

## **Submission to Senate inquiry into food production in Australia 1 April 2009**

Mr Chairman and Members of the Committee,  
I thank you for the opportunity to present my submission.

**I wish to submit copies each of:**

- (1) DVD The power of Community.
- (2) Copies of my advertisement I recently published in The Examiner and Tasmanian Farmer Newspapers and letter that was published in The Examiner.
- (3) Copies of a letter on MIS forestry effects at Chudleigh and Mole Creek by John Hawkins.
- (4) Copies of a short letter published in The Examiner 2009 03 27 on Food production and MIS forestry by Peter Hudson that is a very brief summery of my submission.
- (5) Examiner Newspaper article More Milk Wanted Fonterra 2008 10 09.

**I can also supply if you would like to receive;**

- (a) A list of the areas in ha of farms and agricultural farmland now owned by MIS corporations within Meander Valley Municipality that totals to just over 15,000ha. To put that into perspective if we say that the average farm is 200ha 500acres (that's being conservative as most farms in MVM are less than 200ha) it works out at 75 farms. If the average turnover per farm is \$400,000 per year that's \$30M lost to the economy each year ongoing. If each farm creates four jobs that's 300 good quality sustainable jobs already lost; less about 24 poor quality forestry jobs generated works out at 276 good jobs already lost just in MVM alone. Sadly several other municipalities that are suffering considerably larger and huge ongoing losses of their agricultural land and economic activity potential because they have already lost so much of their agricultural land to MIS corporations. However it will rarely be mentioned officially as many councillors are avid forestry supporters and for others to try and address the difficulties and losses inflicted by MIS forestry requires in depth understanding of the workings of the forestry system as well as endure personal attacks and intimidation by forestry protagonists.
- (b) The Preolenna and Meunna story. A 72 page report on the demise of two large highly productive food producing farming districts in north west Tasmania that have been decimated by MIS forestry.

Meunna and Preolenna are two of the many areas around Australia suffering demise as MIS forestry closes down our agricultural food production and rural economies.

(c) A Map showing the number of declared Private Timber Reserves (PTRs) on rural land as at 30 June 2006 and the percentage (in red) of each municipality where agricultural production is effectively prohibited. Food production is prohibited on PTR declared land and it is exempted from Council planning schemes and community accountability. I do not have access to later figures without a lot of time consuming work, ie PFT has made it far more difficult for us to get them. On average about 10,000 ha of highly productive agricultural land per year is reserved away from agricultural production as PTRs. I expect that figure to rise dramatically as more of Tasmania's MIS destroyed farms on which MIS plantations are established are granted privileged and exclusive PTR status.

### Introduction

Who is Bob Loone? Born 1940 and grew up on highly productive 600 acre dairy, cropping and forestry farm at Hill Top Deloraine, (later called "Dairy Lodge" and now a Gunns owned MIS forestry plantation). Responsible forest management with dad was one of the first things I was taught.

I have enjoyed a great variety of work experiences and working to serve others and use my acquired knowledge to help them in whatever problem they may have is where I see my gifts and vocation.

We have been married for 48 years and have four adult children (three are on the mainland).

I worked for nine years on many dairy farms as a herd recorder during which time I made many lifelong friends and was able to compare many methods of operation.

Most of the life I have been privileged to live has been spent in the rural supply industry. Twice my wife and I started and built up farm supply businesses from scratch to about \$1.5M p/a turnover. I have extensive practical experience in business, consultation, staff management, promotions, machinery and merchandise sales etc.

We are now retired from rural supply business since our daughter took it over about five years ago.

I have been on the Meander Valley Council continuously since 1996 and in my second term as deputy Mayor.

I am a member of the Rotary Club of Deloraine and they have seen fit to make me a Paul Harris Fellow Rotary's highest award for service.

Most of all I am a Christian, I love humanity and I care about the hardship and suffering resulting from the sheer greed of self serving corporations.

#### **From where it's happening**

My submission is based on what is happening at ground level, on farms where I went to herd test dairy cows twice each month for nine years as a herd recorder and later selling, servicing and or demonstrating farm machinery or delivering farm supplies and the past 14 years as a Meander Valley councillor. I have lived and worked throughout Tasmania all my life and am very familiar with the Meander Valley Municipality. The James Hardy tragedy is being repeated today regarding MIS forestry, especially in relation to their aerial released toxic chemical usage. I have recently received detailed reports by about 10 local residents of illnesses resulting from aerial spraying of toxic chemicals.

