

Forests (Wood Pulp Agreement) (Amendment) Bill

NOTES ON CLAUSES

The purpose of this Bill is to ratify and give effect to an agreement between the Forests Commission and APM Limited in relation to the quantity, area and period of supply of softwood timber and the basis of payment for this timber. This Amending Agreement extends and supplements the Softwood Timber Agreement made in 1973 between the Commission and Australian Paper Manufacturers Limited and which is incorporated as a Schedule in the *Forests (Wood Pulp Agreement) Act 1974* No. 8563.

Clause 1 states the purpose of the Act.

Clause 2 provides for the Act to come into operation on the day of Royal Assent.

Clause 3 states that the Act will bind the Crown.

Clause 4 (1) ratifies, validates, approves and gives effect to the Amending Agreement.

Clause 4 (2) provides for references to the Agreement to be taken as references to the Softwood Timber Agreement as amended by the Amending Agreement.

Clause 4 (3) defines the expressions "Amending Agreement" and "Softwood Timber Agreement".

SCHEDULE

The Schedule to the Bill sets out the text of the Amending Agreement.

In the opening paragraph it will be noted that the Amending Agreement is between the Forests Commission and the Company. The original Softwood Timber Agreement was between these two parties and thus it is appropriate that the Amendment should also be by the same parties. It should be noted that the Forests Commission is still a body corporate under the Forests Act.

In the preamble I, II, III and IV give the general background of the Amending Agreement.

Clause 1 requires that the Amending Agreement be ratified by Parliament to be effective.

Clause 2 states the date from which the amendments are effective.

Clause 3 in effect increases the area of supply eastwards to the Mitchell River in Gippsland. It also defines "Company".

Clause 4 extends the period of the Agreement from 1 July 2004 to June 2024.

Clause 5 specifies the supply commitment of 200 000 cubic metres each year during the extended period.

Clause 6 specifies the details of the payments totalling \$950 000 which are to be made by the Company by March 1986.

Clause 7 deletes a sub-clause in the 1973 Agreement which gives the Company an avenue for seeking reduced payments if it takes less than 90 per cent of the supply commitment (the minimum annual supply) in any year.

Clause 8 defines the basis for royalty determination with respect to the period 1 July 2004 to 30 June 2024.

Clause 9 provides an arbitration procedure if royalty rates cannot be agreed upon with respect to the period after 30 June 2004.

