

4 March 2010

Senate Finance and Public Administration Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Committee

As landholders who farm property at Armidale, Tamworth and Inverell, NSW, we would like to contribute the following points which we see as impacting on our farming business.

- An example of our own action was in 1998 we planted trees in line with the Kyoto Protocol and the 2020 Vision put up by the then Labour Government on cleared agricultural land. The intent for this was to
 - (a) grow a sustainable crop
 - (b) gain Carbon Credits when a scheme was introduced.

The end result is the timber industry has collapsed and we have no carbon trading scheme. This means we did the whole exercise for nothing and have not produced an income from this section of the property. In real terms the benefit went to the government – it received a lot of publicity for our decision to show Best Practice Farming!

Also part of the property which has been logged on a 30 year cycle has now been deemed unable to log due to the native vegetation laws. We had banked on being able to log this section of the property on a sustainable rotational basis. Instead, we now have a large paddock of millable timber which is not able to be harvested. So also this section of the property does not produce an income.

The total estimated loss to our business is in the order of

- tree establishment - \$45,000 (one-off cost)
- loss of grazing - \$12,000 per annum (net)
- foregone income from logging - \$10,000 per annum

All of the above have been at a direct cost to our farming businesses and we have been forced to work off-farm to compensate losses.

- With the terms of trade being as low as they are we are under increasing pressure to extract what we can from the farms. This is clearly unsustainable.
- Agricultural Advisors are constantly advising we are to lower our cost of production while at the same time Environmental Advisors are asking we conserve our properties for the future benefit of the overall community. We have no problem with either of these requests but it is the farmer who is paying the price to comply.

We would like to believe that in the future we will be able to claim Carbon Credits (if it ever gets sorted out) and be able to harvest the timber we have been required to lock up.

Alternatively, receive compensation for our contribution to the environment which is meant to help the overall community.

Yours sincerely

NR & SA Thomas