The economic benefits gained through downstream processing and marketing of agricultural production are being strangled as more and more farms are purchased and destroyed by MIS corporations.

#### **Why am I doing this?**

Again I thank you for the opportunity to report. I believe like everyone else I am accountable before GOD. I am compelled to make you aware of the damage and destruction MIS Plantation forestry is doing to our food production, health, soil and environment.

I mention the environment because as Herman Daily senior economist, World Bank stated:

*"The economy is a wholly owned subsidiary of the environment."*

To me that means, as we continue to damage the environment we will diminish and destroy our economy. MIS forestry is a major destroyer of our environmental assets across the state.

#### **MIS plantations are neither cyclical nor compatible with agriculture in Australia.**

Other countries have rightly moved to disallow tax exemptions on MIS so-called "investments" and therefore are not plagued with the destruction they cause. In some countries where forestry is subject to changing market forces they are pulling out trees and going back to agriculture. In Australia MIS are not about economics or market forces. Australia's MIS scams and that's what they are, are about tax minimisation by so-called "investors" and land grabbing by MIS Corporations. They make the bulk of their huge profits up

front before each lot of trees are planted and obviously the aim is to get rid of the trees on each woodlot as quickly as possible so they can net further huge profits from the next round of 100% tax exempt investment money.

### **Non Forestry MIS**

Non forestry MIS causes hardship to genuine farmers. MIS corporations create large profits up front before any crop is planted. They are not concerned whether there is a market for the crop, or if it is economically viable, so they can dump it on the market which in turn can bankrupt genuine farmers who have no access to unlimited quantities of 100% tax free money and have to be viable to survive.

### **Imposts on surrounding farmers, Water loss, Weeds, and Wildlife Assist MIS Corporations to get more and more of our agricultural land**

While the plantations are small the grass and weeds are sprayed with very toxic residual chemicals but after the trees get going the weed control usually stops. Surrounding bush and farmland is subjected to heavily infestations of unwanted and very expensive to control weeds on an ongoing basis. This suites the MIS Corporations because by frustrating their neighbours and adding to their work making them unviable makes it easier for the MIS Corporation to buy the surrounding farms at a lower price as no genuine farmer would want to farm near MIS plantations.

Wildlife based in plantations graze on the farmer's crops then their droppings fertilise the plantations. Plantation trees use four times more water than pasture. Their deep roots lower the water table, diminishing and denying water availability to food producing farmers both nearby and down stream. All this extra cost and stress on nearby farmers assists the MIS corporations in their goal to keep increasing their land acquisition portfolios.

### **MIS Forestry plantations rob farmers of water they normally have access to.**

At a meeting of the Rotary Club of Deloraine on 14 Oct 2008 the guest speaker was the Tasmanian drought relief organiser for Aussie Helpers organisation Gabbi Bresnehan (ph 0488 220 057). She spoke on the terrible drought conditions for many farmers and how it was affecting their mental state. She spoke of how the MIS corporations had acquired farms mainly in the headwaters and catchments converting them to forestry plantations and drying up the creeks and rivers.

The farmers lower downstream were deprived of the water they would have had access to had the plantations not been put in the headwaters thus greatly

increasing the hardship. Forestry plantations dramatically deplete groundwater which is 80% of our water storage leaving little or no water for streams or bores. This is another cruel consequence of MIS forestry. I could also talk about the many other MIS forestry issues that drive farmers off their land by increasing their costs and reducing their production. MIS plantation forestry dramatically increases vermin control costs for neighbours and devalues the surrounding and nearby properties.

### **MIS economic and community destruction is contrary to the central principle of Democracy**

Democracy has at its very heart the principle that the needs, welfare, rights, advancement and public interest of the community regarding land-use overrides all other considerations. A short definition of the "Public Interest" is that the rights, needs and welfare of the community are paramount and take precedence over any rights or attempts by any individual or corporation to cause negative impact on the community. Plantation forestry corporations severely impact on and even destroy communities. This is totally against the Public Interest and therefore against the primary principle of democracy. I have lived in rural communities all my life and am very aware of the closing down of rural economic activities by MIS forestry.

