

LIBRARY

Department of Biodiversity,
Conservation and Attractions

This PDF has been created for digital preservation. It may be used for research but is not suitable for other purposes. It may be superseded by a more current version or just be out-of-date and have no relevance to current situations.

MARITIME PINE SHAREFARMING - FINANCIAL OPTIONS

NORMAL SHAREFARM

The landowner makes land available and the plantation is established at no cost to the owner.

PAYMENT OPTIONS (maritime pine, sandalwood and any other commercial species).

There are currently three share options available to farmers. These are based on the costs of inputs being approximately 80% for CALM and 20% for the landowner. The plantations will produce two potential commercial products – timber and carbon. The market for both pine and sandalwood is established and well known in Western Australia. The market for carbon is not established and the rules for creating and trading carbon credits are not established. There are uncertainties and risks associated with this market which the landowner should be aware of. Refer to CALM's explanation of carbon credits.

OPTION 1

Landowner receives 30% of timber harvest and no carbon credits.

OPTION 2

Landowner receives 20% of timber harvest and no carbon credits. CALM will establish the claim for the credits and allocate to the landowner to deal with at their discretion. The landowner is responsible for a proportion of the debits that may accrue at harvest.

OPTION 3

The landowner receives 20% of the timber harvest and 20% of carbon credits. The landowner will receive payment from the investor for his 20% share of carbon credits once costs of accounting and trading are subtracted.

POTENTIAL TIMBER VALUES FOR MARITIME PINE BASED ON TWO COMMERCIAL THINNINGS

The yield and value of timber will vary with site, productivity, distance to market and other factors.

Based on current market prices CALM estimates the following values would be received under a two thinning regime:



CALM Sharefarms, Maritime Pine



Department of Conservation and Land Management

Based on 30% cropshare

Year	Low Productivity	Medium Productivity	High Productivity
12 (1 st thin)	\$240	\$350	\$400
22 (2 nd thin)	\$250	\$390	\$720
30 (clearfell)	\$860	\$1 370	\$2 680
MAI (M ³ /HA/YR)	8	12	16

Based on 20% cropshare

Year	Low Productivity	Medium Productivity	High Productivity
12 (1 st thin)	\$160	\$234	\$284
22 (2 nd thin)	\$168	\$260	\$478
30 (clearfell)	\$576	\$810	\$1 788
MAI (M ³ /HA/YR)	8	12	16

CARBON SHARE

The basis of payment is a crop share arrangement based on the input costs of both CALM and the farmer. These are currently estimated to be 80% and 20% respectively.

The concept of carbon credits has enabled CALM to attract investment interest from energy companies for the maritime pine sharefarming scheme. The potential for carbon credits also adds value to an investment with modest returns and shares that benefit amongst both parties.

The desire by investors to gain rights to carbon credits has enabled CALM to maintain the farmers harvest share of timber at 30% in spite of increasing costs.



CALM Sharefarms, Maritime Pine



Department of Conservation and Land Management