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Parliamentary Committee recognises the importance of retail forestry investment

The vital and integral role of retail forestry investment within Australia's plantation products and paper industry has been recognised by the Parliamentary Joint Committee on Corporations and Financial Services, which last night released the report of its recent Inquiry into Aspects of Agribusiness Managed Investment Schemes.

"This finding is consistent with the views put to the Committee in a detailed submission and testimony by Australia's plantation products and paper industry," said Richard Stanton, CEO of the Australian Plantation Products and Paper Industry Council (A3P).

"Private investment in retail forestry is responsible for growing the timber resource that underpins value-adding plantation industries, creating jobs, wealth and environmental benefits in regional Australia.

"A3P welcomes the Committee's finding that the "inherent disincentives" to invest in long-term forestry warrant the retention of the existing tax deductibility arrangements for forestry managed investment schemes, as provided under Division 394 of the *Income Tax Assessment Act 1997*.

"A3P agrees with the Committee's view that these arrangements are relatively new [legislated in 2007] and should be given the opportunity to work."

Mr Stanton noted another Committee finding that "the government should continue to monitor the effectiveness of Division 394's integrity measures closely against industry practices and amend them if required".

"These integrity measures provide certainty to retail forestry investors that their money will be used appropriately in establishing, managing and harvesting the timber plantation projects, rather than being spent on marketing, fees and commissions."

Mr Stanton acknowledged that the collapse of agribusiness investment managers, Timbercorp and Great Southern, had adversely affected investment in retail forestry and had heightened the attention being paid to the regulation of agribusiness managed investment schemes.

"Consistent with one of the Committee's recommendations, A3P also agrees that ASIC should exercise its power to appoint a temporary Responsibility Entity to protect investors' interests when a registered managed investment scheme becomes externally administered.

"A3P welcomes the findings and recommendations of this Inquiry. We will continue to work closely with the Government to ensure that the regulatory framework provides an adequate level of protection for investors in retail forestry projects and helps restore confidence and investment in this vital sector of Australia's plantation products and paper industry," Mr Stanton said.

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Further information

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