

# Decision Tree

A CROP FOR THE FUTURE



**Step 1**  
**Are trees for  
your farm?**

## In this Guidance Note

In this guidance note, we examine the two main investment models for integrated farm forestry to help you decide which is the right one for you. As you will discover, regardless of which model you choose, plenty of assistance is available to ensure your forestry journey is a successful one.

## Investment Models

One crop, generational benefits.

When you plant trees as a crop on your farm, you are playing the long game. It is often an investment for future generations, for children and grandchildren, to enjoy the benefits that come from the final harvest (with plenty of perks along the way!).

Tree planting can take many forms, including forestry projects on farms, woodlots, timber belts, alleys and wide-spaced tree plantings.

Under the Decision Tree program, there are basically two active investment models available to land owners:



**100% ownership by landowner**



**Partnership agreement**

[DECISIONTREewa.COM.AU](http://DECISIONTREewa.COM.AU)



Australian Government  
Department of Agriculture,  
Water and the Environment



SOUTH WEST  
TIMBER HUB





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## 100% ownership by landowner

This option sees the landowner establish, grow, harvest and market their trees. There are a variety of advisors and contractors who can assist landowners in this process.

The "do it yourself" (DIY) option is very common in Tasmania and New Zealand. As growing trees on farms becomes more common, skills and confidence will improve, as will support networks and community advice.

Likeminded landowners looking to this option may consider pooling resources to create larger parcels of land of 100 hectares or more to take advantage of the added benefits that come with scale. These features are outlined in the comparison chart on page 4.

Landowners taking the DIY approach to farm forestry investment may choose to increase their security by entering into an offtake agreement with a timber buyer or processor. Offtake agreements offer secure guaranteed access to markets at an agreed price, usually with annual indexation by reference to an agreed external benchmark or index.

- You can access a model offtake agreement [HERE](#).

Landowners may also seek to work with service providers to access the benefits of carbon sequestration arising from farm forestry. Accessing carbon credits for farm forestry can substantially improve the return on your investment, however accessing carbon markets as a small grower is expensive and technically onerous for many.

The Forest Products Commission (FPC) directly supports farmers with small forestry operations through its Farm Forestry Assist program. Through this program, free radiata or pinaster pine seedlings from the highly regarded FPC Manjimup nursery are provided.

This gives landowners access to high quality seedlings ensuring the grower has the best genetic stock, improving productivity and drought resilience.





## Partnership agreement

This option is where landowners enter into a contract with a partner organisation to share both the risks and rewards of a farm forestry investment.

Most commonly, landowners supply the land and the market value of the land as an agricultural lease taken as the landowner's contribution to the total project cost. In some limited cases, landowners might take responsibility for some or all of the farm forestry management.

Share of farm forestry revenue or lease type payments are calculated on the relative contribution of the two parties. When the project partner is the FPC, the legal mechanism is a "Profit a Prendre" (PaP) which establishes the rights and responsibilities, as well as the share of net proceeds each party will receive.

If the project partner is a private company, the instrument is a "Tree Plantation Agreement" (TPA) which serves the same purpose. Both PaPs and TPAs are registered against the land title for security.

- For potential partner organisations, visit [Wespine](#) or [FPC](#).

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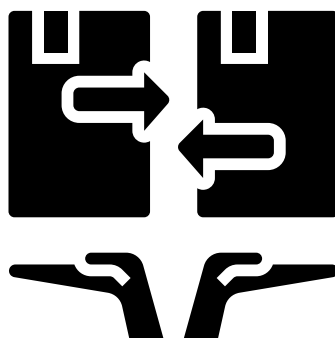
## Comparing models

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On page 4, you will find a [comparison chart](#) which provides a breakdown of the features available with each of the investment models, including the pooled DIY option.

The pooled DIY option is aimed at likeminded landowners looking to combine land parcels, to create a larger overall farm forestry project of 100 hectares or more. This method also maximises the available features.

These features include an offtake agreement, carbon sequestration, Farm Forestry Assist program, FPC advice, assistance with shire approvals, access to a [Registered Forestry Professional](#) (RFP) and access to [RIC Forestry Loans](#).





# Comparison Chart

FEATURES	DIY	PARTNERSHIP	POOLED DIY (100HA +)
Offtake agreement	✓	✓ <small>*e.g. 60% Wespine, 40% landowner</small>	✓
Carbon	✓ <small>*default: Wespine manage ACCUs</small>	✓ <small>*default: Wespine manage ACCUs: 60% Wespine, 40% landowner</small>	✓
Farm Forestry Assist	✓		✓
FPC advice <small>*including site assessment, FMP template, contacts</small>	✓		✓
Shire approvals			✓ <small>*Wespine</small>
Registered Forestry Professional (RFP) access		✓	✓
RIC Forestry Loans	✓	✓	✓



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