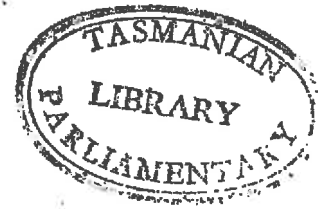


Commonwealth State
Inquiry
into the
Tasmanian Economy



The Nixon Report Tasmania into the 21st Century

Report to the Prime Minister of Australia and the Premier of Tasmania

July 1997

Hon Peter Nixon, AO



TASMANIA INTO THE 21ST CENTURY



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- ◊ The environmental record of the mining and mineral exploration industry has improved markedly.
- ◊ Following an earlier slackening in exploration, there is now increasing exploration within existing mine sites and increasing interest in seeking new ore bodies.
- ◊ The development of Strategic Prospectivity Zones has reduced the level of sovereign risk significantly for the mining and mineral exploration industries.
- ◊ Proactive upgrading of the State's geological information base by Government has supported increased levels of mineral exploration.
- ◊ A successful outcome to the Tasmanian-Commonwealth Regional Forest Agreement should reduce the sovereign risk in relation to land available for mining and mineral exploration.

Recommendations

- 84. The Tasmania-Commonwealth Regional Forest Agreement should not unnecessarily restrict mining and mineral exploration activity on reserved land.
- 85. The previously agreed mineral royalty regulations should be introduced.
- 86. The Tasmanian Government should continue and, where appropriate, should extend its baseline geological surveys to provide a foundation for increased private sector mineral exploration.

Forestry (see section 7.2)

Findings

- ◊ Tasmania has a world scale forest resource and possesses a productive growing environment for trees.
- ◊ Downstream processing opportunities in the forest industry are not being maximised in Tasmania.
- ◊ Finalisation of the joint Tasmanian-Commonwealth Regional Forest Agreement is essential for certainty in the Tasmanian forestry industry, but will not be sufficient alone to improve the climate for investment.
- ◊ The dominant position of Forestry Tasmania within the Tasmanian forestry industry is impeding the development of a stronger private forestry sector and is reducing the wealth generating potential of Tasmania's forestry resources.

- ◇ The mixed responsibilities of Forestry Tasmania as both a commercial organisation and a regulator, land manager, research organisation and source of policy advice to Government is sending conflicting signals to investors in Tasmania's forestry industry.
- ◇ Forestry Tasmania is increasingly seeking to compete directly with the private sector in post-harvest forestry activity.
- ◇ The 300 000 cubic metre per annum statutory guarantee, applying to high quality timber from State Forest, is reducing the sustainable return which the Tasmanian community receives from its public forest resource.

Recommendations

87. Forestry Tasmania should be separated into its commercial and non-commercial components
88. The non-commercial activities of policy, research and regulation should be undertaken by the proposed Department of Science, Natural Resources and Environment.
89. In line with earlier recommendations, the present industry development functions of Forestry Tasmania should be transferred to the proposed Department of State Development and Infrastructure.
90. Private Forests Tasmania should be similarly incorporated into this Department.
91. The statutory supply of high-grade timber to the Crown Sawmilling sector as provided by the *Forestry Act 1920* (Section 22AA) should be repealed.
92. The statutory right of Crown sawmillers should be either replaced by a 10 year wood supply contract or the remaining Helsham compensation monies be used to compensate the Crown sawmillers for the loss of their guaranteed access to timber.
93. The State Government should privatise all State softwood plantations.
94. The commercial activities of the restructured Forestry Tasmania should be limited to the growing and management of forests.
95. The Tasmanian Government, in restructuring Forestry Tasmania, should reassess its Community Service Obligations (CSOs) and ensure that these CSOs are explicitly funded and targeted for the maximum community benefit.

Agriculture (see section 7.3)

Findings

- ◇ Tasmania has a strong competitive advantage at the farm gate in producing a wide range of quality agricultural commodities.