PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

TASMANIA GRANT (THE MOUNT LYELL MINING AND RAILWAY COMPANY LIMITED) AMENDMENT BILL (NO. 2) 1978

Date Introduced: 16 August 1978
House: House of Representatives
Presented by: Hon. E. Robinson, M.P., Minister for Finance

Short Digest of Bill

Purpose

To permit the Commonwealth Government to continue to assist the Tasmanian Government in assisting the continued functioning of the Mount Lyell copper mine at Queenstown for the three months ending 30 September, 1978.

Background and Related Regulation

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 made 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.
During the period 11 November 1977 to 6 April 1978 the Tasmanian Government paid to the Company the whole of the assistance necessary for the mine's continued operation in the expectation of being substantially reimbursed by the Commonwealth. The Tasmania Grant (The Mount Lyell Mining and Railway Company Limited) Amendment Act 1978 (introduced into Parliament on 6 April) allowed the Commonwealth to reimburse the Tasmanian Government for expenditure incurred in accordance with the announcement of 11 November 1977 up to 6 April 1978 and that amount which would be expended up to 30 June 1978. The Act further stipulated that the assistance was being provided pending the Industries Assistance Commission's final report on Copper Ores and Concentrates.

The final report, dated 20 April 1978, recommending that the existing assistance merely continue to 28 July 1978, was considered by the Commonwealth in June this year. The Government announced on 28 June 1978 that the assistance previously being given would be extended for a further three months from 1 July 1978. At present the Commonwealth is determining its long term assistance policy after receiving submissions about the mine from the Tasmanian Government and the Company at a meeting held on 14 August 1978.

This Bill thus seeks to extend the end of the period of assistance from 1 July 1978 to 30 September 1978, with the assistance continuing to be in accordance with the agreement of 11 November 1977. The level of assistance required, as stated by the Minister, is estimated to be $1 million for the period, with the actual amount dependent on the price of copper. The price of copper per tonne has risen to 743 pounds on the London Metals Exchange in August 1978 from a low of 630 in March 1978.

Main Provisions

Clause 3 amends section 3 of the Principal Act by replacing "30 June 1978" by "30 September 1978".

Finance, Industries, Trade & Development Group
LEGISLATIVE RESEARCH SERVICE

23 August 1978