

Assistance for Country Sawmills

Country sawmills are a significant employer in regional Tasmania.

The Australian Government will provide \$4 million to assist country sawmills to introduce new equipment, technologies and product lines, and to develop new markets. This funding is part of the Tasmanian Forest Industry Development Program to be jointly managed with the Tasmanian Government. These investments will enable country sawmills to adjust to changes in log supplies over coming years. In particular, the program will help country sawmills reduce their reliance on mature logs and increase the use of smaller regrowth and plantation-grown logs.

Typical country sawmills employ fewer than 30 people and produce mainly green sawn timber, which is sold to larger mills for further processing. They generally take lower grades of logs than larger mills and are therefore an important part of the Tasmanian forest industry.

The program is intended to supplement investment by applicants. Applicants will normally be required to contribute a significant proportion of project costs. Grants will be based on assessment of the project's value to industry development and revitalisation on an industry-wide or statewide level.

Assistance will be provided for projects that:

- reduce reliance on old-growth logs and introduce new technologies and products, and new markets based on increased use of smaller regrowth logs, plantation logs and thinnings;
- add value to native forest timber harvested and processed in Tasmania;
- increase cooperation or strategic alliances within the forest industry; and
- promote a sustainable Tasmanian forest and timber industry, which is efficient, environmentally sound and internationally competitive.

The governments are particularly keen to support the development of facilities that several firms can use, such as drying facilities.

Grants will not be provided to buy land, to establish plantations or for working capital, research or feasibility studies.

Applicants must either own or intend to purchase a country sawmill in Tasmania. Applications will also be accepted from joint ventures proposing projects that meet the program's objectives.

Government officials will consult with industry groups in coming weeks to draw up program guidelines and then advertise for grant applications.

The program will run until 30 June 2008.