

Rural commitment 'empty and hollow'

MIS just a tax dodge

The future of agriculture is too important to be left to people looking for a way to dodge the taxman, says PETER McGAURAN

FOR some time now, proponents of Managed Investment Schemes have declared a commitment to agriculture and regional Australia to justify taxpayers subsidising their investments to the tune of \$1.3 billion.

It took less than 24 hours for this so-called commitment to be shown as empty and hollow, as it had always sounded.

Following the Government's announcement that these schemes would no longer enjoy their generous tax treatment, contracts were torn up, employees sacked and long-term strategies for market and product development disappeared quicker than Christopher Skase to Majorca.

Without so much as a backward glance, these city investors walked away from rural employees they'd so proudly boasted of. The veneer was all too-quickly

stripped away.

For Australia's more than 120,000 real farmers, "carrying on a business" is more than just an ATO definition.

It is not a lifestyle, but a way of life.

It's something in your blood and under your fingernails. For MIS investors, it's in one place -- their end of year disposable income.

Let's get this straight. Investors in MISs do so for one reason -- upfront tax deductions.

Investment in rural and regional Australia, and the future of Australian agriculture, is too important to be left to someone's end of financial year spare change, looking for a way to dodge the taxman.

We all support investment in agriculture and large-scale farming operations.

Australian farmers operate in a global environment.

They compete on a daily basis with industrial-scale operations and have proved they are more than capable of matching the competition.

I have long opposed the

distorting effect that results from investment in agriculture for taxation reasons, rather than for production.

Following the recent announcement that the ATO no longer considered non-forestry MISs to be carrying on a business, it wasn't the highly paid MIS executives who claim their management fees upfront who beat a path to my door.

It was the contractors and farmers who came to plead the case of MISs -- because they are the ones who carry all the risk.

And they're the only people involved who can tell a navel from a Valencia, a Thompson from a Muscat Hamburg, or one end of an almond from the other.

They are the very backbone of these schemes -- and they have been treated appallingly. Keep in mind, these are the farmers and contractors who help MIS executives earn their management fees.

They personify the MISs' "commitment" to rural and regional Australia, and they are the people who have stirred the Government to

consider transition arrangements.

The future of Australian agriculture cannot be supply-driven, nor shaped by taxation rules. It cannot be left to fund managers playing with tax-free dollars.

The future of Australian agriculture relies on sustainable investment and a genuine commitment -- that of Australian farmers, their families and the communities they truly support.

Football teams, CFA volunteers, the CWA, schools and local businesses are not sustained by out-of-town investment dollars.

The vast majority of these MIS funds don't even spill over the fence of their investment properties.

But these tax-free dollars are used to outbid farmers at water auctions. They are used to buy up swathes of land and put opportunities for expansion out of reach of many farming families.

These families do not have the luxury of shifting their investments according to the latest news from the stock exchange.

Generations of investment, crops in the ground and children in schools cannot be uprooted and reinvested in line with the latest market speculation.

Droughts, low commodity prices and high temperatures are endured.

When things get tough, our farmers get tougher. Belts get tightened, operations get leaner.

The cries of "foul" from MIS backers ring hollow when viewed through the eyes of family farmers, who are in there for the long-haul.

One day the drought will break and our farmers will be there to reap the rewards of their commitment to the land.

But those who have talked up MISs will have moved on, and with them their money which will be sunk into the next get-rich-quick scheme.

Few who have the interests of agriculture at heart will miss them.

Peter McGauran is the Federal Minister for Agriculture, Fisheries and Forestry.