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<u>kiri@nor.com.au</u>

In 2005, Alex Jay developed a carbon prediction model for various forestry production regimes. It can be found on-line (posted by W.Smart) at

http://www.australianforestcorporation.com.au/CO2calc/index.php



The single stand model is useful, but the greatest benefits can come from combining a pool of plantations with different management strategies applied

Forestry Estate Management

Year Planted	2006	2021	2036
Area	50	200	50
Site Quality	high	low.	average
Species	Blackbutt	Spotted Gum	Dunns White Gum
Trees per ha	667	500	500
Management regime	Pulp @15yrs	Long Pulp& Sawlogs @40yrs	Short Pulp & Sawlog @25yrs
Costs & Management Inputs	minimal	standard	intensive

Internal Rate of Return

1,219,845 Carbon sales 22.4% Timber + Carbon \$ 1,516,808 Log sales 8.2% Timber only **Plantation Area** Cash Flow (excl land cost) 800 18,000,000 16,000,000 ANNUAL 700 14,000,000 CUMUL 600 12,000,000 500 10,000,000 400 8,000,000 6,000,000 annual 300 4,000,000 hectares 200 2,000,000 100 -2,000,000 0 2005 2015 2025 2035 2045 2055 2065 2075 2085 2095 105 2005 2015 2025 2035 2045 2055 2065 2075 2085 2095 2105 **Carbon Sequestration** t CO2e Annual Costs and Sales 250,000 1,500,000 Carbon sales 1,250,000 200,000 COSTS Log sale 1,000,000 150,000 750,000 100,000 500,000 50,000 250,000 standing 2015 2025 2035 2045 2055 2065 2105 2005 2015 2025 2035 2055 2065 2085 2095 2105 2005 2075 2085 2095 2045 2075

•Note that early sales of Carbon Credits (NGACs), despite being substantially less value than timber, have the effect of nearly tripling IRR because of early cash flow to offset establishment and management costs

•IRR figures do not include land cost. This is treated separately.

NPV @5% REAL discount rate

3 hypothetical estate blocks planted at 0 years, 15 years and 30 years in a 50 year planting pool