

TREES GROW COMMUNITIES



Local farmers enjoy forestry diversification.



Alison and Rob McDonald, Scottsdale

At the age of 60, Rob McDonald is what is colloquially called “a goer”. He shears other people’s sheep from dawn until dusk; he can comfortably shear 170 a day.

In his spare time, he runs beef cattle and manages eucalypt forest plantations with his wife Alison on their 163 ha property at the foot of the Sideling Range near Scottsdale in north-eastern Tasmania.

He’s also been known to drive 50 km into Launceston and back to coach his daughters’ school rowing crews, as part of his normal working day.

But what Rob McDonald cannot control is the investment climate for people who want to do what he does, grow trees.

Like many in the national forest industry, he is alarmed at mooted changes to the tax arrangements for plantation forestry.

At risk at the moment, through a federal review of the investment rules regime for forestry managed investment (MIS), is the 12-month prepayment rule that allows MIS growers' expenditure 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 their expenditure.

"If there is any change, it will sap confidence," Rob says. In his case, though not directly affected, it would be an industry-wide tragedy and he would feel the impact.

The growing conditions for eucalypt plantations are so good on the slopes of the Sideling Range – rich soil and 60 inches of rain – that the McDonalds can turn around a pulpwood plantation in 12-13 years.

They bought the land in 1985 after dairy farming at Winnaleah, which is further northeast.

"I used to drive into Launceston from Winnaleah and look at this property," Rob says, "and I told myself that one day I would own it and farm it.

"It's just beautiful – at the foot of the range, surrounded by mountains and a just the right aspect.

"We have planted every three years since 1993. The pattern has been to harvest in January or February and replant in about September," Rob says.

Clearly, diversification is a key theme in the McDonald's lives.

They figured that the more diverse their farm, the better the chance of surviving. That's why they got into plantations.

"Trees are a great crop in these areas," Rob says. "By diversifying (into various areas of primary production) it means that we can hedge our bets. With plantation trees you shouldn't be able to lose. I mean if nothing else it can be sold as firewood. It just gives us more flexibility."

Pessimistic though that may be, it is worth noting that in Hobart firewood has been selling at \$150 a tonne through the winter.

The McDonalds always look to sell their timber to the highest bidder.

They say they are concerned about the current uncertainty over the future tax regime for managed investment schemes and would be affected by any undermining of confidence in the pulpwood industry overall.

Timber-growing regions, like Scottsdale, are a vital part of the national scene. They provide work for many of the 135,000 people employed in timber dependent communities throughout the industry.

Managed investment schemes are integral to the expansion of Australia's forest plantations. 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.

"It's a confidence thing," Rob McDonald says. "Confidence drives this industry.

“That why issues such as managed investment schemes and the prospect of a pulp mill in Tasmania are so important to those of us who are involved.

“We have to remain upbeat about the future so that we, as small operators, continue to harvest and plant every three years.”