

News Release



Hon Jack Snelling

Treasurer
Minister for Workers' Rehabilitation
Minister for Defence Industries
Minister for Veterans' Affairs

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CONDITIONS TO PROTECT FORESTRY FUTURE IN SOUTH-EAST

Conditions recommended by South-East industry and community leaders to protect the long-term future of the region's forestry industry will be incorporated in the contract of the forward sale of the forest rotations of the Green Triangle.

In Mount Gambier, Treasurer Jack Snelling said he had taken advice from the South East Forestry Industry Roundtable and released the conditions for the forward sale that will now be included in an Information Memorandum sent to interested bidders.

"In May last year the Government appointed the roundtable so the local community could advise us on what they believed needed to be done to ensure the South-East had a long-term viable forestry industry," Mr Snelling said.

"As I have promised, the roundtable recommendations and my response to those recommendations will be made public at this stage of the sale process and I am pleased that we have reached a consensus with the roundtable.

"The people of the South-East can feel secure that jobs are now protected and their futures in the forestry industry will continue to thrive."

Mr Snelling said the roundtable had provided advice to the Treasurer on specific conditions of the sale, which will include.

ROTATION LENGTH

To keep the integrity of the standard of forest product coming out of the region, the new purchaser will need to achieve a minimum area weighted average clear fell age of between 32 and 35 years for the first rotation period which will be at least 32 years.

This length is consistent with the policies currently adopted by Forestry SA.

DOMESTIC SUPPLY

To guarantee a future local timber industry, the new purchaser will need to ensure there is a commitment to match Forestry SA's current level of planned viable domestic supply.

Exports will be met through current Forestry SA processes for uncontracted sawlog sales where local sawmillers are able to compete with exporters on price and other commercial terms to secure supply.

There will be no restriction on the length of contracts for local sawmillers while the length of sawlog export contracts will be restricted to no longer than two years.

REPORTING REQUIREMENTS

To ensure the purchaser is meeting the conditions imposed on the sale, the purchaser will be required to report annually on various elements of the transaction.

If the purchaser breaches the contract, the Government may be able to in certain circumstances impose financial remedies and/or sanctions if the terms are not being met.

For severe breaches, such as failing to use the estate for forestry purposes, the Government would be able to terminate the contract and take back control of the forests.

REPLANTING OBLIGATIONS

To ensure the long-term sustainability of the plantations, the new purchaser will be required to replant areas of the estate when felled or destroyed by fire.

The new owner will be required to use the available land for forestry purposes only.

Mr Snelling said these conditions were in addition to a series of measures already in place, including;

- The SA Government retaining ownership of the Green Triangle forest land, the water rights and any carbon rights;
- All current ForestrySA staff will remain with ForestrySA as public sector employees; and
- The Government ensuring the current levels of community fire protection remain with the successful purchaser required to fund the specific fire management costs that would be borne by a private plantation estate. Additional fire services will be funded by the Government.

Mr Snelling praised the roundtable for their fruitful engagement and said their continued role will include identifying future opportunities for the forestry industry.

“The roundtable has undertaken their duties diligently and has liaised with the South-East to provide some comprehensive recommendations to benefit the forestry industry, the local community and the successful bidder,” he said.

Roundtable Chairman Trevor Smith said he was satisfied that the roundtable recommendations had been responded to appropriately by the Treasurer and would be included in the conditions of sale.

“After months of liaising with the South East, we have come to an acceptable agreement where our concerns have been considered and evaluated as part of the development of these conditions of sale,” Mr Smith said.

“We are confident that the forestry industry will remain sustainable in the South East.”

Mr Snelling said the Government would now release a request for indicative bids to respondents shortlisted from an earlier call for Expressions of Interest (EOI). The Information Memorandum – a commercial document – will only be forwarded to bidders shortlisted from the EOI stage.

Correspondence from the roundtable and responses from the Treasurer can be accessed by visiting www.treasury.sa.gov.au

The forward sale process is expected to be completed by the end of 2012.