foresters** - Victorian School of Forestry was established at Creswick to train foresters to manage Victoria's forests
- 1915** **Need to increase plantings** - Conservator of Forests Mackay affirmed the need to lift the annual planting rate particularly for conifers.
- 1918** **Forests Act established the Forests Commission Victoria (FCV)** – a new Forests Act was passed creating the Forests Commission of Victoria and one of a number of principles required the establishment of adequate plantations of exotic softwood species.
- 1919-1930** **Early failed plantations** – by the early 1900's there were extensive coastal areas which were not suitable for farming. Some of these areas were tried for plantations. New plantations were established at Frankston (1910), French Island (1911), Wilsons Promontory (1913), Port Campbell (1919), Anglesea (1923) and Mount Difficult (1925). Virtually all of these areas totalling more than 10,000 ha failed. This highlighted the importance of pre-requisite site assessment surveys which became the norm in subsequent new projects.
- 1924** **State co-operation on plantations and Commonwealth funding advocated** – the Interstate Conference on Forestry attended by all state forests departments advocated co-operation between the States to establish a national plantation estate funded by the Commonwealth Government. This became a reality more than 40 years later under the Softwood Forestry Agreements Act.
- 1925** **FCV plantation target** – the FCV stated its policy to increase softwood plantations and set a target for the estate of 80,000 ha.
- 1930** **Douglas fir plantations in the Otway Ranges** – first plantings of Douglas fir occurred in the Otway Ranges.
- 1930's** **Jobs planting trees** – The Rural Relief Fund was established to provide employment during the Depression. Employment relief included establishing softwood plantations. Planting increased in 1931 to 92 ha which was a 3 fold increase on the previous year. The higher rate continued through the decade.
- 1937** **New paper mill in Gippsland** – Australian Paper Manufactures (APM) constructed a pulp and paper mill at Maryvale to be supplied pulpwood from surrounding public native forests.
- 1939** **APM supply forests destroyed** - APM public native forest supply area was destroyed in 1939 fires just 2 years after the mill was constructed thus creating pulpwood supply uncertainty for the Company.
- Fire loss of plantations** – a significant area of public softwood plantations was largely destroyed in North East Victoria in the devastating 1939 fires.
- 1940's/50's** **Slow down during & post-war** - slowdown in plantation expansion occurred due to war initially, then labour shortages, lack of money and the increasing plantation costs post-war.
- Post-war** **Need for plantations to provide timber** – the post-war reconstruction boom resulted in tight supply of timber for housing and demonstrated the need for timber from plantations in the future to supplement supply of hardwood timber from native forests.
- 1949** **Hardwood plantations in Strzelecki Ranges** - plantation program started on government purchased failed farmland. The hardwood estate expanded to more than 7,000 ha over next 40 years.
- 1950** **APM's plantations program** - APM decided to establish its own plantations to supplement supply from the FCV and thereby reduce supply risk.

