

Ending environmental subsidies would fill budget black hole

A major report made available by the Government today shows that government financial subsidies to resource exploitation amount to more than \$5.7 billion each year, more than enough to meet the Coalition's budget task for 1996-97.

The report, *Subsidies to the Use of Natural Resources*, was carried out for the Department of the Environment by the National Institute for Economic and Industry Research. The study estimated that, in addition to \$5.7 billion in direct financial subsidies, non-payment of the costs of environmental degradation by those responsible amounts to an additional \$8 billion. Together these subsidies totalled at least 10.4% of total revenue of Australian governments, or over 3.2% of GDP.

Some of the biggest financial and environmental subsidies exposed by the report are:

Electricity generation	\$2.5 billion
Transport fuels and road use	\$1.2 billion
Water consumption	\$3.3 billion
Waste water	\$3.5 billion
Logging	\$100 million
Agricultural chemicals	\$515 million

The report used conservative estimates and could not put dollar values on many environmental costs for lack of good data.

Commenting on the report, Dr Clive Hamilton, Executive Director of The Australia Institute said: 'The most comprehensive study of environmental subsidies ever undertaken in Australia confirms that the tax-payer is shelling out billions to subsidise destruction of the environment.'

'Here is an opportunity for the Government to boost its revenues without having to sell Telstra and simultaneously make a big contribution to improving the natural environment.'

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