### **Financial Crisis, Survival & MIS Disaster.**

There is a massive moral crisis which has morphed into a global financial crisis. Many are and will die from starvation, war, disease, poverty, and the hardship is not limited to third world countries. The emphasis is on survival. To survive we will need food, clothes, and community. We cannot have those things without wiser government, productive land, and water. MIS plantation forestry is robbing us of our land, water, economic potential and agricultural productivity. Therefore in these times of massive global financial failure, depression and hardship MIS forestry represents the worst possible outcome for our communities, economy and survival into the future.

### **Killer Chemicals**

The farms that once had clean water and living soils supporting delightful biodiversity are now environmentally dead. Toxic Chemicals formulated to kill life have done just that. The problem is that toxic chemicals especially when mixed together do permanent damage to the DNA of non target life and yes that may include us. The problem is that it does not become a health issue or prove lethal until years later. As unhealthy and potentially life

shortening this is for us, the innocent people who are most at risk are the babies and the coming generations who run a higher risk of being born with degenerated DNA.

*Toxic chemicals released into the atmosphere or water anywhere spreads and contaminates everywhere.*

### **Panic, Anger, Fear at aerial toxic chemical release.**

Whenever people hear or see a light plane or helicopter loaded with toxic chemicals poisoning the air and water that they must breathe and/or drink there is panic, anger, fear and even terror in the community. Policies that talk about at least seven days notice and residents can choose which chemicals that are to be applied are usually just spin. What do food producing farmers do about MIS forestry corporations aerial spraying their family, air, water, roof for rainwater, birds feeding areas, pets, livestock and property with powerful but unknown poisons? They are powerless to really do anything about preventing it. If proper and responsible forestry methods were used there would be no need for any toxic chemicals to be applied. Forestry greed appears to know no limits. About two months ago Gunns sprayed a large PTR area via helicopter at South Mole Creek next to Jim Vaughan's organic farm and abattoir at 20 Azel's Road South Mole Creek. People have no choice but to breathe and drink some of the chemicals they spray into the air, settling on drinking water catchment roofs and surface water catchments which continues to occur for several days after being released. Some sprays stay in the soil or plants for years. They dump it around and go home and leave the local communities to suffer the consequences. Local people became sick but all responsibility is denied by the MIS corporations.

### **Like cancer**

MIS plantation forestry is like a cancer. It has already destroyed and is continuing to destroy on a statewide scale the farms, soils, economic activity, agricultural production, sustainability, and potential of at least 25% of our farms in the higher rainfall areas. Or put it another way, over 1000 of the states 4000 farms have already been destroyed. Such is the gravity of MIS destruction of our food production potential and that destruction is multiplied many times around mainland Australia.

The Federal Government's MIS policy supports and facilitates this deliberate cancerous like destruction of their physical, emotional, economic, environmental, sustainable health and food production into perpetuity.

Future generations will see us as traitors and pirates for destroying and disposing of so much of the land they will so desperately need for their economic survival.

Why are we supporting and facilitating ongoing cessation of food production when there is a looming worldwide food shortage with food-stocks at an all-time low?

It is no wonder that our communities are bewildered, angry, stressed and confused.

### **Risk of MIS Corporation Corporate Takeover**

If Gunns Limited, owners of around 200,000 ha of Tasmania's farmland are taken over by for example the Singaporeans or Chinese, can you imagine what a tragedy that would be imposed on our people and economy? With the real potential for so much of our land to be owned by a foreign power and utilised for their own benefit, most likely providing their own labour resource, we will be left bereft to lament our government's blind enslavement to forestry.

I have a series of about 100 photos of some of the family farms gone to MIS corporations within MVM. I can supply and comment on them if you wish. They are farms that I know well. I know the people that used to make a living there, sometimes for several generations. They were good people engaged in agricultural production, contributing to the community and economy in a sustainable manner. They, their farms and their high value, sustainable, and economy driving food production have all gone now.