- 1952** **Softwood Holdings plantations** – the private company was formed and established softwood plantations in South West Victoria. It was followed shortly after by construction of a new sawmill at Dartmoor in 1954 which drew logs from government plantations as well as private plantations.
- 1955** **AKD Softwoods** – the small private company was formed and built a mill at Colac to process logs from Government plantations. The Company established its own modest plantation program. The Company continues its expansion to now be the largest softwood log processor in Victoria.
- 1959** **Wood Pulp Agreement** – the agreement with APM provided for the supply of pulpwood and leased land in Strzelecki's for APM to establish plantations.
- 1961** **Government support for PX program** – the Government supported FCV's commitment to a plantations expansion program, termed 'PX' program. Together with supplies from native forests and future private plantations the program aimed to make the State self-sufficient in timber by 2000. An annual target of 2,000 ha by 1964 and continued for 40 years was to produce a Government plantation estate of 80,000 ha with Radiata pine as the principal species. The Department signalled the need for £250,000 per annum for the program. The Government provided £231,000 for the first year. The area target was based on a forecast population of 7 million by 2000. In the event Victoria's population reached 4.7 million by 2000.
- Sirex wasp** - the first confirmed detection of Sirex wood wasp in Victoria and mainland Australia.
- 1962** **Plantation program takes off** - more than 1,300 ha was planted representing more than a three-fold increase on 1961. New plantation areas were established in Upper Murray, Alexandra, Portland, Central Gippsland and Yarram (hardwoods) with new areas in Wangaratta, Colac, Benalla and Ballarat commenced in the following few years.
- Early 1960's** **Radiata pine 'Comes of Age'** - on the back of much research and development in tree breeding, silvicultural regimes and timber drying and processing, Radiata pine dried timber met the technical specifications to be accepted as a quality structural timber. It also exhibited good pulping properties for paper making. Radiata pine was previously used mainly as a low quality timber for packing cases and lining & floor boards.
- 1964** **Australian Forestry Council (AFC)** – the formation of the Council was an important milestone for Australian forestry. It was composed of Forest Ministers from the States and Commonwealth Minister to provide a co-ordinated national approach. Its first priority was to analyse supply and demand for timber and develop solutions to meet projected supply shortfalls. The Council set a national estate target of 1.2 million ha by lifting the average annual planting rate from 16,000 ha in 1965 to 28,000 ha and maintaining at that level until 2000. The targets were based on a national population of 20 million by 2000. Australia's population reached 19.3 million in 2000. Australia's one millionth hectare of softwoods was planted at Ovens, North East Victoria in 1992.
- FCV request for Commonwealth government funding** – the FCV in its evidence to the Commonwealth Government's Distribution of Population Committee indicated there was derelict land available in Victoria which was suitable for pine plantations. It requested £200,000 per year from the Commonwealth Government to establish plantations on the land.
- Assistance for private plantations** – private plantations were an integral component of the overall timber supply plan. Accordingly, the Softwood Plantations Loan Scheme was created to assist the establishment of plantations on private land. The FCV also emphasised the

importance of being able to fund preferred cultural operations to ensure optimal growth and sawlog production.

Mid-1960's National Sirex Fund – the fund was established and provided money to search for and destroy the wasp including on private land.

1967 Softwood Forestry Agreements – the Commonwealth Government provided loans to State Governments under the Softwood Forestry Agreement Act 1967 for the expansion of softwood plantations over and above each State's base programs that existed at the time. The agreements enjoyed bi-partisan support in Federal parliament. The first agreements covered 5 years. The national target was an average of 26,000 ha per year for 35 years plus at least 4,000 ha per year of private plantations. Victoria's annual target was increased steadily from 2,800 ha in 1967 to 4,800 ha to reach an estate of 20,000 ha by 1971. The AFC also requested the Commonwealth Government provide tax concessions to encourage private plantations and the Commonwealth and State Governments defer estate and probate duties to encourage private plantations. The Commonwealth Government provided \$18 million over the 5 year period for the States to plant a total of 100,000 ha.

1969 Record planting year – a record 5,183 ha was planted by the Department.

1970 Land Conservation Council – the Government established the LCC to undertake studies and make recommendations on public land use in Victoria with requirement to ensure environmental values were incorporated in its recommendations. Whilst the major impact was on public native forests, the LCC made recommendations on public land for future plantations. The LCC's work raised the awareness of environmental values and thereby contributed to the changing public expectations about public land use.

1971 - 1977 Second Softwood Forestry Agreements – legislation for the second agreement period was contested by the Labor Opposition who sought amendments to replace the concept of "sound forestry practice" with the need for consideration of flora and fauna impacts associated with plantation establishment. The DLP (Democratic Labour Party) wanted to ensure that native forests would only be cleared under special circumstances. The legislation was passed in parliament. The debates foreshadowed the changing times of the 1970's for plantations and native forests.

Victoria's area target for the 5 years was increased 26,000 ha which was exceeded. Victoria's public plantation estate was 83,000 ha by 1973.

