

## REVIEW OF THE TAXATION OF PLANTATION FORESTRY

I request that the tax deductibility afforded to investors in plantation investment schemes be reduced back to deductibility in the year of investment only and with the following extra adjustments:

1. That rental for land paid in advance be only allowed to be deducted over the life of the plantation...not in the initial year.
2. That tax deductibility of the cost of the trees be spread over the life of the trees.
3. That plots be identified with the "farmer" investor and not "amalgamated" into a pool.

These features alone would bring the plantation investment circus in line with the experiences of the taxation regime by ordinary farmers and horticulturalists, especially orchardists.

It would stop the unfair competition for scarce prime soils and require a long term commitment by the investor "farmer".

It seems that instead of **Pitt Street Farmers we now have Pitt Street Plantation Investors**. The only people benefiting from the backdown from the **Ralph Review recommendation on the abolition of the 13 month rule** are the plantation developers and their investment schemes, which bear no relation to the tax regime imposed on family farms, and, the Pitt Street professionals seeking to avoid their tax obligations.

I wish to draw your attention to 3 papers published by myself and I would ask you to consider them as part of my submission as attachments:

1. Submission to the Senate Inquiry into Australian Plantation Forestry, 2002
2. An Open Letter to Financial and Investment Advisers and Investors
3. Notes on the Opportunities and Threats for Horticultural Diversity on the North West Coast of Tasmania.

Thanking you,



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**Submission to the References Committee**

**Senate Rural and Regional Affairs and Transport Committee on**

**AUSTRALIAN PLANTATION FORESTRY**

by

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**My submission looks at the problems and issues caused by the plantation forestry industry and particularly the "Plantations for Australia: the 2020 vision" which seeks to destroy the social and economic farming infrastructure of the state in favour of an anti-competitive, heavily taxation subsidised, economically and socially destructive plantation industry.**

**I object to the premise that this destructive industry requires further lack of social, political and economic "impediments" to encourage it. Many of the economic and environmental claims will never be realised and I doubt the huge plantation base already in place in North West Tasmania will ever be harvested. Even the Timber Communities Australia spokesperson, Mr B Chipman, has said recently that the Eucalyptus nitens plantations will not be used for sawlogs and veneer [ABC Radio, 2002]. In the past the claim that these plantations were for sawlogs and veneer was used to silence critics of the industry.**

**The adherence to the 2020 vision has swapped high value family farming and diversity for low value, monoculture woodchip driven plantations and the subsequent loss of regional jobs, population and economic strength.**

**The best way I can address the issues raised by the rapid and destructive expansion of the plantation industry in Tasmania and particularly in the North West of the state is to relate the effects on my local area of Preolenna/Meunna, 25 kilometres south of Wynyard in the Waratah/Wynyard Municipality. I raised them in detail in 1999 in my submission on the Draft State Policy on the Protection of Agricultural Land:  
<http://www.tassie.net.au/~cdibley/agric.html>**

**SOME RECENT INDICATOR STATISTICS FOR RURAL TASMANIA**

The following figures illustrate that while plantation development destroyed many areas of productive farm land, so the production base of the state's farms declined to below 1996 levels:

	1996-1997	1998-1999	1999-2000
<b>LIVESTOCK NUMBERS</b>			
Dairy cattle	210,600	233,000	206,000

Beef cattle	514,600	491,000	411,000
<b>FIELD CROP IN TONNES</b>			
Potatoes	317,488	327,482	267,172
<b>WOODCHIPS IN TONNES</b>			
Woodchips	3,609,300	3,929,900	5,145,000

Source: ABS, 2001

## SOCIAL INDICATORS FOR PREOLENNA/MEUNNA

### Employment

	1995	2002
Dairying	26	Nil
Farm labour	5	Nil
Plantation [EFT]	0.5	0.5? (Sub contractor)

**Note:** 1 dairy farm job supports 7 jobs downstream -  
Total loss to region of 187 jobs in 5 years based on Preolenna/Meunna

### Crime

Average reported crime rate for Preolenna/Meunna from 1990 to 1999 = one p.a.

Highest annual crime rate in the 1990's = 3.

