

# EAST ARNHAM COMMERCIAL FORESTRY OPPORTUNITIES

The purpose of this document is to provide an overview of activities and information related to the East Arnhem forestry project titled *Indigenous Commercial Forestry Opportunities: East Arnhem, northern Australia*.

This research and development (R&D) project will investigate the potential for commercial Indigenous forestry in East Arnhem region, Northern Territory. The project will facilitate sustainable forest-based livelihood benefits for Yolŋu traditional owners and is supported by the East Arnhem Forestry Working Group, which includes a range of East Arnhem regional stakeholders.

## Executive summary

Collaborative funding from Developing East Arnhem Limited, the Northern Territory Government, National Indigenous Australians Agency, University of the Sunshine Coast, Australia (USC), and Gumatj Corporation has supported the development of a new research project that will investigate the potential for commercial Indigenous forestry in East Arnhem. This regional and USC funding unlocked matched funding from the Australian Government, as part of its voluntary matching agreement with Forest and Woods Products Australia (FWPA).

This project, to be delivered by the USC, will provide the insights necessary to underpin the long-term commercial viability of forestry in the region, and support Yolŋu communities who wish to sustainably use their land for employment and economic benefit alongside cultural purposes.

The project phases will, over three years deliver several components, including:

- Mapping and reporting of the forests of East Arnhem and their commercial potential, including forestry inventory assessment and the development of forest assessment tools that can be utilised by local communities to develop and maintain inventories, and collect meaningful data to help them understand their commercial forest resources.
- A harvesting demonstration and training site, and assessment of how different forest management regimes would meet forest certification standards.
- A marketing pilot to identify, manufacture and market-test timber products made from logs sourced from East Arnhem Indigenous-owned native forests. This will provide an understanding of market needs, specifications, and an indication of how much the market is willing to pay for the various products.
- Engagement with traditional owners and communities to provide all available technical and market information from which they can make informed decisions and build a deeper understanding of their interest in forestry opportunities across East Arnhem.
- Training of communities in technical forestry operations on the job, integration of traditional forest management and contemporary forest management regimes and the manufacture of forest products, and linking them with prospective markets, buyers, partners, and investors

## Background

There are Yolŋu landowners across the region who want to use their lands and seas to create sustainable economic opportunities for their communities, in connection with social and cultural benefits. Yolŋu landowners have expressed interest in exploring forestry and timber related opportunities on their lands but to date little is known about the resources and commercial value. With support from regional partners the East Arnhem Forestry Working Group was formed in 2018 to address these challenges and explore opportunities.

## Current context of northern Australian forestry

CRC for Developing Northern Australia (CRCNA) released the [Northern forestry and forest products industry situational analysis](#) in April 2020. The below are snapshots taken from this report:

In aggregate, the northern Australia forestry and forest products industry is estimated to have an annual production output in the order of \$84 million, and supports more than 1240 direct jobs and around 1860 indirect jobs. However, these estimates have considerable uncertainty given data limitations and a reliance on only partial information collected through this project. It is also worth noting that key sectors of the industry have to date largely been based on establishing the underlying plantation forest resources for downstream processing and export markets. In the Northern Territory this is the case for the maturing plantation forest resources of African Mahogany, Indian sandalwood and Acacia, that are now approaching or only recently transitioned to harvest age and sale into markets.

Consequently, over the next five to ten years, there is scope for the northern Australian forestry and forest products industry **to double or treble in output value to up to \$300 million per annum**, as a consequence of increasing harvest levels, expansion of forest resources and potential for downstream processing and value-adding. These opportunities could also generate **up to 600 direct jobs in the forest products industry**, which includes opportunities in both the native forest and plantation sectors.

For example, Indigenous engagement in native forest management for timber production has the potential to generate large employment and production benefits, where if 10% of the private forest with commercial potential was actively managed for timber, for example, this would represent 660,000 hectares. This area could generate \$15 million in selectively harvested log income per year and produce \$100 million worth of sawn timber annually, while creating around 370 direct jobs for Indigenous communities and industry partners.

## Current context of East Arnhem forestry

The current industry is small but regionally and strategically important. In East Arnhem, the Gumatj sawmill and woodworks facility is an example of a successful small-scale Indigenous forestry business that has potential to expand its current product range (which focusses on replacing imported construction materials including timber roof trusses and supply of specialty timber for local and regional markets) and be a model for other interested local Indigenous communities to learn from and develop in support of sustainable regional economic development. It is known that some East Arnhem Aboriginal communities and businesses are interested in Indigenous-led forest and timber product enterprises, and that the region contains large areas (~3.3 Mha) of Indigenous-owned native forests with commercial potential. These forests are found in areas that will be cleared for bauxite mining and on other Indigenous freehold lands suited to long-term, selective, and sustainable low-impact harvesting.