1970's Markets needed for thinnings – there was an increasing awareness that pulpwood markets would be needed to support commercial thinning of the expanding plantation estate to optimise sawlog production.

1970's Aerial spraying – spraying became a preferred practice for controlling weeds during plantation establishment. Initial weedicides included 2,4,5 – T (2,4,5 – Trichloropyrimidine) and 2,4 – D (2,4 Dichlorophenoxyacetic acid) which were chemicals that had attracted wide spread attention because of association with defects in new born from their use in Vietnam. These were subsequently replaced with other weedicides. Later in the decade aurally applied chemicals were also used to control Dothistroma, a needle blight fungus. Chemical use became a rallying issue for opposition from impacted communities across the State. Plantations became more visible and impacted more communities as the program expanded.

1970's Environmental studies – FCV commenced major studies into environmental aspects of plantations in North East Victoria. These studies represented a proactive response to growing questions about environmental effects of plantations. One component included

comprehensive surveys of the biology of existing plantations and covered plants, mammals, birds, insects and water biota. Another component was the study of the impact of plantations on the hydrology. Three catchments were monitored before one of the catchments was converted to plantations. This was a significant long term study into the hydrology of pine plantations. The hydrology was again measured when the second crop was established over 30 years later. Also the opportunity arose to measure the impact of fire when the area was burnt by wild fire in 2006.

- 1972** **Bowater-Scott Agreement** - an agreement was provided to Bowater-Scott for supply of logs for a new integrated mill at Myrtleford.
- 1973** **Need to further expand the PX program** – the FCV articulated the need for further expansion of PX planting to provide timber for future needs. It expressed concern about the reliability and future cost of reliance on imported timber.
- 1974** **National Estate Committee opposes clearing native forests** – the Commonwealth Government National Estate Committee of Inquiry recommended that clearing of native forests be discontinued until more research had established the environmental impacts.
- 1976** **Review of the Softwood Agreements** – the effectiveness of 1967 and 1971 agreements was reviewed by a House of Representatives Committee. The recommendations included:
- supported the continued need for plantation program but at a reduced scale
 - clearing native forests for plantations should cease
 - other states should copy Victoria's Land Conservation Council for independent recommendations on public land use incorporating public expectations with respect to contemporary conservation
 - FCV was commended for high environmental standards and planting on purchased private land
 - there was a need to improve financial returns from funds provided under the agreements
 - Victoria was performing well and should continue to be assisted under the agreements
- 1980** **Pulpwood supply to Australian Newsprint Mill** – the supply of pulpwood to the new mill at Albury provided an outlet for pulpwood from Upper Murray plantations.
- 1980's** **Opposition to plantations** – opposition from a number of groups on a number of issues grew over the decade particularly in Strzelecki and Otways Ranges and North East Victoria. Environmentalists, local community groups and farmers were opposed at different times for a number of reasons including “Too Many Pines” and “Pine Free Zone” campaigns, potential environmental effects, need to cease clearing native forests for plantations and loss of agricultural land to plantations.
- 1981** **Plantations – too much or not enough?** – different government bodies expressed contrasting views. The LCC recommended land for a doubling of the plantation area in North East Victoria. In contrast the Senate Standing Committee on Trade and Commerce's report on Australia's Forestry and Forest Products Industries concluded the area of pine plantations was excessive.
- The LCC North East Victoria plantations recommendation became an active regional issue in the state election campaign.
- 1984** **'No More Pines' campaign** – the campaign was launched in the Otways Ranges to oppose expansion of pine plantations on public and private land.

