

MINORITY REPORT

I am not able to support the Australian Forest Plantation Report in its current form nor do I believe the Report could be amended in a way that would reflect my views.

One of the principal reasons I pursued an inquiry into this industry was because I felt that the 2020 Vision was fundamentally flawed. At the outset, it was ill-conceived and was based more on a political solution for the difficulties governments were confronting in the debate over harvesting of the country's native forests than providing a well thought out plan for the development of an Australian plantation industry.

This has led us into an ad hoc approach to the development of the industry. The 'let's get the trees into the ground and work the rest out later' approach has been one of the principal causes of the problems confronting the development of an economically viable and sustainable plantation industry.

One of the key objectives of developing plantations in Australia was that of resource supply for our existing and developing domestic industries. To date, the implementation of the 2020 Vision has, in large part, failed to deliver the type of approach needed to secure the long-term development of our domestic industry. And, despite a review of the 1997 Vision, with the exception of a few examples, this remains the case.

I am also concerned that environmental and land and water use issues also remain largely unaddressed and, if allowed to continue, will have significant consequences for the industry and the country.

In the area of taxation, the current application of the taxation system as an incentive for private investment in the plantation industry has led to an influx of managed investment companies with little or no experience in plantation or, indeed, forestry matters. They have been more interested in fees and charges than developing a long-term, viable and sustainable industry. This has also led to excessively high costs in plantation establishment.

Many companies have used monies paid by investors to buy land for themselves. Indeed, it was the evidence of at least one company to a different committee inquiry that at least half of the money paid by an investor was used to buy land.

However, had the investor bought the land, the purchase would have been considered a capital purchase and therefore not deductible under existing tax laws.

It should therefore be of concern that investment companies are using monies that an investor has claimed a 100 per cent deduction for to buy land at often very high prices.

This seems to provide an unfair advantage over other possible land purchasers who do not have the advantage of claiming the purchase cost as a tax deduction.

Additionally, there is little or no institutional investment in the industry and this will not occur unless there are major changes to taxation laws in this respect.

The Government must, if it is serious about developing a valuable and environmentally sustainable plantation sector, one that will underpin the long-term future of our domestic timber industries, take steps to require the Australian Taxation Office to bring forward taxation measures that will allow for continuous trade in plantation timber.

This would have the effect of encouraging institutional investment, which is essential if we are to ensure the long-term future of the plantation industry.

Another matter that must be given serious consideration is the volume production of plantations; that is, how much wood is being and will be produced per hectare from plantations.

This is very important for the domestic industry and any industry development plans in the pulp and paper sector.

It is one thing having trees in the ground, but how much wood they produce is another. We already know that most existing plantations are substantially underperforming on the volume side.

The current approach to try and overcome this is to seek out high quality, high rainfall sites, in an effort to maximise growth rates. This approach has often led to a concentration of plantings in the upper reaches of water catchment areas, which in turn is creating community concern about water quality and supply.

In many instances, there has been little or no hydrological work done to determine the effect on water catchments. Add to this the use of chemical sprays and poisons for weed and pest control, and it is no wonder the community is concerned.

It must surely be unacceptable in this day and age that we indiscriminately poison hundreds of thousands of native wildlife, birds, fish and other animals, through the continued use of and reliance on 1080 poison – pesticides and herbicides.

It can only lead one to conclude that, when it comes to dealing with these issues, governments at both state and federal levels are morally and intellectually bereft.

There are many alternatives to the use of such indiscriminate poisons and yet, despite these options, governments continue to happily employ the poisoning approach.

The plantation industry is a very important industry and we must continue to develop it. But we must do so in a way that will ensure public support and the engagement of sound management practices.

Despite the Report making some mention of these issues, it does not, in my view, take the forthright and comprehensive approach that is necessary to bring about the changes that are required to get this industry on track and headed in a direction that will bring long-term benefits to this country.

Given the significant amount of evidence that was taken, it is disappointing to me that the Report has become politically based, rather than a constructive and useful contribution to the development of our plantation industry.



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Senator for Tasmania

