



**Treefarm Investment
Managers Australia**

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Forest Growers 

Media Release

Treefarm Investment Managers Australia

Representing the interests of the managed investments plantation sector

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Budget a boost to plantation timber industry

The Federal Budget's two-year extension to 2008 of the 12-month prepayment rule for managed timber investments reaffirms the Government's support for the continued growth of the plantation timber industry.

Alan Cummine, Executive Director of Treefarm Investment Managers Australia, said the Government's decision is an important boost for the plantation timber industry, providing greater certainty while the Government conducts an extensive review of taxation and other policy options to maintain plantation investment over the long term.

Managed investment plantation projects have proven to be by far the most effective source of private funds to establish new broad-acre plantations.

"The 12-month rule is a corrective measure that recognizes the complex seasonal realities of plantation establishment. It allows project managers to carry out establishment work within 12 months of the growers paying for it, while the growers' tax deductions for that expenditure remain available in the same tax year they commence the business and incur the expense.

"The rule also requires project managers to bring forward company tax liabilities to match the year the growers claim their deductions, thus eliminating any mismatch in the timing of tax expenditure and revenue.

"Two independent reports, one by the Centre for International Economics (CIE), the other by URS Forestry and ACIL Tasman, recently recommended the prepayment rule be continued. The CIE report concluded that investment in plantations could fall by up to 40 percent without the prepayment rule, and that regional Australia could lose flow-on economic benefits worth more than twice the value of the initial investment.

"The review will give plantation-based industries a further opportunity to demonstrate the positive role of a prepayment rule in attracting new plantation investment, including for long rotation sawlog production.

"It's vital that the review leads to a long period of stable and predictable policy to underpin further investment in the domestic and export plantation processing and value-adding industries in regional Australia, which rely increasingly on the managed investment plantation resource.

"TIMA looks forward to working closely with Forestry Minister Macdonald and Assistant Treasurer Brough during the review process," Mr Cummine said.

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See also the website for Minister for Fisheries, Forestry and Conservation,
Senator Ian Macdonald, www.mffc.gov.au/index.html

For more information on plantations and tax, and the 12-month rule, see the TIMA website www.afg.asn.au