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FOCUS ON LONG-TERM PLANTATION INVESTMENT WELCOME

A3P has welcomed the focusing of attention on the need for long-term plantation investment in a report launched by the Minister for Fisheries, Forestry and Conservation, the Hon Senator Ian Macdonald today.

The report identifies significant impediments to investment in long rotation timber plantations. These plantations are essential for the production of sawn timber – the primary structural material used in building and modifying Australian homes.

In recent years there has been significant expansion of plantations in areas such as south east Western Australia, south west Victoria and northern Tasmania. However, most of these are eucalypt plantations which will produce wood for paper manufacturing and a large proportion of this wood is likely to be exported with minimal processing in Australia.

Pine plantations managed on rotations, or harvest cycles, of around 30 years support major regional industries in places such as Tumut, Maryborough, Mt Gambier, Oberon, Myrtleford and Morwell. However, these industries rely on there being sufficient wood available to supply the large, integrated and internationally competitive processing plants. More long rotation plantations are needed in most of Australia's key plantation regions to support the growth of the industry.

The current Australian population of 20 million people is serviced by a softwood plantation area of 1 million hectares. However, a conservative estimate based on population projections from the ABS shows that we will need between 150,000 hectares and 450,000 hectares of additional trees to meet our needs. At the current rates of establishment, we will hit neither of these two targets.

Given that the current estate is sustainable, we will see an increasing demand for imported structural and solid wood products until whatever additional areas of trees we do plant has matured.

As a very long-term investment, timber plantations are similar to infrastructure and research and development. There is an increasing concern in Australia and around the World that the short-term focus of financial institutions and governments is leading to under investment in long-term projects.

The report identifies five key areas where Government and industry need to work together to encourage long rotation plantation investment:

- Development of secondary markets for immature plantations;
- Provision of timber market information;
- Removal of non-market based log pricing and allocation;
- Improving understanding between the investment and plantation sectors; and
- Expanding technical knowledge to support production of hardwood sawlogs in plantations.

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