



Media Release

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Plantation forestry offers a sound investment and strong growth

“Despite the recent news concerning two of the players in the agricultural managed investment schemes (MIS) sector, MIS-driven plantation forestry remains a solid industry with the offer of strong and increasing timber prices. The sector is poised for continued expansion,” said Allan Hansard, CEO National Association of Forest Industries (NAFI).

“In fact, plantation forestry is strongly positioned for continued expansion and, as a report released last week by the federal government showed, is actually bucking the trend of other industries by showing increased demand and prices for timber products.

“The long term nature of plantation forestry largely protects the industry from the market shocks and short term fluctuations that can affect some other agricultural pursuits.

“However, the unprecedented recent events of the global financial crisis, the record breaking drought and the uncertainty caused by the recent non-forestry MIS test case by the Tax Commissioner affected MIS companies which had not widely diversified their business, resulting in the decision recently by two players in the agribusiness MIS industry to go into voluntary administration.

“MIS plantation management companies that have diversified their business across a range of forest and timber activities, such as processing and other value adding projects as well as plantations, have insulated their company and investors from these events and will continue to expand as demand for timber increases.

“MIS taxation arrangements are key to the ongoing expansion of plantation forestry as they recognise the long term nature of the investment – often 10 to 30 years – and provide tax deductibility for upfront costs in a similar way to other agricultural crops. MIS provides the investors with the tax deductibility at the start of the project, when costs are greatest, rather than waiting til the forest is harvested. Contrary to misconceptions, MIS does not provide a ‘tax break’, it merely changes the time the tax deductibility is to provided to investors.

“The plantation forest industry is based on a solid foundation and the sector will continue to expand, creating jobs and employment in rural and regional areas, as demand for timber products increases locally and internationally. This is very important at a time when many of Australia’s other key industries are struggling under the effects of a global downturn,” Mr Hansard said.

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