### **Seven summery points to sum up**

1. The Federal Governments MIS tax incentive policy financially supports and facilitates the loss of food production, family farms, and thousands of quality jobs in the agricultural industry; and replace them with a few poor quality forestry jobs.
2. Homes on farms are being destroyed. Local rural supply businesses and facilities close or struggle as farms no longer exist.
3. Forestry cannot be classified as agriculture. The Howard government confirmed that when they removed the tax exemption incentives on agriculture and horticulture MIS and not on MIS forestry.

4. MIS forestry is an economic disaster propped up by unfair counterproductive government subsidies, protection and tax concessions.
5. MIS Plantation forestry is unsustainable and is doing irreversible destruction to our soils.
6. MIS Plantation forestry and toxic chemicals destroy water availability and quality, the environment and livestock and people's health.
7. MIS plantation forestry is by far the worst fetterer of agricultural land, agricultural production and agricultural potential. MIS plantation forestry is in fact the enemy of agriculture as it actively competes against agriculture for land using its unfair advantages to destroy farms and reduce our food production potential.

Thank you for letting me bring before you this important information

Bob Loone

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2008 10 28 Examiner MIS advert

## **Government sponsored Managed Investment Schemes (MIS) are Destroying our Farms**

**Managed Investment Schemes (MIS) are fuelled by the Federal Government's 100% tax free incentives costing Government (us taxpayers) and our economy Billions of \$ per year.**

MIS forestry corporations claim they must continue to receive 100% tax deduction on "investments" in order to continue to expand forestry plantations (thereby destroying our farms, jobs and economy). If those who are promoting MIS plantation forestry are real business operators they would have no objection to having the 100% tax-free incentives removed so there is a level playing field. Besides being unfair to other land users the activities of MIS corporations are already costing us over \$300M per year direct loss, plus over a \$billion lost in income tax and GST each year if that highly productive land was still used for sustainable agricultural production. General economic activity losses would multiply that by about eight times, then there are the thousands of agricultural production jobs that are lost.

### **Some Local Figures**

My records show that just in Meander Valley Municipality over 13,000 ha of farmland is owned by MIS corporations. If we use 200ha (500acres) as the average size farm that's 65 farms, and if the turnover from each farm is \$400,000 per year that's \$26million per year lost to the economy. If each farm accounts for on average 4 jobs, (inc. input supplies and downstream processing) that's 260 good jobs that are lost compared to maybe 50 permanent forestry jobs gained.

**That works out that MIS plantation forestry causes at least four to five good agricultural industry jobs to be lost or destroyed for every one extra job in plantation forestry.** Then there is the damage to water availability and lower production imposed on nearby farms. The ongoing economic and community losses are increasing as more farms are bought by MIS corporations and destroyed.

### **Unsustainable**

Unsustainable forestry plantations rapidly depletes (mines) the soil of its essential nutrients and minerals.

### **All MIS tax exemptions must be abolished.**

If our Federal Government cares at all about our economy or sustainable agricultural production it must remove all the MIS tax exemption incentives. Forestry's predictable noisy and desperate spin campaign at the political level to protect their unfair taxpayer funded advantages must be ignored.

**MIS "passive investors" are not farmers.**

It is misleading for Forestry lobbyists to try and claim high income, tax minimisation, MIS "investors", are like farmers.

The Tax Office regards MIS investors as **passive investors**. Other passive investors have to pay tax on income they invest; yet **MIS** investors get 100% tax deductibility for passive investments.

**Unlike MIS so-called "investors" farmers don't usually hand over their crop investment money to a third party such as MIS Forestry Corporations who:**

- (a) Control and effectively own the "investment" money.
- (b) Use only SOME of the money to plant somewhere or anywhere.
- (c) Have control over: how the crop is managed, (d) when the crop is harvested, (e) who harvests the crop and (f) who receives the crop, if one eventuates.

**MIS "investors are at the mercy of the MIS corporations**

MIS "investors" usually do not know where their trees are planted. They do not get to choose the site, soil type or rainfall area. Investors wishing to view their "crop", on different occasions have been shown different plantations in different areas. Where are the truly independent auditors who physically check to ensure each woodlot is not being leased to more than one "investor" at any one time?

