TASMANIA GRANT (THE MOUNT LYELL MINING AND RAILWAY COMPANY LIMITED) AMENDMENT BILL 1978

Date Introduced: 6 April 1978
House: House of Representatives
Presented by: Hon. E. Robinson, M.P.,
Minister for Finance

Short Digest of Bill

Purpose

To permit increased Commonwealth financial assistance to the Tasmanian Government to assist in the continued functioning of the Mount Lyell Copper mine at Queenstown.

Background and Related Legislation

In November 1977, following the slump in world copper prices and pending consideration of the Industries Assistance Commission's Interim Report on copper, the Tasmania Grant (The Mount Lyell Mining and Railway Company Limited) Act 1977 was passed. This provided for reimbursement by the Commonwealth of up to one half of the total assistance provided by the Tasmanian Government to the Mount Lyell Mining and Railway Company. The basis of the Commonwealth's offer, which was first outlined in a Press Statement on 15 August 1977, was that the Commonwealth contribution would be by means of a Section 96 advance which would be repayable under an agreement to be negotiated once Mt. Lyell established a positive cash flow. The purpose of the assistance was to meet any cash shortfalls incurred by the Company over the period 15 August to not later than 30 June 1978.

The Commission's Interim Report was considered late in 1977, and on 8 November 1977 the Commonwealth Government announced its acceptance of the Commission's recommendations that the Commonwealth Government continue to provide assistance, in the form of an interest-free loan, if necessary up to 30 June 1978. However, the Tasmanian Government subsequently announced that it was unwilling to continue to share, on a dollar for dollar basis, in these arrangements. Consequently, on 11 November 1977, the Commonwealth Government announced its willingness to provide all the necessary assistance, apart from an amount equal to the State's receipts from payroll tax on the employment at the mine up to 30 June.

Since that announcement was made, and pending the introduc-
tion of this legislation, the Tasmanian Government has been paying to Mount Lyell the whole of the assistance necessary for the mine's continued operations, in the expectation of being substantially reimbursed by the Commonwealth.

A decision on assistance beyond 30 June 1978 will be taken after receipt of the I.A.C. Final Report which is expected this month.

Main Provisions

Clause 3 amends section 3 of the Tasmania Grant (The Mount Lyell Mining and Railway Company Limited) Act 1977 by omitting "one-half of". It thereby allows the Commonwealth Government to fully reimburse the Tasmanian Government under the conditions announced on 11 November 1977.

Finance, Industries, Trade and Development Group

7 April 1978