

FOREST PRODUCTS BILL 1999

Committee

The Deputy of Committees (Hon W.N. Stretch) in the Chair; Hon Peter Foss (Attorney General) in charge of the Bill.

Clause 59: Components of contract price -

Progress was reported after Hon J.A. Cowdell had moved the following amendment -

Page 42, after line 15 - To insert the following new paragraph -

- (h) a component representing local government rates and charges which would be payable by the party to the production contract if it were the owner of the land containing the forest products.

Hon MARK NEVILL: The rating of crown reserves probably needs a bit more thought. I am not aware that other crown reserves, such as Aboriginal reserves or reserves set aside for public education, hospitals or things like that, are rated. I cannot see the logic in picking out one type of crown reserve and rating it. I remember that under the Aboriginal Land Bill, which was defeated in this House in about 1987, 1986 or 1985 - it was around that period - Aboriginal reserves were to pay rates to local government and to the State. That was to be funded by the State, so I suppose that the land tax - I am not sure whether there was any - would just be money going around in a circle. However, rates to local government would certainly be a transfer of funds from state to local government. That Bill did not succeed. That was the first time of which I am aware that a reserve was to be rated as such. Has the Attorney General responded on this amendment?

Hon Peter Foss: Yes, I have. I said that the problem is partly that this does not deal with a multiple use. Most of this land is water catchment, and it is only used once every 50 years. To put a component for rates on it would be crippling.

Hon MARK NEVILL: There is a difference between a crown reserve and a pastoral lease. However, on a pastoral lease, there is double rating of a mining tenement over-printing a rating of a pastoral lease. In this case, a mining tenement, say, would be over-printing a crown reserve. I do not know that it is a sensible thing to introduce this concept of rating crown reserves, because it sets a precedent for rating Aboriginal reserves and things like that. Some of those reserves have been transferred back to communities - not out of any view of the great importance of land to Aboriginal people. There was a case at Mardiwah Loop in Halls Creek a couple of years ago. The shire had a work order put on an Aboriginal community because there was no proper sewerage. The shire took the State to court. I think the upshot was that the Crown was not bound by that part of the Health Act. That frightened the Government, so it deliberately started the process of transferring these reserves back into Aboriginal hands. I think it was to avoid legal liability rather than anything else. I am a bit wary about this whole concept of rating reserves, because many of those reserves that have been transferred back could be rated as well.

Hon Norm Kelly: What is the situation with the rating of the gas pipeline?

Hon MARK NEVILL: That is not a crown reserve; that is an easement or a lease over crown land. That is a different situation. I have no difficulty with that. It will create a dangerous precedent to insert this proposed new paragraph.

Hon Norm Kelly: I refer to the gas pipeline situation. If there is an easement over crown land for commercial use of that pipeline, there is a correlation with the use of a state forest for commercial production.

Hon MARK NEVILL: Most of these reserves are owned by the Crown, not by a private company.

Hon Peter Foss: And they are multipurpose.

Hon Norm Kelly: It is reflected in the royalty.

Hon MARK NEVILL: There is no royalty. Is the member talking about the pipeline?

Hon Norm Kelly: It is reflected in the charge.

Hon MARK NEVILL: In the rate. A pipeline is different. Most of the land covered is pastoral lease; it is not crown land. The intention is probably okay, but it is a dangerous precedent and it will not be a significant amount of money. Much as I would like to support the motion to accommodate Hon John Cowdell, I find it difficult to do so.

Hon J.A. COWDELL: As I said previously, this is an alternative paragraph (h). Hon Christine Sharp's proposed new paragraph (h) states -

a component representing an appropriate rate of return on capital assets calculated in accordance with an applicable and appropriate Australian Accounting Standard.

When we were debating that amendment, I did not believe that it was a practical component to include. However, my alternative paragraph is a practical component. It can be calculated, despite the multiple use argument of the Attorney General. Indeed, if we are talking about a realistic price component whereby plantations must pay this rates component -

Hon Peter Foss: It is not a multiple use, though.

Hon J.A. COWDELL: No, it is not, but we are giving an advantage to a particular competitor in the field. If we encourage support of the alternative, that will cost us. For those reasons, the Opposition has moved this proposed new paragraph (h) to put in that component. As I said, a range of other suggested components in the price structure could have been put in. We rejected those as unrealistic. We consider that it is realistic to put this component in the price structure. That is the reason we are moving the amendment.

Hon CHRISTINE SHARP: The crazy part of the debate on this amendment is that members would have been helped had there been an adequate assessment of these provisions under the national competition policy. It strikes me as ironic that no legislation is more significant than this legislation for defining the State's role with regard to competitive advantages over natural resources. Throughout this Bill there is total lack of clarity about the role of the Forest Products Commission in the exploitation of state resources and its competitive advantages. It is ironic that the major review of that under the national competition policy will not take place until after the passage of this Bill. The preliminary review carried out is very superficial. A decent review would have answered some of the queries raised by Hon Mark Nevill about the ramifications of this amendment.

From the information before us, we know the Forest Products Commission will have access to standing timber in state forests on which no local government rates and charges apply. That is a significant advantage for the acquisition of that resource over privately grown plantation resources, and it is undesirable. It is one of the components that has favoured the native forest timber industry compared with the plantation industry. There is no hard data on exactly how much it will mean, the impact it will have on the Forest Products Commission, the financial impact on the Government, and whether, through this proposed amendment, that impact will be passed to local governments. Those important questions remain unanswered. Even without those answers, there is a very clear case that this competitive advantage should not exist and that this amendment is an important amendment which deserves support.

Amendment put and a division taken with the following result -

Ayes (13)

Hon Kim Chance	Hon Helen Hodgson	Hon Christine Sharp	Hon E.R.J. Dermer (<i>Teller</i>)
Hon J.A. Cowdell	Hon Norm Kelly	Hon Tom Stephens	
Hon G.T. Giffard	Hon Ljiljanna Ravlich	Hon Ken Travers	
Hon N.D. Griffiths	Hon J.A. Scott	Hon Giz Watson	

Noes (14)

Hon M.J. Criddle	Hon Peter Foss	Hon Mark Nevill	Hon Derrick Tomlinson
Hon Dexter Davies (<i>Teller</i>)	Hon Ray Halligan	Hon M.D. Nixon	Hon Muriel Patterson
Hon B.K. Donaldson	Hon Murray Montgomery	Hon Simon O'Brien	
Hon Max Evans	Hon N.F. Moore	Hon W.N. Stretch	

Pairs

Hon Tom Helm	Hon Barry House
Hon Cheryl Davenport	Hon B.M. Scott
Hon Bob Thomas	Hon Greg Smith

Amendment thus negated.

Clause put and passed.

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Sitting suspended from 3.46 to 4.00 pm