**Who carries the risk?**

MIS "investors" carry all risk of crop failure, including unsuitable land, disease, predators, or bushfires, plus appalling losses of mismanagement and neglect. There are many MIS plantations in Tasmania that have failed. I have photos of some. It's not just a loss to the investors, but to us, the community, who have given them tax subsidies and then watched our farmlands being "stolen" and vandalised.

**MIS corporations get huge profits up-front.**

Unlike normal business, MIS corporations acquire (rake, or shovel off) huge profits **up front**, as the "investment" money rolls in before any crop is established. Further profits can be derived as the "investor" is charged hefty maintenance fees throughout the growing period, and again at harvest for harvesting fees. Normal businesses have to fulfill some contract, performance, goal, service, work or achievement before making some profit, but not so MIS corporations, they receive profits 'up front' before anything is produced, and then they continue to profit from the "investor". Its no wonder MIS Corporations fiercely defend their rapid Government sponsored growth and land acquisition, fuelled by 100% deductible "investments".

### **Investors Total Trust in MIS Corporation**

MIS "investors" have no way of knowing what price they will receive for their crop, (if and when it gets to be harvested), or if they get paid for their entire crop, or even if its part of another "investor's" crop.

**Farmers, (unlike MIS "investors") do not usually invest in planting a crop primarily to avoid paying income tax.**

Some of "investors" money has to be used to plant trees.

Only SOME of the 'money invested in MIS has to be used for planting trees'. Not all of it, as forestry protagonists would like us to believe.

#### **Agents commissions**

Do the "investors" know about the 10-15% off the top commissions and agent's fees given to tax accountants and the like for convincing them to give their money over to the MIS Corporation?

#### **Profits from Planting Charges.**

It is easy to inflate the planting costs from around \$1,800 per ha to a figure of the up to \$10,000 per ha which is charged to "investors" and which includes prepaid rent and other ongoing costs plus a **big profit** in advance to the MIS Company. This allows much more of the "investment" to be used to purchase and destroy yet more highly productive family farms and jobs in good rainfall areas.

Any money left over from one year's "investments" goes into the companies' profits and therefore is available in the next year to purchase land and continue the pillage.

#### **What's the motivation driving MIS?**

The prime motivation for MIS "investors" is the tax deductibility of the "investment". The prime motivation for MIS corporations is the unrestrained, out of control acquisition of land by acquiring highly productive farms. Trees are the bait used to facilitate the process.

#### **MIS is a government inflicted national disaster.**

Government sponsored, out of control, tax exemption fuelled, MIS Forestry, is an extremely costly, ongoing, long-term, self-imposed, and unsustainable National Disaster. It is the long term destroyer of increasing amounts of our farmland, agricultural capacity, ground water, creeks and rivers, communities, and economy, both now and into the future. All this talk about trying to drought-proof Tasmania sounds good but makes no sense while (a) farms in higher rainfall

areas are being destroyed by MIS corporations (b) Crucial quantities of the small amount of available water in drier areas is being lost to MIS forestry plantations in the upper catchments.

### **World Situation**

World food stocks are at an all-time low. Demand for food is at an all-time high and increasing. We are destroying our farms, our economy, and our soil.

Our Federal Government must take primary responsibility for this ongoing disaster and urgently abolish all those tax deductible incentives that are indirectly strangling the life out of Tasmania's agricultural industry.

Bob Loone

Chudleigh ph 03 53136190 Email: bob@loone.com.au

Dear Editor,

Misleading spin under "Plantation Facts" by D.N.Calvert The Examiner Oct 3 that part of the 100% tax deductible MIS "investments" don't indirectly become profits to purchase farms, must be addressed.

Up to 1<sup>st</sup> July 2007 there was no legal requirement that any of the 100% tax deductible MIS investment money had to be used for planting trees. It could be used entirely at the discretion of the MIS Corporations.

Only some of the tax deductible "investment" money has to be used for plantation establishment. Plantation establishment can generate more large profits for the MIS Corporations.

If the investor pays \$10,000 per hectare lease and plantation establishment and the planting costs are \$1,800 per ha., the profit belongs to the MIS corporation to use as it wishes; usually to buy and destroy more of our farms, jobs and economy.

The ATO ruled in January 2007 that MIS investors are "passive investors". It is deceptive to try and promote passive MIS plantation forestry investors as being some sort of farmers.

