

2006 BUDGET MEDIA RELEASE



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Plantation industry welcomes further industry consultation on post-FY 2008 tax arrangements

Plantation industry associations have welcomed the Government's announcement that it will hold further industry consultations before deciding whether to apply new tax arrangements for plantation forestry after 1 July 2008, when the 12-month prepayment rule for managed investment (MIS) plantations is currently scheduled to terminate.

After a year-long review, the Government is now seeking industry's response to a suggested alternative tax regime that the Government claims is designed to provide greater investor certainty.

Allan Hansard, CEO of Tree Plantations Australia (TPA), said "We're pleased the Government has put forward a proposal for us to respond to, and we shall certainly accept that invitation in the form of a whole-of-industry submission.

"The tax arrangements for plantation investment have resulted in a sustained increase in privately funded plantation investment in Australia, and we are now back on track to meet the joint industry-government strategy of creating a sustainable national plantation estate of about three million hectares by 2020.

"Confidence in this expanding future resource is already underpinning more than \$3 billion of investment in new and upgraded timber processing and port facilities in regional Australia, bringing new jobs and businesses back to rural areas that have been experiencing long-term decline."

Alan Cummine, Executive Director of Treefarm Investment Managers Australia (TIMA), welcomed the high-level Government commitment to securing a continued flow of private investment in new and replanted plantations beyond June 2008.

"The Government should be very pleased with the success of its tax policy initiatives for plantations," Mr Cummine said.

"That's why the industry believes there is no need to change the current highly workable tax arrangements for managed investment plantations, other than to remove the tax impediments to trading in immature plantations and encourage investment in longer-rotation sawlog plantations.

"The industry will work with the Government to ensure the retention of a stable long-term tax regime that helps implement the Government's national plantation industry policy. We will start by explaining our views to the Government in a considered submission when we have had time to assess the Government's proposals in detail.

"We acknowledge that the Government needs to find an appropriate balance of forest policy and tax policy objectives. We will be working with the Government to ensure the maintenance of a business climate that enables the plantation industry to continue making long-term investment decisions that support jobs, businesses and vibrant communities in rural Australia."

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