**SOUTH AUSTRALIAN FORESTRY CORPORATION BILL 2000**

**Legislative Assembly, 30 March 2000, pages 707-8**

Second reading

**The Hon. M.H. ARMITAGE (Minister for Government Enterprises)** obtained leave and introduced a bill for an act to provide for the management of public plantation forests; to establish the South Australian Forestry Corporation; to amend the Forestry Act 1950 and the Local Government (Forestry Reserves) Act 1944; and for other purposes. Read a first time.

The Hon. M.H. ARMITAGE: I move: That this bill be now read a second time.

I seek leave to have the second reading explanation inserted in Hansard without my reading it. Leave granted.

This bill establishes the South Australian Forestry Corporation as a public corporation to undertake the functions currently performed by the business unit of the Department for Administrative and Information Services known as ForestrySA. It also makes consequential amendments to the Forestry Act 1950 and the Local Government (Forestry Reserves) Act 1944.

In my Ministerial Statement on 5 August 1999 I described how the increasing availability of plantation grown log supply within Australia and Australia’s move from being a net importer of timber to a net exporter are leading to increased competitive pressures on ForestrySA.

ForestrySA has a commendable track record. However, it is now desirable for the unit to have greater commercial flexibility so that it will be in the best position to respond to these competitive pressures. This flexibility will be balanced by the more formal monitoring and accountability framework which is provided by the provisions of the Public Corporations Act 1993.

This bill establishes the South Australian Forestry Corporation as a public corporation with a Board of management reporting directly to the Minister for Government Enterprises. The new Corporation will continue to trade under the name and existing logo of ForestrySA.

Section 7 of the bill sets out the functions of the new Corporation. The functions are to manage the State’s plantation forests for commercial production, to encourage and to facilitate regionally based economic activities in forestry and other industries, and to conduct research related to the growing of wood for commercial purposes.

In addition, the Charter of the Corporation which is required under the Public Corporations Act will delegate the important noncommercial functions currently undertaken by ForestrySA to the Corporation. These activities include recreational access to forest reserves, management of native forests for conservation purposes, farm forestry initiatives and the provision of technical policy support and advice to Government, industry and the community.

Section 8 of the bill grants the Corporation wide powers in order to meet its objectives. As with other public corporations, these powers will be balanced by the formal monitoring and accountability framework provided by the provisions of the Public Corporations Act. The Corporation will be required to operate within strategic directions and business plans agreed with the Minister.

Clause 4 of Schedule 1 of the bill allows for the transfer of specified employees of the Department of Administrative and Information Services to the new Corporation . All existing employees of ForestrySA will transfer to the new Corporation on the commencement date and retain the remuneration and employment conditions that would have applied, both now and for its duration, under the present Award and Enterprise Bargaining Agreement. Future Enterprise Bargaining Agreements will be made with the Corporation.

A number of consequential amendments to the Forestry Act 1950 are required to transfer existing powers and responsibilities of the Minister to the Corporation. The opportunity has been taken to update penalties under the Act and to delete a number of obsolete provisions. The current prohibition against the sale of a forest reserve or part of a forest reserve without prior revocation will remain.

Consequential amendments are also required to the Local Government (Forestry Reserves) Act 1944. Currently under this Act the Conservator of Forests who is defined under the Forestry Act 1950 as "the Chief Executive Officer of the administrative unit responsible for the administration of this (Forestry) Act", has certain powers. Since it will not be appropriate for the Chief Executive to hold this role post corporatisation, these powers will be transferred to the Minister responsible for the administration of the Local Government (Forestry Reserves) Act 1944.

Subject to the Parliamentary process, the Government intends that this legislation will be proclaimed to take effect from 1 July 2000. This would allow the benefit of commencing the Corporation’s operations at the commencement of a financial year and also allow sufficient time for the significant preparation involved in establishing the Corporation.