**Year 2000:** 15 reported crimes by 17 August, 2000 (no figures for rest of year).

**Year 2001:** no figures.

**Year 2002:** 11 reported crimes to 31 July, 2002

As farms were progressively destroyed looting became a feature of the local area and continues to this day with unchecked looting of fencing, building materials and equipment still insitu. This is a result of absentee land owners: the looters obviously know there is no one to stop their activity despite our local efforts to stop them. The remaining dissipated community's property is vulnerable to this activity.

### Social Stability

Local employment and proportionally high home ownership gives good social stability to a community. High levels of rental properties sees constant change in the makeup of a community with more rapid turnover of families through an area:

	1995	2002
Home ownership	30	13
Rental	3	8
Potential No. Families	33	21

## Economic Indicators

Income losses from loss of farms are compared with potential plantation production from the same land.

Gross calculations on estimated income:

Plantation 200 hectares

\$5100 a hectare at harvest in 30 years: **\$1,020,000**

Dairy farm 200 hectares

\$850 a cow p.a. from 300 cows (1.5 p.h.) over 30 years: **\$7,650,000**

Dairy farm 200 hectares with intensive pasture management and inputs

\$850 a cow p.a. from 500 cows (2.5 p.h.) over 30 years: **\$12,750,000**

**Total annual income** to the Waratah/Wynyard and subregion economy foregone with the destruction of the dairy farms in this local area alone is:

**\$4,100,000**

## INFRASTRUCTURE LOSSES

From a stock of 33 houses and 11 dairy infrastructure units (av. value \$78,000) in 1995 we have the following history at Preolenna/Meunna:

1997-1998	9 houses demolished 4 dairies demolished
2000-2001 <del>A</del>	<del>A</del> houses demolished 7 dairies demolished
2002-	1 house destroyed by arson attack

On the original 16 high value dairy, cropping and grazing properties all internal and most boundary fencing, barns, irrigation, roadworks and electrical installations have been demolished. All these farms have been destroyed.

Telstra has pulled out its mobile phone tower from Meunna and the electricity grid has been pulled back by kilometres in a number of areas.

## SOILS

Most of the farms purchased by plantation developers in Preolenna/Meunna are rated as Class 3 and Class 4 land under the Land Capability Survey for Tasmania. These are the prime classes of land suitable for dairying and cropping in North West Tasmania and are principally the basalt derived kranozem soils. These soils are literally being trashed for plantation establishment:

*"Today, large areas of Class 4 land are being converted from predominantly pastoral enterprises to plantations of Pinus radiata and Eucalyptus nitens. A major plantation management exercise has been the deep ripping and mounding of soil. This has resulted in increased surface stone accumulation, when coarse fragments are lifted from deeper in the profile of the surface. In some cases this practise may be affecting the capability of the land to support other agricultural enterprises. Deep ripping is considered unnecessary on this land where the soils are naturally well structured and freely draining with little impediment to root development for trees."*

## **R.M.Moreton Inglis Report: Land Capability Survey of Tasmania DPIWE, 1999.**

Competition for the rapidly diminishing Class 3 and 4 basalt derived soils in high rainfall areas such as ours is driving cropping activity onto soils unsuitable for such activity and placing vulnerable soils at risk of salt build up from associated intensive irrigation especially in the northern Midlands:

*"A project looking at whether vegetable cropping is sustainable in Tasmania's Midlands has found that growing potatoes significantly degrades many duplex (sand over clay) soil properties and these changes are not associated with growing other crops.*

*When potatoes are included in the rotation, there was degradation of soil physical properties in the form of decreased aggregate size and stability, lower infiltration rate and increased bulk density.*

*The magnitude of these changes in soil attributes associated with potato cropping is of concern, particularly as these soils have been cropped for only a relatively short time."*

**Bill Cotching, DPIWE, Article: "Potatoes put duplex soils under pressure" in Tas-Regions, March 2001.**

Major plantation developers, Gunns and Forest Enterprises, consistently claimed they were not targeting prime soils in their land purchases but in their publicity for their investment schemes a different picture emerges, e.g.:

*"Gunns conducts a rigorous site selection and assessment process. The sites are located on rich fertile soils with high and reliable rainfall."*

**Gunns Plantations Limited: Woodlot Project 2002 .**

## **WEEDS**

Preolenna/Meunna is experiencing a vast problem of weed infestation in the plantations. Thistles are a particular concern and have caused an enormous problem for our commercial orchard. Despite three separate applications of herbicide on the neighbouring plantation property it has failed to control thistle infestation and we have had to physically remove vast amounts of thistle seedlings from our orchard floor.

