



Media Release

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MIS plantation forestry has grown sound foundation for the future

The plantation forestry industry, driven by managed investment schemes (MIS) remains strong, with the sector poised for continued growth as the demand for Australian timber products both locally and overseas increases, according to the National Association of Forest Industries (NAFI)

“The forest industry, like all other industries, is not immune to the effects of the current unprecedented global recession, as we’ve seen with Timbercorp’s recent decision to go into voluntary administration. However, the long term nature of plantations has largely protected the industry from many of the short-term fluctuations that have impacted other sectors, particularly in recent times,” said NAFI CEO Allan Hansard.

“Despite the current downturn and fall in most commodity prices, the price of woodchips from Australia’s plantations remains steady. Strong demand internationally for Australia’s timber products means plantation forestry is in a prime position for continued growth and expansion as the world economy recovers. The continued growth in plantations and fibre will also facilitate future value added development and downstream processing projects.

“The establishment, maintenance and harvesting of plantation forests, for which MIS is the main investment driver, provides rural communities with a diversified economic and employment base which can reduce vulnerability to changes in other rural sectors. Plantation employment does not fluctuate due to climatic variations to the extent that agriculture does, meaning the industry can provide something of a safety net to many communities struggling with a down turn in agricultural markets, or other set-back such as drought conditions. Numerous regional communities with a strong plantation sector (for example Albany in Western Australia and Tumut in New South Wales) experienced population growth relative to non-plantation areas.

“According to Federal Government estimates, MIS forestry has already generated around \$6 billion in investment in new plantations resulting in more than 60,000 direct and indirect jobs, most of these in rural communities. If plantation expansion continues in line with the government’s Vision 2020 plantation growth strategy this would result in a further \$12 billion in new investment, generating more than 120,000 new jobs, by 2020.

“Plantations are a long term prospect, usually 10 to 30 years from planting to harvest, requiring a large and long term investment commitment. Since the early 1990s, a switch from government investment toward greater private investment has occurred with more than 70% of new plantations coming via MIS forestry arrangements. MIS provides the sustained long term investment required to build a sustainable plantation resource.

“Without MIS arrangements mum and dad investors would find it impossible to invest in forestry projects in rural and regional Australia due to the sheer scale of plantations and the associated transaction and management costs required.

“MIS arrangements are considered crucial for addressing the investment characteristics of forestry projects and promoting future development of the plantation forest sector which is vital to meeting Australia’s increasing demand for timber products,” Mr Hansard said.

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Media contact: Jane Heffernan **0419 465 328** or **02 6285 3833** Jane.heffernan@nafi.com.au