

Date: 08/05/2007 – For Immediate Release

BUDGET ANSWERS A3P'S CALL FOR SECONDARY MARKETS IN PLANTATIONS

A3P welcomes the Government's 2007 Budget commitment to facilitate secondary market trading for immature plantations as a means to attract greater investment in longer-rotation plantations.

The announcement answers A3P's pre-budget call to Government to permit retail forestry project managers to offer trading of standing plantations without loss of tax deductibility for the original growers.

The new arrangements will enable investments to be traded after an initial period of at least four years where previously a return on investment could only be realised when the trees were harvested.

A3P CEO Mr Neil Fisher said, "Government support for secondary markets is particularly welcome because it encourages much needed investment in longer-rotation plantations to produce solid timber products.

"Allowing secondary market trading of immature plantations effectively reduces the investment time horizon and helps overcome the major challenge of encouraging investment in trees which take at least 25 years to reach maturity.

"Secondary market trading also allows greater transparency and liquidity of investment between the establishment and the final harvest of plantations and the sale of logs produced.

"By stabilising the investment environment and future supply of plantation sourced timber, we can help reduce Australia's \$2 billion trade deficit in wood and paper.

"Plantations are reinvigorating rural communities through new employment in plantation establishment and management and employment in value adding industries such as export facilities, sawmills, pulp mills and other manufacturing facilities.

"A3P applauds the Australian Government for recognising the needs of Australia's sustainable plantation and timber processing industry which requires long-term and competitively priced resources", said Mr Fisher.

A3P is the peak national body for Australia's \$4 billion plantation products and paper industry.

Further information

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