

21 December 2015

Budget Policy Division
Department of the Treasury
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Dear Sir or Madam

New plantation and forest products innovation policy proposals as priorities for the 2016-17 Federal Budget

The Australian Forest Products Association (AFPA) welcomes the opportunity to submit new plantation and forest products innovation policy proposals as priorities for the 2016-17 Federal Budget.

AFPA is the peak national body for Australia's forest, wood and paper products industry. We represent the industry's interests to governments, the general public and other stakeholders on the sustainable development and use of Australia's forest, wood and paper products.

The forest, wood and paper products industry supports 120,000 direct jobs nationally across the value chain with an annual turnover of around \$20 billion. With the right policy settings, more than 10,000 jobs could be created from well-targeted plantation development and R&D initiatives, particularly in many rural and regional areas.

AFPA, in consultation with our members and broader supply chain, has developed two national policies to unlock this potential and allow the industry to further grow and prosper.

The invitation for submissions on the 2016-17 Budget highlights the Government's focus on opening up trade, boosting innovation, delivering growth and strengthening the economy. These valuable goals plus regional economic and carbon benefits are the clear focus of AFPA's two new national policies, ensuring that they should fit squarely within the Government's 2016-17 Budget planning.

We have the pleasure in enclosing a copy of these two new policy proposals to: stimulate plantation investment in 29 'Strategic Plantation Hubs'; and build a more innovative forest products industry:

1. A National Institute for Forest Products Innovation – ‘Backing our natural strengths’

“The new National Institute for Forest Products Innovation would focus on key areas of competitive strength and accelerate the transition of the sector into a smarter, higher value focused industry. It would deliver on the national innovation agenda and importantly link the agribusiness and manufacturing parts of the supply chain via tree growing and forest management through to timber processing, wood fibre recovery for new markets and advanced manufacturing.”

To grasp the opportunities of the environmentally focused 21st century, what we need is an innovative, nationally organised, well-funded, future-focused research and development (R&D) organisation for the forest, wood and paper products industries. AFPA is urging the Commonwealth to co-invest \$40 million of new funding over four (4) years in the National Institute.

The National Institute would bring together Australia’s forest, wood and paper products R&D effort in a coordinated national structure to maximise impact in traditional areas such as tree growth and wood products, as well as cutting edge fronts such as biomaterials, biochemical and bioenergy.

2. Plantations – ‘The missing piece of the puzzle’.

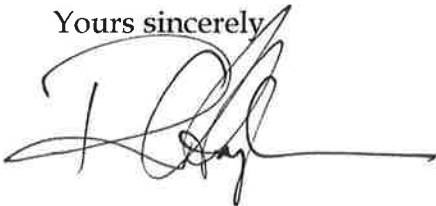
“This new policy proposal will reignite plantation investment in this country whilst ensuring trees are planted in the right places for the right markets.”

Softwood and hardwood plantations provide more than 80% of the wood fibre and timber for our national forest product industries. However, investment in new plantations in Australia has effectively come to a standstill.

“Plantations...the missing piece of the puzzle”, charts a course back to modest plantation growth within defined ‘Strategic Plantation Hubs’ around major processing or port sites.

We would be happy to further brief you on the new policy proposals and any further queries on this submission please contact AFPA on (02) 6285 3833.

Yours sincerely



Mr Ross Hampton
Chief Executive Officer