Current best-available data suggests these forests do have commercial value, but the data is coarse and not ground-truthed, hiding the true commercial potential (productivity, product mixes) of East Arnhem's forests. This is limiting an ability to forecast end-product types, harvestable quantities/values and broader market and supply chain opportunities for the region with an emphasis on replacement of imported construction materials. In addition, the Indigenous communities with interests in commercial forestry are largely lacking in business experience. This project will help address the forest data shortfalls and align new forest product development with forest productivity and Indigenous community capacity through four concurrent phases.

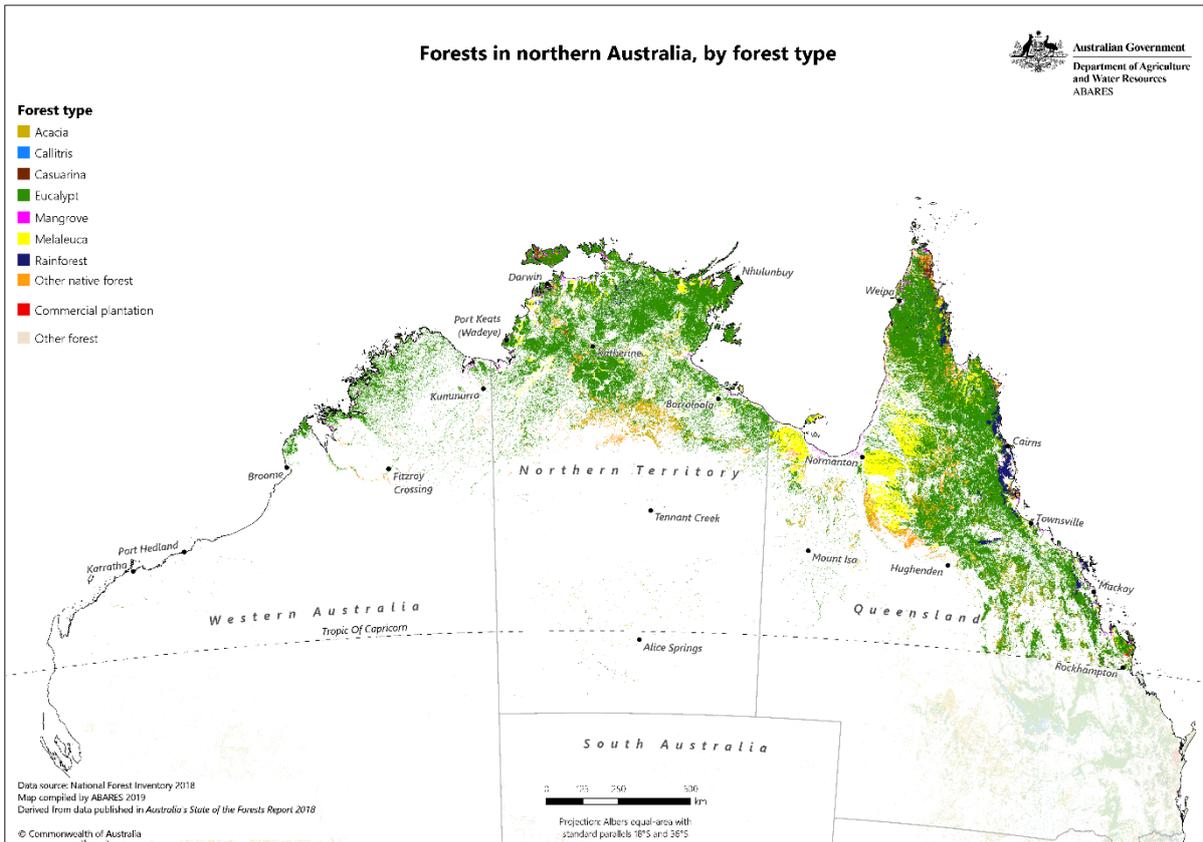


Figure 1: Forests in Northern Australia, by forest type.

