

FARM FORESTRY

31. Joint Ventures

A forestry joint venture is an agreement between an investor and a private landowner (usually a farmer) to develop land into a productive forest. Investors may be large forestry companies, individuals, a syndicate (eg. a group of businessmen), a small company, etc.

Profit sharing

The ultimate revenue from the venture is divided between the two parties in proportion to each parties contribution. Farmers normally contribute land, rates, fencing, etc. The investor contributes finance, labour and equipment from planting until harvesting. Sometimes the landowner also contributes here to increase his/her share. In some cases the investor provides a guaranteed market for the wood.

The main aim of a joint venture is to encourage landholders to fully utilise their land by diversifying and to allow users to invest in future wood supplies.

Around the country

In Australia the number of joint venture schemes are increasing and most often include 10 –20 year eucalypt pulpwood plantations and to a lesser extent 25 – 30 year pine plantations. Most joint venture schemes pay landowners an annual rental but in some states returns are paid at the end of the joint venture. Of all the forestry investment vehicles in Australia, joint ventures would be the most successful – over 20,000 hectares of plantation are planted each year under joint ventures. Now many joint venture plantings are integrated into farms to maximise benefits to landholders – control of water tables and provision of shelter for livestock, pastures and crops.

Benefits to farmers

1. Diversification.
2. Landcare and conservation.
3. Improved farm productivity through use of unproductive farmland or forest.
4. Long term financial investment.

5. Low cost, low risk entry into plantation forestry without the need for forestry knowledge.

Benefits to investors

1. Long term financial investment with out the cost of buying land.
2. Creation of a secure wood resource, often to meet supply agreements with processors.
3. A partner with a vested interest.
4. Financial and environmental contribution to local communities and regions

Seek advice

Landholders or investors considering entering into joint ventures should obtain independent and professional advice on forestry, accountancy, taxation and legal aspects.

Joint Venture Schemes

A number of joint ventures are available in Tasmania. Contact the following for information:

Eucalypt and Pine Joint Venture Forestry with ANM

ANM Forest Management
Hamilton Road, New Norfolk 7140
Phone: 03 6261 4033

Australian Newsprint Mills Joint Venture operates south of Oatlands to establish pine plantations. Landowners can contribute land only or increase their share by paying rates and taxes and doing forestry work.

Tamar Tree Farms Joint Venture

North Forest Products Tamar
PO Box 1025, Launceston 7250
Phone: 03 6394 7201

Share Farm Agreement, for euclypt plantations of 15 –25 years. Landowners can contribute in kind 5% of land value, pay rates and taxes and or undertake forestry work to increase their share.

Boral Timber Tasmania Ltd

Forest Resources
P O Box 985
Launceston 7250
Phone: 03 9394 7303

Two types of plantation agreement are available to establish eucalypt plantations on private land:

1. Share Forestry Agreement where Boral and the landowner agree to share the cost of

plantation establishment.

2. Plantation (Company Assistance) Agreement where Boral provides a fixed sum to establish the plantation and the landowner provides the balance.

The Forestry Tasmania Trees Trust 1997

Forestry Tasmania
G.P.O. Box 207B, Hobart 7001
Phone: 03 6233 8280

Another investment opportunity, although not a joint venture, is The Forestry Tasmania Trees Trust 1997 where investors are offered the opportunity to invest in eucalypt and pine plantation development projects. Forestry Tasmania provides the land, forestry and marketing expertise.

Author, Arthur Lyons, April 1997



Private Forests Tasmania, the government authority specifically established to foster and assist private landholders manage their forests in a sustainable manner and to encourage the expansion of plantations.

This information has been prepared as an introduction to Farm Forestry. More comprehensive information on a range of topics is available Private Forests Tasmania.

Burnie	6434 6285
Hobart	6233 7445
Launceston	6336 5300