MIS schemes are a massive and expensive fraud imposed on all taxpayers. They are stupidly supported and facilitated by both Federal and State Government policies.

Bob Loone Chudleigh.

# Logging policies destroy rural regions

John Howard said last October: "It is part of the essence of Australia to have a rural community . . . We would lose something of our identification as Australians if we ever allowed the number of farms in our nation to fall below a critical mass."

Created from Aboriginal fire farmed native plains, the Chudleigh Mole Creek Valley in Tasmania is an area of about 15,000 acres with a 48 inch rainfall, river flats and superb soil.

Gunns and Great Southern Plantations have purchased, under tax deductible managed investment schemes (MIS) 13 of the valley farms in the past four years.

At Christmas, after 40 years, the Chudleigh farm and machinery store closed, as 14 farming families no longer require their services. Even the Mole Creek school is similarly threatened. Soon all will be still within the all-embracing tax driven monoculture of the MIS plantations.

To compound the problem, Howard's Liberal Party through Eric Abetz has paid \$5 million towards the Gunns pulp mill integrated impact statement (IIS).

Why do we throw our tax money at a billion-dollar company that can afford to pay for its own integrated impact statement and that thinks nothing of suing all those who dare

protest? This government and its policies are destroying our community, as both the Liberal and Labor parties acquiesce to the all-powerful logging lobby in Canberra.

The Rouse royal commission named David McQuestin and Robin Gray, a former premier, as players when Edmund Rouse, then chairman of Gunns, was jailed. Both McQuestin and Gray are now on the Gunns board.

Labor Premier Paul Lennon, when minister for forests, passed laws to make forest protests a criminal offence with heavy financial penalties including compensation to wood-chip companies. This was repealed, so

Gunns took the protestors through the courts in Victoria.

Forestry in Tasmania is exempt from freedom of information legislation and the Tasmanian government statistician is banned from publishing the volume of Tasmanian wood chips exported.

Abetz, the Liberal Minister for Forests and Conservation, has taken \$80,000 from Gunns on behalf of the Tasmanian Liberal Party.

I suggest that these issues, of no benefit to the people of Tasmania, should act as a pointer towards another royal commission.

John Hawkins,  
Chudleigh, Tas.

In reply to Eva Down, of Timber Communities of Australia (Letters, March 21), replacing food producing agriculture with forestry plantations costs jobs. Food production employs more people, produces a higher value product and results in regular injections of cash into the local economy. The death of the Preolenna community and the loss of its seed potato, beef and dairy industry is alarming evidence of a forestry industry out of control due to misguided and short-sighted Government policy and forestry industry lobbying.

— PETER R. HUDSON,  
Mayberry.

# Fonterra wants more milk from Tasmania

By BEN WILD

GLOBAL dairy giant Fonterra wants an extra 100 million litres of milk out of Tasmania's industry, a conference in Burnie heard yesterday.

Fonterra Australia managing director Bruce Donnison addressed the Tasmanian Dairy Conference yesterday morning and revealed the company's wish for more milk and the latest investment in their factory at Wynyard.

The company will spend \$6.5 million on the Wynyard plant to increase its cheese making

capacity, Mr Donnison said. The investment comes on top of an earlier spend to secure the factory's energy supply and ahead of a future technology upgrade.

But with increased capacity comes increased demand and meeting that demand was the challenge for the company's 300 Tasmanian suppliers, he said.

"Your peak milk supply period is a big peak — a very tall and very narrow peak," he told the conference.

"We must broaden the peak

and shift more milk into the traditional off-peak times so we can produce quality products for our customers all year round."

He said that would require a big change for some farmers and would need to be looked at in terms of price and infrastructure.

Producing that extra 100 million litres would be achieved through a combination of established suppliers adapting their methods and new players entering the Tasmanian industry, he said.

Fonterra "fully support, and fully endorse" the State Government's stated aim to double agricultural production over the next decade.

One place expansion was possible was in the North-East of the State, an area that could attract the investment needed to set up large-scale dairy operations.

The milk scandal in China, which involved the company part owned by Fonterra San Lu, had not had any impact on milk prices in Australia, he said.