Source: ABARES

<https://www.agriculture.gov.au/abares/forestsaustralia/forest-data-maps-and-tools/forest-maps#key-maps-from-australias-state-of-the-forests-report-2018>

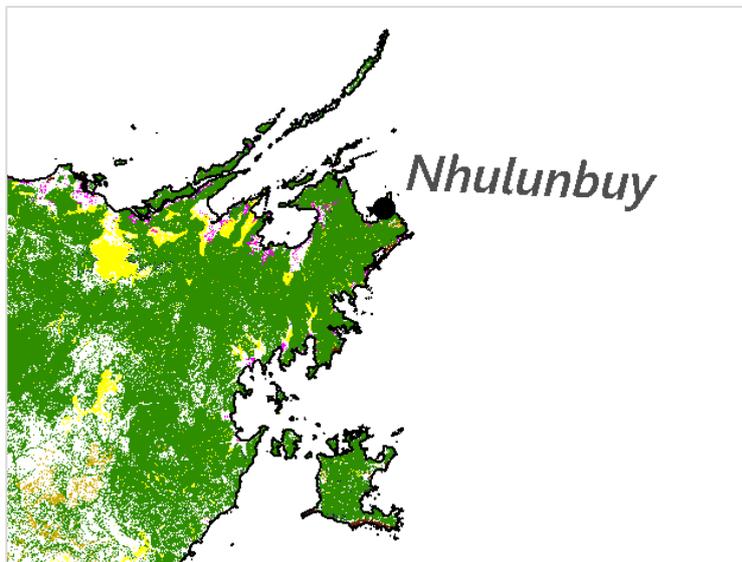


Figure 2: Native eucalypt forest. Shaded green areas indicate native eucalyptus open forest coverage in East Arnhem.

Source: ABARES (above image zoomed in)

<https://www.agriculture.gov.au/abares/forestsaustralia/forest-data-maps-and-tools/forest-maps#key-maps-from-australias-state-of-the-forests-report-2018>

## Project governance

### Project Steering Committee

Under the FWPA funding agreement, an advisory committee is required to be established to oversee technical project governance and delivery. The **East Arnhem Indigenous Forestry Project Steering Committee** has since been formed and will offer technical and industry support, partnering to the East Arnhem Forestry Working Group. The East Arnhem Indigenous Forestry Project Steering Committee is represented by the following:

- Northern Land Council (NLC) - Craig Bonney (as the representative of traditional landowners in the region), and any specific traditional owners that nominate
- Developing East Arnhem Limited (DEAL) - Jordy Bowman (representing the East Arnhem project funders)
- Gumatj Clan senior elder – Balupalu Yunupingu
- Forest & Wood Products Australia (FWPA) Research & Development Manager - Chris Lafferty
- Forrest & Woods Products Australia (FWPA) Director – Jim Henneberry
- Commonwealth Scientific and Industrial Research Organisation (CSIRO) - Chris Chilcott
- Plant Health Australia - Mila Bristow
- Timber Queensland/Northern Australia Forestry Hub - Mick Stephens
- Department of Industry, Tourism and Trade (DITT) NTG - Dallas Anson
- Forestry Industry Association Northern Territory (FIANT) – Mark Ashley
- University of the Sunshine Coast, Australia (USC) - Mark Annandale
- QLD Department of Agriculture and Fisheries (DAF) Salisbury Research Facility - Rob McGavin
- Private Forestry Services Queensland - Sean Ryan

### Forestry working group

The **East Arnhem Forestry Working Group**, which has worked over the last 18 months to develop this project proposal, will be retained as a second advisory group with a more regional and community focus to ensure on ground input to the project and support information sharing and collaboration with a range of key organisations. The East Arnhem Forestry Working Group to date consists of representatives from the following organisations:

- NLC
- DEAL
- USC
- Gumatj Corporation (Gumatj)
- Arnhem Land Progress Association (ALPA) as required
- Dhimurru Aboriginal Corporation (Dhimurru)
- Yirralka Rangers
- Northern Territory Department of Chief Minister and Cabinet (CM&C)
- Northern Territory Department Industry, Tourism and Trade (DITT)
- National Indigenous Australians Agency (NIAA)
- CSIRO

Representation will soon be sought from other Indigenous Protected Areas management groups, and as this project advances both steering groups will seek active and regular input as an open invitation from various stakeholders and landowners at a regional level, specifically during delivery Phases 2 and 3 (outlined below). This will also be supported by complimentary regional projects such as the DEAL led East Arnhem Landowner Prospectus (see *Supporting regional projects*)

## Funding investments in project (All amounts are exclusive of GST)

Source	Cash** (\$)
FWPA	\$310,000
USC	\$117,800
Gumatj	\$90,000
DEAL	\$60,000
NIAA	\$60,000
CM&C	\$55,000
DITT	\$45,000
<b>TOTAL</b>	<b>***\$737,800</b>

\*\*\* Does not include FWPA fees -\$46,500 (net cash for project \$691,300).

\*\* Cash represents total invoiced funds received from FWPA or other project partners by the researcher.

