

Dear Ms Radcliffe

Thank you for your letter dated 16 May 2007 inviting the Forest Products Commission (FPC) to provide comments regarding the Forestry Marketing and Research and Development Services Bill 2007 and the Forestry Marketing and Research and Development Services (Transitional and Consequential Provisions) Bill 2007.

The FPC has previously, and continues to support the initiatives by the Commonwealth Government to replace the current Forest and Wood Products Research and Development Corporation (FWPRDC) with an organisation with a broader capacity to attract funds for a wider scope of activities

This support is based on a number of advantages that the new organisation will have relative to the current FWPRDC. These advantages include:

- The broadening of the funding base to include parts of the forest industry that have not previously contributed towards the funding for research and development (R&D). It is anticipated that this will also lead to an increase in the available funding for R&D.
- The collection of funds from grower organisations will also broaden the scope of the research that is funded. Whereas previous research has focussed on timber and wood products as a result of FWPRDC funds being collected from the processing industry, it is anticipated that research will be broadened to include activities across the value chain for forest products.
- The widening of the scope of the organisation to include the promotion of the forest and forest products industry, in addition to its core activity of developing and funding R&D projects. The funds spent promoting the forest industry will not attract the matching Commonwealth funds that are available for R&D expenditure. However, the increase in overall funding should offset any reduction if the proportion of industry funds are matched by the Commonwealth for R&D purposes.

It should be noted that some organisations that currently fund internal R&D programs have indicated that they may be forced to reduce their in-house expenditure on R&D as they will be unable to increase the net expenditure on R&D. The necessity to pay a levy may lead to a reduction in the funds available for internally funded research programs in some agencies.

On balance the FPC believes that the legislative package outlined in these bills will be advantageous for the forest industry.

If you require further information regarding the FPC's submission please contact Dr John McGrath, Manager Technical Services Branch. Dr McGrath's details are as follows:

FOREST PRODUCTS COMMISSION
Locked Bag 888
PERTH BUSINESS CENTRE WA 6849

Phone: 08 9475 8837
Fax: 08 9475 8833
Email: john.mcgrath@fpc.wa.gov.au

Yours sincerely

Dr Paul Biggs
GENERAL MANAGER
FOREST PRODUCTS COMMISSION

Fiona Robert
Corporate Policy Coordinator
Forest Products Commission
Level 1, 117 Great Eastern Highway Rivervale WA 6103
Phone: 9475 8878 Fax: 9475 8899
Email: fiona.robert@fpc.wa.gov.au Web: fpc.wa.gov.au

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