Sub-contractors with the plantation industry are not closely supervised by plantation development companies and much of the problem relates to inappropriate timing of herbicide applications (decisions are made by "desk managers" in a totally climatically different and distant region). Machine hygiene is not observed by plantation establishment sub-contractors so weeds are being spread rapidly around the state on machinery. This problem could be easily resolved but, with no local presence by plantation developer employees there is no one to consult. Further distant supervisors are not attending subregional meetings such as the meetings held in our municipality to develop a weed management strategy: the issue of weed infestation in the rapidly expanding plantation industry and machinery hygiene, already observed by the potato industry with great success, were raised in discussions.

## **ABSENTEE LANDOWNERS**

As with soil and weed management lack of a local presence in plantation development has some dreadful consequences for local residents and enterprises.

Effective land management practice requires local knowledge and local supervision. Weed control, security, fire management and good environmental outcomes are at risk from absentee land owners,

and, plantation developers are no exception. For example, a 2 kilometre creek tributary of Garners Creek (a major domestic water resource and major tributary of the Inglis River) was completely destroyed by silt inundation from a failed farm dam after heavy rain. There was no local presence to adjust the dam outlet installation: if a "farmer" had been living on the property this would not have happened. After 2 years, the situation remains unresolved.

## PRIVATE TIMBER RESERVES AND LANDUSE PLANNING

Plantation development has been protected and promoted by the state government through legislation which separates it as a special category of landuse receiving special considerations. Yet, in the State Policy on Prime Agricultural Land the government could not (would not) separate plantations as a distinct landuse on prime agricultural land. This is despite the fact that the Australian Bureau of Statistics clearly collects statistics from plantations as a separate industry to agriculture.

With legislation the government has in place in the form of the **Private Timber Reserve [PTR]** declaration, a method of circumventing any policy which would deny industrial plantation opportunities. By this legislation along with federal government taxation policy, governments have signalled a preference for a depopulated region dominated by large tracts of plantations controlled by absentee landowners.

The Private Timber Reserve declaration is designed to deny local government control over landuse issues on land in its jurisdiction. Despite the 'front' of advertisements calling for objections to the declarations, the timing excludes the statutory need for councils to consider these declarations case by case or in consultation with the community affected and the limited right of neighbours to object. Further, under development application processes, if the developer commenced work before the planning consideration and decision period expired, there would be real concerns about due process. It is a joke that land listed in intentional PTR advertisements are already being bulldozed for plantations before the granting of reserve status. If the PTR process is designed to replace council's processes then it is the perpetration of a vicious joke on our community.

Further, the PTR declaration process is industry driven: the Forest Practices Board is dominated by the plantation industry and the Forest Practices Tribunal does not observe due process by making sure that persons nominated to hear an appeal do not have direct pecuniary interests in the business of the parties to the appeal. It is only on a challenge that parties may be required to withdraw. Natural justice, inherent in the development application process, is unknown in the PTR process.

There is already a huge conflict in the rural community over best use of land within the agriculture sector without even adding in the plantation factor. **[See my report: <http://www.tassie.net.au/~cdibley/opport.html> ]** Not all landowners are treated equally in landuse decisions: in the current situation the plantation industry is pretty well doing as it pleases regardless of its effects on the local community and on local council's own policies and plans.

Our Local Government Association of Tasmania (LGAT) has a current motion on its minute books to implement the following resolution:

*"That the Local Government Association of Tasmania lobby the State Government for changes to the Land Use Planning and Approvals Act (1993) that will allow forestry operations on Crown Land to be brought under the control of the local planning scheme."*

Issues raised in relation to LGAT's considerations on plantations and forestry matters and council planning schemes include:

- Transport infrastructure
- Social issues
- Planning

Communications and notifications process for PTR's  
Water and town water supplies  
Land valuations

The last point, **land valuations**, is becoming an area of concern as people seek the "Tassie lifestyle" in rural areas and find their properties compromised by overshadowing, weeds, aesthetic considerations and lack of local rural industry diversity. Mainlanders wanting to purchase rural properties cannot access in the purchase process any statutory imposed method of checking for PTR declarations on neighbouring land or any intention to declare a PTR. The whole Tasmanian Land Titles recording process and its inherent fairness is compromised.

