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Senate Standing Committees on Economics

Senate Inquiry into MIS

Aug 18 2014

Ian R Farquhar

Private Submission

Dear Committee,

I commend the Senate for undertaking this inquiry; whilst some short comings of MIS are well known and will no doubt be thoroughly documented by your committee, it is my opinion that the underlying motivation for the schemes remains valid.

Two needs are addressed in MIS: 1) a need to return more trees to the Australian landscape, and  
2) a need to address the significant deficiency in long term base capital in Australian primary industry.

The former is widely acknowledged and many schemes and educational programs have attended this issue. A problem is that whilst rural landscape management is a long term matter, usually extending through generations of both trees and people, much public input is short term. Most thinking citizens will recognise that landscape management is of national significance and that, whilst not claiming tenure of any particular area of land, will readily identify with 'our Australian landscape'. MIS may not be the most appropriate vehicle to address this need however the need and therefore this underlying principle remain valid.

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The second need, to inject capital into rural Australia, also remains valid. The MIS successfully identified an availability of funds in our cities for investment in primary industry. It is unfortunate the MIS structure attracted many who primarily sought to avoid taxation rather than invest in rural business. Thankfully a few well managed businesses have demonstrated that this vehicle can be used to develop successful, productive enterprises. It would be worthwhile for the Committee to identify these and to detail why & how they have succeeded.

Further to the above, but reaching beyond the MIS concept, there are many in the rural sector who have succeeded in attracting equity capital into 'the bush'. There have also been several worthwhile studies by universities and such people as Nuffield Scholars which have addressed vehicles for more broadly based movements for investment in the primary sector. It is my belief that there is a need for a detailed examination of these studies with a view to developing guidelines, possibly supported by legislation, to facilitate investment in rural business and landscape.

In summary I submit that MIS did identify a need for a defined vehicle for investment in rural industry. The MIS vehicle had flaws but the nation will be well served if the Committee can lead a process for successful financial interaction (which reaches beyond traditional banking) between city and country.

Yours faithfully,

Ian R Farquhar

Ian Farquhar is a retired farmer from NE Tasmania. During my time as a Nuffield Farming Scholar in 1973 attention was given to how UK & European communities have evolved vehicles for management of base capital in primary industry. Legislation supports much of this. During our years in developing small innovative horticultural businesses we have employed a variety of financial arrangements. Some have been more successful than others. We would have benefited by access to defined guidelines.