- 1985** **Victorian Timber Industry Inquiry** – rejected the policy of self-sufficiency in timber products in favour of an objective of maximising net social benefits.
- 1986** **Timber Industry Strategy** – TIS provided a major new government policy direction for the industry and management of public forests and plantations. The main plantations elements were:
- Plantation management objectives included optimising financial returns, ensuring timber for a competitive integrated industry and encouraging establishment of private softwood plantations.
 - TIS provided longer supply contracts and agreements ratified by legislation based on major new investment in processing mills.
 - The TIS also foreshadowed the phasing out of native forest clearing for plantations.
 - Plantation area target was set at 125,000 ha to be established by 1996 to provide for contracted volumes in future and support ongoing investment in a competitive processing sector. The estate reached 113,209 ha in 1993 when it was vested in the Government owned Victorian Plantations Corporation (VPC).
- Bowater-Scott supply increased** – a new agreement provided a 100% increase in log volume for a new larger mill.
- Long term supply to Victree** – the log supply supported a new sawmill built at Colac. The company also had its own modest plantation program.
- Aerial spraying banned** – Premier Joan Kirner banned aerial spraying of Velpar weedicide in Stanley plantation.
- 1988** **‘Pine Free Zone’ campaign** – activist community groups declare the Tallangatta Valley a ‘Pine Free Zone’.
- 1989** **Plantation Impact Study** – the Government established a Plantation Impact Study to review and recommend on whether there were better ways to achieve plantations area targets. A number of subsequent government statements and decisions included:
- The TIS plantation target of 125,000 ha was reduced to 120,000 ha
 - The study recommended that plantation expansion should be private sector enterprise
 - Plantation Sharefarming Scheme was launched to assist farmers establish an additional total of 6,000 ha of private plantations to make up for the reduced government area target.
- 1990** **Plantations for sale** – Premier Joan Kirner confirmed the plantations would be sold for an expected price of at least \$200 million for the “cutting” rights. Another \$200 million could be expected if the land was also sold. In the event, the “cutting” rights were sold for \$550 million in 1998.
- Merchant banker CS First Boston valued the plantations at \$300 million but noted that what was being sold and how it was sold are major determinants of the sale price.
- 1992** **Australia's one millionth hectare** – the one millionth hectare of softwood plantation was planted at Ovens, North East Victoria.
- Planning controls help small owners** – State planning controls are amended to allow small plantations (40 ha or less) to be established without obtaining a planning permit.

1993

Auditor-General (A-G) reviews TIS - the A-G's review reported that a number of TIS plantation management objectives were being achieved, but concluded the commercial performance objective was not achieved

Commercialisation of plantations – the plantations were vested in the newly formed VPC as the first step in exiting the business. The Government sought to commercialise the business before sale to maximise the price and ensure the business was in an appropriate state to support a competitive processing sector in the future. The task under VPC required the following:

- improve the financial return
- provide a record of financial accounts consistent with Australian Accounting Standards
- replace government licences and agreements with commercial contracts
- establish legal plantation boundaries
- amend law to provide for industrial fire brigade.

VPC returned \$68 million to the Government over its 5 year life.

Valuation of the plantations - the V-G valued the plantations when they were vested which was the VPC's starting point. VPC reported a valuation \$202 million at the end of its first year of business in its 1994 Annual Report.

1990's

Markets for pulpwood – new markets were required to provide outlets for increasing pulpwood volumes in the North East and Western plantations as the large plantings through the 1970's and 1980's approached first thinning age. Such markets would support commercial thinning to ensure maximum sawlog production. New markets were established as follows:

- **1994 Benalla particle board mill** - pulpwood for a new particle board plant at Benalla provided an outlet for surplus from Benalla plantations.
- **1996 Wangaratta Medium Density Fibreboard (MDF) mill** - pulpwood for a new MDF plant at Wangaratta provided another outlet for surplus from North East plantations.
- **1997 Softwood Plantation Exporters** - VPC partnered with its customers (AKD Softwoods and Victree) to export woodchips from sawmill chips and plantation pulpwood to provide outlet for Western plantations

1998

Government exits plantations – the Government exited the plantation business after 110 years when it sold VPC to Hancock Natural Resources Group to form Hancock Victorian Plantations (HVP). The sale price for the "cutting" rights was \$550 million. The asset was a perpetual licence for the "cutting" rights meaning that replanting by HVP as areas were harvested was necessary for the ongoing right. This was an effective way of ensuring the estate would continue to be used as plantations in the longer term.