



1 April 2011

The Committee Secretary
Senate Standing Committee on Rural Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: rat.sen@aph.gov.au

**Re: Inquiry: Sale of timber assets
by the South Australian Government**

Attention: Committee Secretary

The AMWU apologises for the late submission and appreciates the opportunity to make a contribution to the enquiry.

The Australian Manufacturing Workers Union represents 156 members in the south east region of South Australia and our membership includes representation from major South Australian regional timber processors and industries across various locations within the south east region and across a range of employers and operations.

The AMWU is opposed to the South Australian State Government's forward sale of the future harvesting rights of the ForestrySA plantations in the south east of South Australia.

This sale is being proposed against a back drop where the region has already recently been hit by the closure of two of the oldest tissue machines at Kimberley Clark Australia's Millicent mill leading to a loss of approximately 170 permanent jobs. On top of this the Tantanoola Pulp Mill has also been placed on the market and will close towards the end of the year if a buyer cannot be found enabling the Mill to continue its operations which will lead to a further 65 job losses.

The forward sale adds to potentially further restrict of our members' ability to find alternative jobs if the successful buyer fails to utilise the current value adding manufacturing processes that are in place today.

The concern is exacerbated further given that the region is already threatened by:-

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1. the high level of the Australian dollar.
2. various free trade agreements which have been entered into by the Commonwealth Government.
3. the lack of a level playing field with dumped product providing unfair competition to the local industry.

The Pulp and Paper Industries Strategy Group points out that the employment opportunities and income generated in areas where the industry is concentrated, supports local communities directly through the provision of well paid highly skilled jobs.

The Pulp and Paper Industries operations also underpin the development of a range of supporting industries including:-

1. a well developed and highly efficient transport industry.
2. engineering and maintenance providers.
3. mechanics and vehicle maintenance companies.
4. specialised forest harvesting equipment manufacturing facilities.
5. professional service providers such as accounting, legal and medical practitioners.

The dire circumstances of employees, many members of the AMWU, are recognised by both the state and commonwealth governments through the establishment of a \$17million innovation investment fund targeting the affected south east region in relation to ensuring the long term viability of employment in the region.

The AMWU believes that it is not sound to sell an asset that is providing nearly \$1million per week into the state government treasury to provide an income stream in the short term whilst risking the long term viability of employment opportunities in the south east region.

In a region where forestry plantation supports approximately 600 direct jobs and a further 3,000 indirect jobs, the risk that is associated with the current proposed sale is great as potential buyers may, in clear commercial terms, see the exporting of logs without any value adding being the most profitable option much to the detriment of the local community and Australia as a whole.

On top of all this, is the need to identify the social impact that could potentially flow from the sale of assets which find themselves exported overseas without local value adding. The timber industry in the south east is the major employer and contributor to the community, and supports the establishment of social infrastructure such as schools, shops, accommodation and other services which will all be affected should the sale proceed.

The AMWU believes that the government should do everything they can to support jobs in the industry and the south east region in particular, rather than further jeopardising the basis of the local economy.

Yours sincerely



John Camillo
State Secretary
AMWU SA State Office

cc AMWU M Plunkett, C Parsons, L Cassin
cc CFMEU