Corporatisation of ForestrySA was supported by the Economic and Finance Committee in its report on State Owned Plantation Forests, released in February 1999. It is also consistent with the Government’s commitment to the implementation of competitive neutrality policy associated with the National Competition Policy Agreement.

ForestrySA is an important business in South Australia, particularly in the regional economies of the South-East, Mount Lofty Ranges and the Mid-North of the State. I look forward to ForestrySA’s continuing success as a Government business enterprise, and I believe that the greater commercial flexibility that follows from corporatisation will allow ForestrySA to compete even more effectively on the world stage.

I commend the bill to honourable members.

Explanation of Clauses

PART 1 PRELIMINARY

*Clause 1: Short title*

*Clause 2: Commencement*

These clauses are formal.

*Clause 3: Object*

This clause sets out the object of the measure.

*Clause 4: Interpretation*

This clause defines certain terms used in the measure.

PART 2 CORPORATION

*Clause 5: Establishment of South Australian Forestry Corporation*

This clause establishes South Australian Forestry Corporation (the "Corporation").

*Clause 6: Application of Public Corporations Act 1993*

The Public Corporations Act 1993 applies to the Corporation.

**Clause 7: Functions of Corporation**

The functions of the Corporation are to— manage plantation forests for commercial production; encourage and facilitate regionally based economic activities based on forestry and other industries; conduct research related to the growing of wood for commercial purposes; and to carry out other functions conferred on the Corporation by an Act or the Minister or delegated to the Corporation by the Minister.

*Clause 8: Powers of Corporation*

This clause sets out the powers of the Corporation.

*Clause 9: Common seal and execution of documents*

This clause provides for the execution of documents by the Corporation.

PART 3 BOARD

*Clause 10: Establishment of board*

This clause establishes a five member board of directors (the "board") as the governing body of the Corporation.

*Clause 11: Conditions of membership*

This clause specifies that board members will be appointed for a maximum term of three years but will be eligible for reappointment. The clause also provides for removal of a board member on the recommendation of the Minister and the circumstances in which the office of a board member becomes vacant.

*Clause 12: Vacancies or defects in appointment of directors*

An act of the board is not invalid because of a vacancy in its membership or a defect in the appointment of a director.

*Clause 13: Remuneration*

A director will be paid (from the funds of the Corporation) remuneration, allowances and expenses determined by the Minister.

*Clause 14: Board proceedings*

This clause specifies the quorum for the board and provides for— selection of a presiding member; voting; telephone conferences; decisions of the board other than those voted on at meetings of the board; the keeping of minutes of board proceedings. In all other matters the board may determine its own procedures.

PART 4 STAFF

*Clause 15: Staff of Corporation*

The chief executive of the Corporation will be appointed by the board with the approval of the Minister on terms and conditions approved by the Minister. The Corporation may appoint such other employees (on terms and conditions fixed by the Corporation in consultation with the Commissioner for Public Employment) as it thinks necessary or desirable.

PART 5 MISCELLANEOUS

*Clause 16: Delegation to Corporation*

The Minister may, in accordance with this clause, delegate any of the Minister’s powers or functions under any Act to the Corporation.

*Clause 17: Regulations*

his clause provides for the making of regulations for the purposes of the measure.

SCHEDULE 1 Transitional Provisions

This schedule includes transitional provisions dealing with—

* interpretation issues;
* vesting of property, rights, etc. in Corporation;
* the application of the Real Property Act 1886;
* transfer of staff from ForestrySA;
* the appointment of the Corporation’s first chief executive;
* the Corporation’s annual report.

SCHEDULE 2 Consequential Amendments to Other Acts

This schedule makes consequential amendments to the Forestry Act 1950 and the Local Government (Forestry Reserves) Act 1944. The amendments to the Forestry Act 1950 transfer responsibility for forest reserves from the Minister to the Corporation and deal with other consequential matters.

The amendments to the Local Government (Forestry Reserves) Act 1944 remove all references in that Act to the "Conservator of Forests".

Mr WRIGHT secured the adjournment of the debate.