

## 1. Wood supply

The discussion paper takes a market driven perspective. Whilst Australia's population will continue to grow and market demand will expand it seems likely new demand will be mainly met from imports.

In terms of the Australian forest products industry there seems the need to ask the question as to whether Australia has reached **peak wood**. Production of wood and fibre from native forests (public and private) is being progressively constrained and has fallen significantly over the last decade. The softwood estate is essentially static with maximum sustained yield already or close to being attained. The hardwood plantation estate was mainly developed for export pulpwood but it seems likely only half of the existing estate may be retained in the longer term due to non-commercial returns and opportunities for new owners to generate returns through land sales. Whilst integration with agriculture is suggested as a resource expansion strategy past attempts have not been a significant success.

Some further analysis of the national wood supply scenarios appears desirable to determine potential industry futures and development objectives e.g. are we seeking to retain the present industry with a few tweaks around the margins or does Australia seek to expand the industry through developing or accessing new forest resources and processing it domestically?

## 2. Research and development

The present position in Australia was assessed in some detail (in Kile *et al.* 2014, The rise and fall of research and development for the forest industry in Australia) with some recommendations for the future and analysis of issues such as domestic R&D versus purchasing R&D overseas. Attention is drawn to pages 148-152 of the published article for details on investment trends, potential future organizational models for R&D and possible priorities.

There is little evidence that the forestry and forest products industry has an interest in R&D beyond the short term applied and there appears no case to expand public investment beyond the mechanisms already available for the traditional wood products sector until industry shows an interest in realistic investment in

more strategic R&D. Kile *et al.* 2014 noted the need to link public investment in R&D to agreed industry developmental priorities.