

Forests (Dunstan Agreement) (Amendment) Bill

EXPLANATORY MEMORANDUM

Background

The Treasurer, the Minister for Conservation and Land Management, the Victorian Plantations Corporation (VPC) and A. Dunstan Timber Sales Pty Limited (Dunstan) have entered into and executed a Deed of Amendment. This Deed amends a prior agreement between the Treasurer, the then Minister for Conservation and Land Management, the VPC¹ and Dunstan for the supply of softwood for certain operations undertaken by Dunstan, being the agreement entered into on 7 April 1987 and ratified under the **Forests (Dunstan Agreement) Act 1987** (the Dunstan Agreement).

On 23 April 1986 the Treasurer, the Minister for Conservation and Lands, the VPC¹, and Bowater-Scott Limited (now known as Carter Holt Harvey Wood Products Australia Limited) entered into an agreement for the supply of softwood for certain operations undertaken by Bowater-Scott Limited, which was ratified under the **Forests (Bowater-Scott Agreement) Act 1986** (the Bowater-Scott Agreement).

The rights of Dunstan to sawlogs under the Dunstan Agreement extend to sawlogs available from the Koetong and Ovens Plantations "subject always to the existing entitlements of Bowater-Scott Limited of softwood in the Ovens and Koetong Plantations". In the event of determination of the Bowater-Scott Agreement, these words become obsolete and Dunstan's rights to softwood would prevail. The Deed of Amendment amends the Dunstan Agreement to protect Bowater-Scott's existing entitlements.

Under the Dunstan Agreement, the VPC and Dunstan may from time to time amend the agreement in matters of detail to facilitate the carrying on of the industry. The proposed amendments in the Deed of Amendment are not "matters of detail" and consequently require legislative ratification to give them force of law.

Clause 1 states the purpose of the Bill.

Clause 2 states the commencement date as the day on which the Bill receives the Royal Assent.

- Clause 3 defines the **Forests (Dunstan Agreement) Act 1986** as the Principal Act for the purposes of the Bill.
- Clause 4 amends section 5 of the Principal Act by inserting a provision which ratifies the Deed of Amendment.
- Clause 5 inserts a new provision in the Principal Act which empowers the VPC and A. Dunstan Timber Sales Pty Ltd to amend the Dunstan Agreement with the approval of the Minister. This provision would enable VPC and Dunstan to amend the effect of the agreement as between themselves with the approval of the Minister but does not authorise amendments binding on other persons.
- Clause 6 makes consequential amendment to the Principal Act.
- Clause 7 inserts the Deed of Amendment as Schedule 2 of the Principal Act.

The Deed of Amendment

The Deed of Amendment, by clause 7, seeks to amend the Dunstan Agreement to substitute the reference to the entitlements of Bowater-Scott with references to a reserved right in the VPC. This will result in Dunstan's first right of refusal to all Koetong sawlogs being subject to the VPC's entitlement of 75 000m³ per annum of sawlogs. It also limits Dunstan's Area of Supply to the Koetong Plantations for commercial efficiency.

The Deed of Amendment, by clause 7, seeks to amend the Dunstan Agreement so as to allow future amendments between the VPC and Dunstan in matters other than those of detail, with the approval of the Minister. Clause 5 of the Bill re-states this provision.

¹ The original Dunstan and Bowater-Scott agreements cites the "Forest Commission" as a party. By virtue of section 30 of the **Victorian Plantations Corporation Act 1993** any reference to the Forests Commission or the Director-General in the Dunstan or Bowater-Scott Agreements is, from 1 July 1993, read as a reference to the Victorian Plantations Corporation.