PULP AND PAPER MILL (HUNDRED OF GAMBIER) INDENTURE BILL 1961

House of Assembly, 17 October 1961, page 1290

Second reading

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer) moved:

That the Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole for the purpose of considering the following resolution: That it is desirable to introduce a Bill for an Act to approve and ratify an indenture made between the State of South Australia and Harmac (Australia) Limited relating to the establishment of a pulp and paper mill in the State of South Australia and to provide for carrying that indenture into effect and for other purposes.

Motion carried.

Resolution agreed to in Committee and adopted by the House. Bill introduced and read a first time.

The Hon. -Sir THOMAS PLAYFORD: I move:

That this Bill be now read a second time.

Its object is to ratify arrangements that have been made by the Government with a recently-formed company known as Harmac (Australia) Limited for the establishment of a pulp and paper mill in the South-East of the State. The Bill consists of seven clauses and a schedule which sets out in full the text of the indenture which has been made between the State and the company. The Bill is in terms similar to those which have been before the House on several recent occasions, the last two being the Bills concerning the oil refinery near Hallett Cove and the Broken Hill Proprietary Company’s steelworks.

Clause 3 ratifies the indenture and gives it statutory force. Clause 4 deals with council rates, providing fixed amounts for the first five years; rates for the first two being £2,500 and for the next three £3,500. For 1968 the amount will be £5,000, which may be termed a “base rate” for that amount can be increased by the council in accordance with changes in the basic wage (or if there is no basic wage in force, other cost of living, price, or wage index). I may say that the question of rates was discussed with the district council of Mount Gambier and I believe that the arrangements concluded on this matter are very satisfactory to all concerned.

Clause 5 is in a sense supplementary to clause 4 in providing that rights to lay pipelines or electrical transmission lines shall not be ratable and, further, that no water or sewerage rates are to be payable on the mill and mill site unless the company takes the benefit of any Government facilities in this regard. Clause 6 absolves the company from liability for the discharge of effluent, smoke, dust, gas, noise or odours with the proviso that such discharge is reasonably necessary for the efficient operation of the works and that there is no negligence. Clause 7 is a procedural provision in the usual form enabling the State to sue, arbitrate, etc., in its own name.

The indenture consists of 9 clauses. Clause 1 deals with interpretation and clause 2 provides that the indenture does not come into operation unless and until ratified by the Parliament, with the proviso that the company may at any time up to June 30, 1963 (that is, within 18 months of the commencement of next year) give notice that it finds it impracticable or inexpedient to continue in which case the agreement is at an end. It is not envisaged that any insuperable difficulties will arise—indeed, the interests concerned with this matter have already expended money and made extensive preparatory arrangements—but at the same time much capital will be required for the undertaking and matters such as the obtaining of capital, and foreign exchange regulations, could conceivably affect operations.

Clause 3 provides that the company will construct and operate a pulp mill in the hundred of Gambier in accordance with accepted modern standards and practices. Clause 4 requires the State, on the request of the company, to sell up to five acres of Crown lands in the vicinity of Ewens Ponds or Deep Creek for pumping station sites, to construct and maintain a heavy-duty road connecting with the main road and a railway connecting the mill with the railway system. The Government is not obligated to construct the pipeline; the company has undertaken the obligation of installing it, and the Government has agreed to sell land adjacent to the water supply to enable it to provide its own services.

Clause 5 obliges the State to build or cause to be built in reasonable proximity to the mill up to 500 houses for staff and employees to be offered on reasonable terms and conditions. Clause 6 empowers the company, without payment of any rent or royalty or any other charge, to construct, erect, or lay down any pipelines and electrical, transmission lines on Crown lands, roads and (pipelines) on foreshores and the seabed. However, where roads are concerned, plans and specifications must be approved in writing by the Minister of Roads after consultation with the local council; in the case of Crown lands, plans are to be approved in writing by the Minister of Lands; and in the case of the foreshore or seabed they are to be approved in writing by the Minister of Marine after such consultation as he considers necessary with the Harbors Board and any council concerned. Subclause (7) of this clause provides that damage shall be kept at a minimum and roads and surfaces affected reinstated without delay.

Clause 7 entitles the company to draw from Ewens Ponds and Deep Creek and use any quantities of water without payment. It provides that the State will not grant water rights to anybody else without the company’s consent. Clause 8 empowers the company to discharge effluent into the sea from its own pipe at any point below the low water line. Clause 9 is in the usual form providing that approval shall not be unreasonably refused.

Such, in brief, are the terms and provisions of the Bill including the indenture. As the Bill will be referred to a Select Committee for consideration, I do not intend at this stage to go into the course of the negotiations between the interests concerned in this venture and the Government or into the many matters involved or into detailed figures. It is enough to say that the undertaking proposed is a very large one involving probably a capital expenditure of over £13,000,000 spread over about three years, which is about the time that it will take to build the mill. The company, which is backed by one of the largest pulp and paper concerns in Canada—MacMillan Bloedel and Powell River Ltd.—proposes a mill with an initial capacity of 62,500 tons of Kraft paper and paper board, ultimately producing 100,000 tons a year. The mill will produce its own electrical power from residuary products and other fuel. The company is making suitable arrangements for the supply of necessary wood supplies from private and Governmental sources in this State and south-western Victoria. Apart from the direct benefit to the State and private enterprise, the company expects to employ over 300 people at the mill itself as well as a similar number in the forests, and transportation. Indirectly, the company’s operations might lead to the employment of many more—a total of up to 4,500 has been mentioned. Having regard to the obvious direct and indirect benefits which would accrue to the State and its people and to the need to continue its policy of development, the Government decided that it should do all in its power to facilitate the interests concerned I n this project, and that is the object of the Bill now before you. I commend it to your serious consideration and approval. This Bill has to go before a Select Committee, on which I hope both sides of the House will be represented. To enable the Select Committee to have ample time to consider the provisions of the Bill, I hope the House will be able to deal with it promptly.

Mr. FRANK WALSH (Leader of the Opposition): There is no reason why I should delay the passage of this Bill, which is not unusual. I was associated with the Select Committee that dealt with the oil refinery and, from the second reading explanation, I cannot see any difference in this Bill. It may be Government policy to develop the State, but the Opposition should get some credit as well. Some months ago I was in the South-East and made a statement about this. At that time there were good indications that this company would be formed. I trust that the target of 4,500 employees will be achieved. I see no reason why it should not be if we have reasonably sensible administration by the Commonwealth Government on imports. I do not wish to follow up this line, however; I just remind the Government that the Labour Party knows what happens in other places. Broadly speaking, there is a need for a greater use of timbers of the South-East. My information is that a greater return is to be obtained from the South-East forests as a result of this type of industry than from the milling of timber for case manufacture and such things. In view of the fact that the Opposition will be represented on the Select Committee by the members for Mount Gambier and Millicent, both of whom understand the problems associated with the South-East, a very good committee of inquiry should result. If the House is not satisfied with its reports, members will have an opportunity to discuss the matter further. I support the second reading.

Bill read a second time and referred to a Select Committee consisting of Messrs. Corcoran, Harding, Nankivell, Ralston, and the Hon. D. N. Brookman; the committee to have power to send for persons, papers and records, to adjourn from place to place, and to report on October 31.