
Australia: The many subsidies enjoyed by Gunns in Tasmania

A short while ago on the international tourist scale, Tasmania was voted the second most beautiful location to visit in the world. It has spectacular mountains and ancient forests, pristine beaches, an abundance of unique wildlife, a cool temperate climate and a low population.

Much of this has been declared World Heritage and there are walking and hiking trails that are breathtakingly beautiful. Despite its small size, it also has some of the best farmland in Australia enjoying a generally good rainfall, and is proud of its 'clean, green image'.

But the very thing that makes it so attractive has also spelled its potential downfall, for it is not just the tourists and inhabitants who want this, it is also a magnet for predators. These come in the form of the timber giants and the logging industry - businesses that see our heritage purely in terms of money. Now they are destroying what should belong not only to the Tasmanians, but the whole world.

But it is largely endemic, for the biggest danger is actually home-grown. For many years the Tasmanian firm of Gunns has gradually gained control of not only the forests, but also the government, to such an extent that it now virtually owns the entire State. It is the largest single company in Tasmania and one of the largest woodchip suppliers in the Southern hemisphere. It currently exports more woodchips than all the other Australian states put together, and this one is by far the smallest of them all, with a population of a mere 500,000. Gunns is referred to locally as 'The Gunnerment', for such is their influence. Now they want to build a Pulp Mill, and the State and Federal governments have stood themselves on their heads to oblige. Huge subsidies and funding have been poured into this project, and in return, Gunns has become a major donor to ALL party political funds. Despite almost complete opposition from the people of Tasmania, who in poll after poll have stated categorically that they don't want this mill and all the other nasties that go with it, it has nevertheless been rammed through on a fast-track approval process, short-cutting all environmental assessment factors with minimal rules applying to them. In fact, they have been exonerated legally from any damage claims against them that might arise in the future from their actions!

Along with the Mill have come the Managed Investment Services (MIS) companies. These are huge multinational corporations that deal in tax-exempt 'woodlots', otherwise known as monoculture plantations. The Federal Government has granted this tax-exempt status on the fallacious grounds that growing plantations can be used as a carbon sink and can be traded off against industrial pollution. As Australia has not ratified the Kyoto Protocol, this gives the government an excuse to continue with the greenhouse gas emissions from its heavy industry, Australia, at 22 tonnes per person having the highest CO2 rating per capita in the world!

The fallacy of this lies in the fact that plantations are merely a longer term rotational crop and are not a carbon sink as claimed, and no carbon dioxide can actually be offset. For it to be a carbon sink, the timber would have to left standing for a period of 50 years or more. The thirteen year growing period is an illusion used by the politicians and the MIS companies to justify these crops. After the first thirteen years, this becomes an annual harvest - merely a continuous production cycle that adds the

same amount of carbon dioxide back into the atmosphere as has been offset. We have gained nothing from the process, except the MIS companies have made a lot of tax free money and the Government continues to allow pollution elsewhere.

But that is only one aspect. With their tax-exempt status, the inflow of investment money is such that the MIS companies are now buying up all the existing farmland in Tasmania for conversion to monoculture plantations. Gunns itself is one of these companies. They can outbid any genuine farmer for this land, and recently have used their money and influence to have plantations defined as a 'crop', and then changed the laws regarding the Protection of Agricultural Land (PAL) Act to give this new 'crop' precedence over all others. Under the law as it now stands, plantations are exempt from all the other laws and planning schemes that govern genuine agriculture, and they pay neither land tax nor rates. The profits from this operation are such that the first 'crop' sold, not only makes a profit for the company in its own right, but it gives to them the land free of charge. After that, everything is sheer profit.

However, it is not these plantation crops that Gunns requires to feed the Pulp Mill. Those are for the export woodchip market. What is being fed into this mill is the remaining old growth forests that make Tasmania so unique. In a private deal surrounded in secrecy, Forestry Tasmania has given to Gunns twenty years access to the remaining unprotected forests of the country at a rock bottom price. What they pay is a mere AU\$12 per tonne, which is half the price of plantation timber. Even this is not guaranteed, for it has been fixed to the international price of pulp, and if this goes down, which it is expected to do, then the price Gunns pays for its timber also drops, and if it falls below US\$500 per tonne, this price will go negative! In short, we will be paying Gunns for destroying our forests.

As unlikely as this may seem, it is almost at that situation right now, where Forestry Tasmania has made a ZERO return to the state coffers for the past two years, and prior to that was only achieving a price of AU\$2.61 per tonne. Yet Gunns itself posts huge profits, all of which head offshore to the mainland and international shareholders. The benefits to Tasmania are the few crumbs that are paid in minimal wages to the subcontractors who cut and haul this bounty to the 3 huge chipping mills - currently 3.5 million tonnes per annum, increasing to 8 million tonnes when the mill comes into production.

The local Government is fully complicit with this and has resisted strongly any calls for investigations of corruption by either a local Crime Commission or by a National Royal Commission. Every major politician in the state and country seems to be in bed with these timber giants, and one wonders exactly how and where some of these major subsidies that they receive are being spent. It is not insignificant that two ex-Premiers of Tasmania are now on the Board of Gunns.

By Barnaby Drake, e-mail: beepics@bigpond.com