## TOURISM

In 2001 I wrote to the **Cradle Coast Authority** on this issue as follows:

*"I wish to draw your attention to the impact of plantations on the rural scenic beauty of the North West Coast hinterland and indeed, throughout Tasmania.*

**Encroachment onto prime farm land by industrial plantations has engulfed in the last two years some 350 family farms. 5330 Private Timber Reserves have also been declared.**

*Areas such as the Meander Valley, Willmott/Erriba and the main drive to Cradle Mountain, Upper Castra, Preston, Gunns Plains (where scenic rural planning protection is compromised), Natone, Hampshire, Yolla, Oldina, Takone, the Preolenna/Moorleah/Flowerdale areas (Endangered Places Listing 2000), Mawbanna, Forest, Irish Town, Trowutta and other rural areas of Circular Head are under continued threat of decimation. The Tasman Peninsula and the Huon are similarly targeted by plantation developers along with outstanding rural areas in the North East.*

*The **REGIONAL TOURISM ROUTE** through Preolenna/Meunna/Myalla has been totally compromised by massive plantation development of dairy farms and, as of the year 2000, is no longer shown on regional brochures. This was done without consultation with the communities affected.*

*Our interstate visitors are horrified by the destruction of the diversity in the agricultural landscape.*

*Tasmania's intrinsic beauty and diversity are being compromised by the unregulated and unplanned industrial plantation development."*

Further, in 2000 Daryl and I successfully nominated the Preolenna/Moorleah/Flowerdale Valley area for the **Australian Council of National Trusts' Endangered Places** listing. In this nomination we said:

*"The region under threat is the rural hinterland to the south of Wynyard bounded by the Flowerdale and Inglis Rivers and their catchments in the north west of Tasmania (including the Jessie Gorge). It is a classic late Victorian (Flowerdale/Moorleah) and Federation (Preolenna) European settled landscape characterised by rolling hills, conifer windbreaks, blackwood lined gullies and creeks reflecting the result of a diversity of agricultural pursuits set against old growth remnants of native forest along the rivers. It is an area of great beauty and community cohesion."*

*.....have nominated this cultural landscape because it is in serious danger of destruction. The dairy and family farms are being acquired by plantation developers, the farm infrastructure destroyed, the basaltic soils ripped and planted to Eucalyptus nitens and Pinus radiata. There is a loss of social*

*cohesion, loss of diversity in the landscape, loss of community infrastructure and lack of planning controls. The pace and enormous effect renders our community unsustainable."*

Plantation development has been a disaster for rural Tasmania and, with properties such as ours (a commercial chestnut and hazelnut orchard), any thought of diversification into associating tourism possibilities with our enterprise has been decimated. No tourist is going to attempt to drive to a property where the road does not exist on the tourist maps.

### **TAXATION ISSUES**

It seems that instead of **Pitt Street Farmers we now have Pitt Street Plantation investors**. The only people benefiting from the back down from the Ralph Review recommendation on the abolition of the 13 month rule are the plantation developers and their investment schemes, which bear no relation to the tax regime imposed on family farms, and, the Pitt Street professionals seeking to avoid their tax obligations. We now have Gunns looking for 20,000 hectares of land for the woodlots they have sold since the government's backdown. Tasmanian family farms and the food they produce are under siege yet again.

Give us orchardists and family farmers the same tax breaks without the need to dream up some sort of false investment scheme and agriculture and horticulture will flourish yet again.

### **REPORTS ON PLANTATIONS**

Numerous reports have been carried out on the issue through ABARE and the Rural Industries Research and Development Corporation. The latter particularly has recommended that "the expansion of farm forestry must be managed to benefit smaller communities" [**RIRDC: Socio-economic impacts of Farm Forestry, 2001**]

In another report the impact of the obliteration of river catchments by plantation development will an adverse impact on water flows and water quality. [**RIRDC: Plantation, Farm Forestry and Water, 2001**]

**The constant implication of reports has been that unless the cost of the "opportunity lost" to agriculture, horticulture and the community is acknowledged by the encouragement of unplanned and unrestricted plantation development then the governments [both state and federal] will continue to dumb down the economies and social stability of large areas of regional Australia and particularly, Tasmania.**

**Colleen Dibley  
20 September, 2002**

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## **AN OPEN LETTER TO FINANCIAL AND INVESTMENT ADVISORS AND INVESTORS**

I understand that many professional and business people on the Australian mainland have taken advantage of extremely generous tax incentives to invest in plantation development schemes and would understandably feel they were contributing to the important programme of greening Australia. However, the impact on our high value dairying and cropping communities has been devastating.

