

16 September 2015

## National forest business survey reveals investment plans continuing but wider confidence shaken

The forest product industries annual business confidence survey suggests companies are nervous about the headwinds buffeting the economy, but still proceeding cautiously with reinvestment and retooling strategies following the Global Financial Crisis (GFC).

Members of the Australian Forest Product Association (AFPA) represent the majority of the larger enterprises in the forest products value chain, between them employing tens of thousands of Australians. Their combined opinion therefore provides a good snap-shot of the big business view of operating conditions and expectations.

The Chairman of AFPA Mr Greg McCormack said, "The survey's headline Business Confidence Index for the coming year reveals businesses are less optimistic about the state of the overall economy." (- 12.41 down from + 13.73, a drop of 30%)

"This somewhat bearish sentiment however is not translating to a retreat back to the extreme focus on reducing costs and outlays which accompanied the GFC. The survey reveals that, in fact, forest industry companies are continuing to invest in plant and equipment at a moderate level. The index reveals this measure is tracking close to last year's. Employment growth appears likely to plateau, with most companies clearly concluding the re-hiring phase which followed the widespread 'survival' reductions of the GFC period."

"The industry has enormous potential in a carbon constrained global economy if we can get the policy and industry settings right to take advantage of the world's growing appetite for all the things we get from our sustainable natural and plantation forest industries."

"One of the things which would make a big difference to business sentiment in our industries was to be assured that the Australian Government has a national fibre and forestry plan to drive sector wide growth of the integrated parts of the story," said Mr McCormack.

### National Business Confidence Indices for Forest Products Industry (out of a possible 40):

	2014	2015	Note: The index has a theoretical maximum (minimum) of 40 (-40). A rating of zero indicates 'no change' in conditions. A rating of less than 20 (or -20) suggests a 'slight improvement' (slight decline) in conditions, while a rating of 20 to 40 (-20 to -40) suggests a 'significant improvement' (significant decline) in conditions.
View of the external business environment	13.73	-12.41	
Expectation to make capital investment	12.8	11.03	
Increase/decrease in value of sales	12.8	4.13	
Increase/decrease in staffing	6.25	2.75	
Export volumes	10.64	4.83	
Export prices	5.96	-4.83	

*Note: The survey was undertaken in the two weeks concluding 11 September 2015.*

AFPA represents forest growers, harvesters, and manufacturers of timber and paper products.

**Media Contact:** Elizabeth Goodfellow  
AFPA Communications and New Media Officer  
(m) 0409 962 250 (e) [elizabeth.goodfellow@ausfpa.com.au](mailto:elizabeth.goodfellow@ausfpa.com.au)