\* In-kind contributions from DEAL, Gumatj, NLC, Queensland Department of Agriculture and Fisheries and CDP providers are not tabled but include approx. \$739,809 of value add (total investment \$1,477,609)

## Project phases - overview

There are four concurrent phases of this sustainable forestry research and development (R&D) project.

### Phase 1 - Forest Product Development Pilot

#### Summary

Forest Product Development Pilot, involving a harvesting, product identification, manufacturing, performance testing and market assessment pilot. To support market entry, the focus will be on supplying local markets, including consideration Forest Stewardship Council (FSC) Certification options.

#### Key deliverables and timing

The completion of a harvesting and marketing pilot to identify, manufacture and market-test value-added timber products from logs sourced from East Arnhem native Indigenous-owned forests:

- **By December 2020** - Establish the harvesting demonstration site - i.e. define the site, commence CALM training including tree marking, production identification, species mix and other OHP requirements. Timing to commence harvest operations determined by Gumatj sawmill operational availability and any COVID-19 restrictions.
- **By April 2021** - Prepare an Operational Harvest Plan (OHP) during the 2020/21 wet season for the harvested area that will ensure all operations are consistent with the Forest Stewardship Council's (FSC) forestry standard for Group Certification

- **Following April 2021** - OHP technical review by the **East Arnhem Indigenous Forestry Project Steering Committee**, and consideration by the **East Arnhem Forestry Working Group** prior to workshopping with the traditional owners from the demonstration site area
- **Dry season 2021** - Implement the harvest trial adhering to the traditional owner endorsed OHP supported by CALM training program.
- **Ongoing through 2021** - Supply logs to the Gumatj sawmill and a shipment of logs (as billets) to QDAF Salisbury Research Facility (Brisbane). It is anticipated that log and or sawn timber of key species will be supplied to Salisbury Research Facility in 2020.
  - **By December 2021** – initial timber characteristic and product development report;
  - **By December 2021** – initial market assessment report which includes information gather from surveys of timber merchants regarding their perceptions of/experiences with sample products;
  - Continuous feedback on outcomes will be received through 2021.
- **From project commencement to December 2022** - Forest inventory of the ~200 ha area identified for harvesting, and other interested areas. This includes assessment of the forest productivity and product mix, plus the local Indigenous traditional values and uses (including fire management) of the forest. The inventory will also utilise a newly developed inventory app for mobile phones.

## Inputs required

Phase 1 seeks immediate input from Yolŋu businesses and organisations, landowners, ranger and land management groups, CDP providers and other representatives to help identify:

- Areas in the East Arnhem region where there is interest in learning more about forestry opportunities so discussions can be scheduled into project planning
- Opportunities associated with existing activities of regional stakeholders (for example, land management, CDP activities, etc) where forest inventory training and forest inventory data collection could be incorporated

**If you fit the below description or require additional information, please connect with project facilitators. Contact details are included at the end of this document:**

- **Do you or an organisation you represent have an interest in participating in this project?**
- **Do you have you an area of land you wish to consider for better understanding its forest resources?**
- **Do you have interest in linking to this project through existing activities or connecting with training programs such as CDP and regional training like CALM?**

## Phase 2 - Traditional Owner Engagement

### Summary

Traditional Owner Engagement, involving consulting with Indigenous communities interested in commercial forestry and informing them of industry opportunities and practicalities.

## Key deliverables and timing

In areas identified to have commercial forestry potential and using the methodology developed in the previous research for development project completed by USC in 2019, through the 'Prospectus', DEAL will consult with traditional owners and communities to gauge their interest in forestry, discuss commercial opportunities, and explain the practicalities of forestry on country and the associated costs and potential benefits:

- **By December 2021** - Overlaying forest resource maps with areas where traditional owners confirm where identified forestry development may occur and confirm scale and scope of forestry development through mapping and documentation of each interested community's opportunities and challenges for forestry development.
- **By August 2021** - Identify needs for further engagement with traditional owners and communities to grow understanding of forestry, including Mark Annandale USC and DEAL staff undertaking additional engagement work where required.

Given delays to the Prospectus consultations as a result of COVID-19 travel restrictions, the project will also look to schedule early engagement with any interested parties and communities on this project.

## Inputs required

Consultations for the East Arnhem Landowner Prospectus are likely to occur early dry season 2021, though project facilitators hope to connect with any interested parties for initial forestry related discussions prior to this date.

**Phase 2 welcomes immediate input into exploring participation and opportunities. This will allow for future planning of engagement on country, and enable earlier work to commence on forest inventory data collection where traditional owners wish this to occur.**

**If you fit the above description, please connect with project facilitators. Contact details are included at the end of this document.**

## Phase 3 - Forest Resource Assessment

### Summary

Forest Resource Assessment, involving a comprehensive inventory (desktop analysis and field-based surveys) of the commercial forests of East Arnhem Land.

