



South East Region Conservation Alliance Inc.

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12th December 2013

Dr Peter Hendy MP
Member for Eden Monaro
Carp St
Bega NSW 2550

Dear Dr Hendy

Subsidies to the Native Forest Logging Industry

In the past week we have heard many comments from Government Ministers about subsidies to industry, particularly in the context of the motor vehicle industry. Ministers from the Prime Minister down have taken a strong stand against subsidies.

"I have more respect for your money than to just write blank cheques to industries which, let's face it, have been very good at using taxpayers' money, but haven't always been that good at maintaining production and jobs." - *TONY ABBOTT, ABCTV Lateline 5 August 2013*
<http://www.abc.net.au/lateline/content/2013/s3818773.htm>

On ABC Radio National Breakfast on 11 December 2013, Acting Prime Minister Warren Truss said:

"..no industry can survive when it's going to have to rely on subsidies all along." <http://www.abc.net.au/radionational/programs/breakfast/coalition-ups-the-ante-on-holden/5148610>

This has prompted us to write to you about subsidies to the native forest logging industry.

As a recently appointed member of the House of Representatives Standing Committee on Economics, you are well placed to examine the extent to which this approach is being applied to the native forest logging industry.

Currently, the native forest logging industry is struggling to survive in spite of extensive subsidies paid to it, directly or indirectly by all levels of government. Its situation is not unlike that of the motor vehicle industry except that only a tiny fraction of the jobs are involved. Indeed, the ongoing subsidy of native forest logging is almost certainly costing jobs and threatening viability in the plantation sector.

The enclosed flyer gives you some idea of the extent of these subsidies. Some items are impossible to quantify because the necessary research has not been done; for example, damage done to soils and water quantity and quality. The death and suffering of forest dwelling animals and the loss of species is also difficult if not impossible to quantify.

Some recently revealed items are not included in the leaflet; for example:

1. A \$15million loss in 2012-13 on native forest logging by the Forestry Commission of NSW, and
2. The WA Forest Products Commission has lost an average of \$9.5M per year over the period of its last 10 year Forest Management Plan. The result, as reflected in the Forest Products Commission's Annual Report for the 2012-2013 financial year indicates losses have jumped to \$20,693,000 for that period.

We are also sending this information to other members of the House of Representatives Standing Committee on Economics. I would be happy to provide further information if you require it.

Yours sincerely

Harriett Swift
Deputy Convener