I live in the small rural community of Preolenna/Meuna in the North West region of Tasmania and write to draw your attention to our concern of the decimation of the Preolenna and similar communities by plantation development. Moorleah, Calder and neighbouring communities and other farming areas over the whole region are threatened or already being bulldozed for planting. Since 1997 over 10% of Tasmanian family farms have been acquired by plantation developers denying a future for many in high value agriculture.

At Preolenna we have lost 13 of our 14 dairy and cropping farms to plantation developers who have purchased those properties at prices farmers can not hope to match when they don't have the same direct government tax subsidies. Our population has declined by 50% in three years and the economic contribution our farms make from this area alone to the local regional economy each year (est. \$4m) has now been lost and will not be replaced by absentee developers.

We are faced with losing basic services such as the school bus, the mail delivery, repairs to regular power and phone outages and road maintenance by a council which finds its income from the area slashed brought about by the devaluation of the land through the demolition of houses and destruction of farm infrastructure by plantation developers. This year four houses and seven dairy complexes have been demolished in our area.

Even more of a concern is that in a diminished community, finding local volunteers to keep the fire brigade functional becomes a matter of great urgency.

We are asking people to look for the effects of plantations on regional and remote rural communities when they would be tempted to invest in such schemes. Fine basalt derived agricultural soils are now locked up for 35 years and will probably never produce food products again. Certainly, our communities in the rural areas of north west Tasmania have lost our greatest resource: families and access to prime agricultural land for family farming.

Plantation development proceeds unchecked and unplanned: please understand, and investigate the facts from the communities affected before investing in such schemes to understand the real human and economic cost to local regions.

Yours sincerely,

Colleen Dibley

<http://www.tassie.net.au/~cdibley/>

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# NOTES ON THE OPPORTUNITIES AND THREATS FOR HORTICULTURAL DIVERSITY ON THE NORTH WEST COAST OF TASMANIA

## OPPORTUNITIES

- Availability of **high quality basalt derived soils**
- Adequate **water resources**
- **Temperate** climate
- **Clean/green** image
- **Diversity** is already a feature of products in Tasmania
- Existence of **small scale value adding**, for example in berry fruits, tracklements, olives, dairy products
- Growing popularity of **Mediterranean style cooking**
- Past experience: in the first half of the 20th century crops such as **flax and hops** were grown west of the Cam
- Horticultural enterprises can be established through **personal effort and planning** with the ability to absorb the financial costs over time

## THREATS

- **Versatility** of basalt derived soils not understood
- Versatility of soils not recognised or **promoted**
- Soils considerably **undervalued** and being locked up in industrial plantation developments for 25+ years
- Existence of **phytothera** in the NW a problem for some orchard establishment
- Government policy directed to the “big end” of town: **vertical integration** in potatoes, pyrethrum, poppies, buckwheat. Even walnuts where individual enterprise and risk is discouraged through promotion of “rental schemes” for tree establishment
- **Tax incentives** favour plantation establishment over orchards
- Government **infrastructure establishment policies** (instanced by the **Major Infrastructure Development Approval Bill** ) favour mining and forestry over horticulture and agriculture
- Unrealistic capital expenditure estimates offered by advisory units for horticultural enterprises where **effort and expertise** can substitute for much of the financial outlays (diversity developed in the back paddock)
- **Training** is directed to employment rather than enterprise in the tertiary sector

In the **Flowerdale/Preolenna district** , usually seen as a spuds and dairying area, the following are established: pyrethrum, poppies, annual cut flowers, proteas, cherries, apples, emus, chestnuts, hazelnuts, broadacre herbs and vegetables and nurseries.

**Colleen Dibley**  
**Preolenna Chestnuts**

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