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Australian Paper support for investment in new Gippsland plantations

Australian Paper supports the Victorian Government's announcement that it will establish a significant new plantation industry in Gippsland. The company expects this decision will help secure its future as one of the largest employers in the Latrobe Valley and provides a plan towards addressing industry supply uncertainty.

"As a major input to paper manufacturing, sustainably managed wood from local plantations and State regrowth harvesting underpins Australian Paper's operations. Due to the impact of bushfires and environmental pressures, supplies of state timber have been reducing, threatening the future viability of this regional industry," said Peter Williams, Chief Operating Officer Australian Paper.

"Our mission of sustainable growth for the next generation is built on strategic investment, innovation and global competitiveness. However long term wood supply is a key to the future of Australian Paper and the broader forest contracting and sawmilling industry which operates in an integrated system to ensure maximum value is gained from the resource.

"We recognise that this transition will be enormously challenging for the whole industry and will require extensive engagement from Government during the lengthy transition period. This is particularly important for Gippsland's sawmill workers and harvest and haulage contractors. We endorse the importance of the Government's commitment to significant industry support throughout the transition.

"Plantations currently provide more than two thirds of Australian Paper's timber supply and we have continued to promote further expansion to stabilise wood flows for industry. Australian Paper has been operating without a firm long term commitment for our State timber supply and today's announcement provides assurance to our workers in the Latrobe Valley. It will also support ongoing investment in our Maryvale operations," Mr Williams said.

Australian Paper has more than 850 employees at its Maryvale Mill and its operations support over 5,500 direct and flow-on Victorian jobs. Australian Paper is currently undertaking a \$200 million, five year capital reinvestment program at Maryvale. Nippon Paper has also continued to strongly invest in the company and its operations over the past decade including the recent \$1.7 billion acquisition of the Orora Fibre Packaging business, which is expected to be completed in early 2020.

The Government has committed to supporting the industry during its transition to a future plantation resource. Australian Paper will move towards transitioning its state wood volumes to new plantation sources from the end of current contracts.

"Gippsland has a long and successful history of plantation development which this initiative will build on. We expect that the investment in additional plantation supply outlined in the Government's announcement will secure Australian Paper's future in the Latrobe Valley beyond 2050," Mr Williams said.

Australian Paper is committed to working collaboratively with the Government in fully scoping out the details required to enable the long term transition of its operations to a plantation-based timber supply.

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