

Comments: Dear Senator Heffernan
RE Senate Review into MIS Forestry Schemes:

I understand that you will shortly chair the Senate review into MIS particularly in regard to agricultural schemes.

I wish to raise an issue with schemes related to forestry MIS's.

No doubt you will direct your attention to the major issues currently in the headlines viz:

1. Representations made on and actual performance of yields per hectare.
2. Representations made on and actual performance of revenue per tonne, including scheme manager's subsidies and transparency of same.
3. Scheme selling commissions particularly the practise of offering inflated commissions over and above prospectus commissions immediately prior to FY close.
4. The quarantining or otherwise of investors payments within the individual schemes to meet future commitments of those schemes, including payment to and clean up of land leased from farmers.

I wish to raise another issue with regard to forestry schemes. That is the undermining of local and international product prices through the underpricing of product coming from old growth forests.

It is generally accepted that old growth and state forest chips are sold abroad for as little as \$10 per tonne, that Australia is the largest supplier to Japan, that Tasmania is the largest supplier and that the majority still come from State forest and/or old growth forests.

It seems to me pretty logical that one key element of MIS forestry viability is end product pricing and that end product pricing is being eroded and undercut by poorly priced and underpriced product from the national forestry estate.

Everone is a loser except for a couple of privileged companies. You can see the stupidity of the current arrangements. Public funds via tax breaks support the MIS industry who's Rason Detre is allegedly to replace old growth forest chipping however the industries economics and viability is substantially and possibly fatally undermined by the continuing chipping of old growth forests.

A good starting point for assessing all rural matters such as these is to ask whether a property owner acting on his own with a reasonable area of land can make an economic enterprise from using that land for forestry. If he can't then ask why? If a single farmer on say 100-200 hectares can not be viable in forestry then how can a larger scale operation? The answer is he can't in the face of price cutting from cheap exports (state subsidised wood chips) and in the absence of tax breaks.

End logging of State and old growth forests tomorrow and the plantation forest industry would be in substantially better shape.

Regards
Phil Henty