### Key deliverables and timing

Fine-scale mapping/reporting of the forests of east Arnhem Land and their commercial potential, and development of simple but credible forest assessment tools that can be utilised by the local Indigenous communities to undertake inventories of their forests to collect and document data on forest productivity and Indigenous traditional values/uses:

- **From project commencement to December 2022** - Collation of existing data on forest resources across the east Arnhem region to identify areas with commercial potential.
  - **Mid 2021** – preliminary indicative data based on previous work and 2020 and 2021 data collection.

- **From project commencement to December 2022** - Field inventory in identified priority areas (from Phase 2) with commercial forestry potential.
- Collation of inventory data (forest productivity and product mix and traditional forest values/usage) into community-level reports.
  - Rolling updates on assessment of data collected will be provided throughout the project to build the picture of regional forest resources over the life of the project.

## Phase 4 - Indigenous Capacity Building

### Summary

Indigenous Capacity Building, involving working with the Indigenous communities with identified potential to operate forestry enterprises to develop their forestry workforce and business opportunities. The project's multiple outputs will benefit East Arnhem Indigenous communities in sustainable development of their forest resources for long-term community livelihood benefits. The results will also be translatable to other parts of northern Australia where there is potential for sustainable Indigenous forestry development that may include FSC certification.

### Key deliverables and timing

Traditional owners trained in technical forestry operations through the CALM Certificate scheme integrated into Phase 1 and Phase 3 of this project, manufacturing of forest products to expand on the current Gumatj sawmilling business, and linking communities with prospective product purchasers and partners/investors and other Indigenous forestry businesses engaged in product development and marketing:

- **By May 2023** - Training community members in forest resource assessment;
- **By December 2022** - Prepare an integrated forestry development model, identifying how communities can work together across the forestry industry.

**Ongoing** - Facilitate relationships/partnerships between local Indigenous communities with commercial forestry potential and regional commercial forestry businesses and other potential partners, investors, and Indigenous forestry collaborators for sharing of harvesting, marketing and business management experiences.

### Inputs required

Phase 4 will continue to build upon training opportunities and outcomes identified in Phases 1, 2 & 3, specifically, advancing CALM training through CDP providers, land managers and ranger groups.

## Contact details

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## APPENDIX – SUPPORTING REGIONAL PROJECTS

### East Arnhem Landowner Prospectus

[The East Arnhem Landowner Prospectus](#) aims to provide a foundation for Yolŋu, the traditional owners of East Arnhem, to realise their development aspirations and participate in new opportunities. The Prospectus is led by Developing East Arnhem Limited (DEAL), together with a working group of organisations that share a goal of empowering Yolŋu to be leaders and partners in economic life.

This project will:

- **Bring together existing evidence and knowledge** about possible economic opportunities in East Arnhem.
- **Hold dialogues with Yolŋu landowners** in communities and homelands, to share existing evidence and discuss Yolŋu aspirations for development.
- **Produce and share a Prospectus** which describes industries and business opportunities in which Yolŋu are looking for investment and support.

Although delayed by Coronavirus (COVID-19) pandemic, consultations on country will occur early in the dry season of 2021 with a Prospectus due later in the year. These consultations will be used to identify areas where traditional owners are interested in further exploring forestry opportunities on their country and feed this information into the East Arnhem forestry project. This project will significantly support and partner to East Arnhem forestry initiatives.

### Central Arnhem Road upgrades

\$225 million has been committed to the upgrade of the Central Arnhem Road over a 10-year period under the National Partnership Agreement on Land Transport (NPALT), which will see around 25-35% of the road sealed. The project will result in sealing, reconstructing, widening and flood immunity improvements to priority sections of the route.

The indirect benefits would see significant job creation by unlocking a range of industries and investment in mining, the seafood industry, tourism, agriculture and forestry.

### Gove Port upgrades

The NT Government has previously identified the need and willingness to co-invest up to \$15 million for new commercial marine infrastructure in Gove. This \$15 million in public investment would leverage up to \$35 million of private sector co-investment from existing leaseholders and operators. Upgrades to the commercial port precinct would support the growth of commercial fishing in the region and would also facilitate the growing demand for the movement of timber products up the Central Arnhem Road and out of the region via marine transport, for direct exports to northern markets. The project has the potential to unlock other commercial growth opportunities through the same infrastructure including the potential for cattle, buffalo and other livestock exports.

The forestry groups will have active input into the development of the Gove Port master plan and design work through relevant members to ensure it meets the needs of the forestry industry.