TASMANIAN NATIVE FORESTRY AGREEMENT BILL 1979

Date Introduced: 8 March 1979
House: House of Representatives
Presented by: Rt. Hon. I. Sinclair, Minister for Primary Industry

Short Digest of Bill

Purpose

To authorise the execution of an agreement between the Commonwealth and Tasmania for loans for a program of native forestry.

Background

This program of native forestry is designed to assist in ensuring the supply of raw material to future forest product industries, alleviate the current unemployment situation in Tasmania and according to the Minister's speech enhance the environment. The Report by Sir Bede Callaghan, C.B.E., Inquiry into the Structure of Industry and the Employment Situation in Tasmania, tabled in Parliament in September 1977, contained among its conclusions an assessment (on page 100) that in the forestry industry additional efforts to increase reafforestation should be made in the longer-term interests of the nation (and the State) and that additional domestic value added and increased employment opportunity could be gained by extension of woodchipping to pulp production.

A program of native forestry development has now been approved by the Commonwealth. The terms are similar to those in the Softwood Forestry Agreements Act 1978, but allow for a longer deferment and repayment period, reflecting the longer time required for the eucalypts to reach maturity.

The Industries Assistance Commission produced two reports on forestry products during 1978. The first report, Timber and Timber Products and Plywood and Veneer, 12 May 1978, No. 168, concluded that the industry is generally efficient and low cost and recommended rates of duty which in their opinion may increase total levels of employment and activity in the bulk of the industry. The Government's decision on this report, announced by the Minister for Industry and Commerce, Mr. Lynch, and the Minister for Business and Consumer Affairs, Mr. Fife, on 15 December 1978, accepted the IAC recommendation on most goods.
The second IAC report, Certain Paper and Paperboard, 17 October 1978, No. 183, was substantially accepted by the Government with protection to local production of fine printing and writing paper assessed as being a continuation of a 20 per cent import duty on the majority of production, with a bounty on production and local sales of magazine printing paper.

The local production of fine paper is undertaken by Associated Pulp and Paper Mills from an input mix of 50 per cent eucalypt logs and 50 per cent conifer logs. Production is based at Burnie and Wesley Vale in Tasmania and at Shoalhaven in N.S.W.

Main Provisions

Clause 3 authorises the execution of an agreement (as set out in the Schedule to the Bill) between the Commonwealth and Tasmania. Sub-clause 4(1) authorises the payment to Tasmania of money provided for in the agreement.

In the Schedule, clause 2 describes the Forestry Program to be funded, namely the establishment of eucalypt plantations on marginal farmland purchased previously by the State, the rehabilitation of forests damaged by fire and the thinning of blackwood regeneration (to hasten sawlog production).

Clause 3 provides for the Commonwealth to give loans for projects undertaken of up to $136,000 per year for the initial year commencing 1 July 1979 (sub-clause 2(9)) and in respect of each of the next four years $136,000 plus any additional amount that is specified by the Commonwealth (sub-clause 2(b)). It is understood that these additional amounts would relate to the declining real value of the $136,000, although there is no commitment in the agreement to specifically index this amount to the rate of inflation.

Clause 7 sets out the terms of the loans and provides for a twenty years deferment of loan repayments (sub-clause (7)), capitalisation of interest payments over this period (sub-clause (4)), and an interest rate based on the long-term bond rate (sub-clause (5)).

Clause 8 provides for repayment by equal six monthly instalments over the forty years subsequent to the twenty year deferment period (sub-clause (1)).

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Finance, Industries, Trade & Development Group
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