

# TREES GROW COMMUNITIES



**Local business relies upon managed investment schemes**



## **Jerry and Clare Holder, Woodlea Nursery, Scottsdale**

Working from their idyllic site in the forests at the foot of north-east Tasmania's Sideling Range outside Scottsdale, Jerry and Clare Holder are major players in the Tasmanian forest industry.

Each year their Woodlea Nursery produces seven million eucalypt and pine seedlings that are planted out in the plantation estates in Tasmania and other states.

They are the best at what they do. This year they won the Nursery and Gardening Industry of Australia award for the best production nursery in Tasmania.

But their future will be in jeopardy, they say, if the Australian Government makes investment in forestry plantations less attractive to investors.

Australia's expanding plantation estate is the key to the transition in Australian forestry from native forests. Eventually, as the technology continues to improve, the plantations will produce a growing proportion of sawlogs.

"In particular, if growers in managed investment schemes were to lose immediate deductibility for new plantations established within 12 months of the investment being made, the industry would face an exodus of capital," Jerry Holder says.

In his business alone, which is financially secure because of the equity built up over 26 years, he predicts job losses of 40 to 45 per cent.

Woodlea Nursery is set in rich, deep soil called Mathinna mudstone, in a valley that captures all the available direct sunlight, with plenty of rain – 60 inches a year in the old measure. Those factors and a strong work ethic have been the ingredients of the Holders' success.

The nursery was established by Jerry's stepfather and mother, Jim and Cybil Nicholson, in 1979. Jim Nicholson was a former forest manager with Northern Woodchips and a forest research scientist with the CSIRO.

As well as the main commercial varieties - *Eucalyptus nitens*, *Eucalyptus globulus* and radiata pine – the nursery produces exotic species that include Californian redwoods, Douglas firs and Western red cedar. In recent years they have further diversified their business to produce grape vine stock for the state's vineyards.

Jerry's background had been in outdoor education and as a ranger in Tasmania's national parks, Clare had been a teacher. They joined the family firm in 1988 and took over the business in 2000. Now it supports them and their four children.

As well as the nursery, their property has plantations of eucalypts and regrowth forests for sawlogs.

The nursery has five million seedlings growing at any one time. It supplies major plantation companies like Tasmania's Gunns, Forestry Tasmania, Forest Enterprises Australia and Geelong-based Midway.

Though the Brid River flows through the property, the business draws no water from it.

"We have springs on the property and we also recycle whatever waste water we produce," Jerry says. "We filter it, chlorinate it and reuse it. We have created a wetland area for any excess."

Their water management is a significant environmental saving because, in the summer, they have to water the plants twice a day.

The Holders employ 20 people. They are involved in propagation, transplanting, watering, integrated pest management and packing. Clare looks after the payroll and accounts, Jim is in charge of everything else.

Managed investment schemes (MIS) are an important part of their business.

“Ninety per cent of our forest seedlings goes to managed investment schemes,” Jerry says.

“If there is any change to the investment regime of those schemes, the effects on our business will be severe.”

A large proportion of the \$15bn worth of timber products manufactured in Australia each year is derived from a small number of timber-growing regions, communities like Scottsdale.

They provide work for many of the 135,000 people employed in the industry. Yet Australia has a trade deficit of almost \$2 billion a year in forest products.

Add to this the timber dependent communities’ reduced access to native forests, Australia has to continue to expand the nation’s plantation resources. Managed investment schemes are integral to that expansion. In 2004 an estimated 65 per cent of all new plantations were established under managed investment schemes.

Also vital to the future is continued Australian Government recognition of the particular investment needs of forest plantations – large establishment costs followed by lengthy delays in gaining a commercial return because of the nature of the crop.

At risk at the moment, through a federal review of the investment rules regime for MIS, is the 12-month prepayment rule that allows growers’ fees to be used for tree planting at a suitable time in the 12 months following the initial payments and for growers to claim an immediate tax deduction for that expenditure.

“If the regime changes, we would be looking at job losses here of 40 to 45 per cent,” Jerry Holder says. “Obviously, the value of our business would also be in question.

“The Government has to think about the ramifications before it makes any decision to interfere with the present system.

“The last time they interfered with the regime, we suffered a 70 per cent downturn in our business. So did other nurseries. We only survived because of the equity we have in our business.

“If you owed money on your infrastructure and your business was cut, you were not going to survive.

“Nobody wants to go through that again.”