

12<sup>th</sup> August 2005

Brian Claridge

P.O. Box 296

Deloraine 7304

Submission into

The Taxation Treatment of Plantation Forestry.

I would like to make the following submission.

In 1999 I was enticed to make an investment into a plantation prospectus being offered by Forest Enterprises Australia..

The investment was for 67 Hectares ( 201 woodlots ) at a total cost over 13 years of \$684,000.

In the 1998 / 1999 tax year I paid out approximately \$297,000 for the establishment of the plantation woodlots. (The money was financed from Casanda securities, an associated entity of Forest Enterprises Australia.)

Management fees were approximately \$120 per woodlot (\$360 per hectare)

Lease fees were \$80 per woodlot (\$240 per Hectare)

My accountant at the time told me that these woodlots were expected to produce 14% to 18% compound on investment after costs.

On 30<sup>th</sup> June 2000, I was provided with a written valuation (attached) for my woodlots of \$77,050.

In other words a loss of \$223,050 in virtually the same year!

On the 7/07/05 I was advised, by Mr Arthur Lyons of Private Forests Tasmania that a Nitens plantation on the best possible site in Tasmania (IE High rainfall, good fertile soils) would return at best around \$10,000 per Hectare.

67 Hectares x \$10,000 = \$670,000.

This equates to a loss in real dollars of \$14,000.

In other words I will receive less than I paid out over 13 years.

The opportunity cost of course is far greater in that I would have expected in the order of \$3.2 Million after costs over that period

I asked Forest Enterprises in 1999 to show me my woodlots as I believed that each woodlot was defined. They took me to Lifeah and showed me what was purported to

be my 67 Hectares. In 2005 I was told my woodlots were in five different locations, spread from Circular Head to Legerwood.

Current establishment costs are in the order of \$1200 to \$1500 per HA. I paid approximately \$4,400 HA in 1999.

The company therefore pocketed around \$3,000 per HA on day one of establishment.

The above information is provided with reference to Terms of Reference (a) with regard to commercial viability of and current tax treatment of plantation investment.

It is my belief that the facts surrounding my investment are typical of many other investors who will be in for a major shock if and when they attempt to realise their investment.

I have been in the timber and farming industry for 30 years and I believe that artificial schemes such as these damage the long term commercial viability of both these industries.

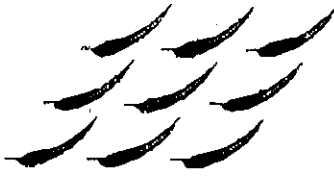
The predicted growth rates on which my losses are based are optimistic. Many plantations are complete failures with growth rates far less than these

As a result of the ATO ruling on plantation forestry, genuine primary producers cannot compete with the managed investment schemes to purchase farming land, resulting in the de-population of rural communities.

I am available for to give evidence under oath and be cross examined if required.

Yours faithfully,

  
Brian Claridge



# FOREST ENTERPRISES GROUP

*Partners in Your Future*

Forest Enterprises Australia Ltd  
A.C.N. 009 553 548  
Tasforestry Limited  
A.C.N. 055 969 489  
Tasmanian Plantation Pty Ltd  
A.C.N. 009 560 463

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30<sup>th</sup> June 2000

Mr Alan Styles  
Camerons Chartered Accountants  
22 King Street  
SCOTTSDALE TAS 7260

Dear Alan,

**RE: BNT CONTRACTING PTY LTD  
TASMANIAN FORESTS TRUST NO 7**

Further to today's discussions, I advise the following present value for woodlots for the above-mentioned grower.

67ha @ \$1150 per ha = \$77,050.00

Please do not hesitate to contact this office should you require anything further.

Yours sincerely  
**FOREST ENTERPRISES AUSTRALIA LIMITED**



**PETER D. CURRAN  
GENERAL MANAGER**

Prospectus & Plantation Investments, Plantation & Forest Management,  
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