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VIC NEWS

Taxpayers to hand over hundreds of millions to lock in jobs threatened by native timber ban

A secret deal has generously granted Australian Paper in Maryvale a hefty sum of cash in a bid to shield workers from possible job losses due to a native timber ban.

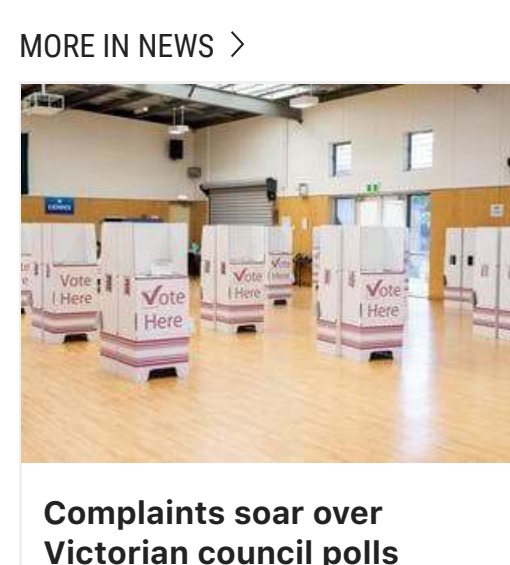
Matt Johnston and James Campbell, Herald Sun

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Victorian taxpayers will pay \$200 million to a privately-owned paper mill to try to shield workers from a state ban on native forest logging.

The secret deal between the Andrews Government and Australian Paper in Maryvale, which is owned by Japanese giant Nippon Paper, has been struck to secure the future of the single biggest employer in the Latrobe Valley.

Cabinet and industry sources describe the funding as a "transition" package, but no detail has been released, nor was it provided when Premier Daniel Andrews announced in November that native timber logging would be phased out between 2025 and 2030.



The state government has made a secret deal with the Australian Paper Mill at Maryvale.

At that time, Mr Andrews said \$120 million was set aside to help the industry adapt, while also flagging support for Australian Paper and its almost 1000-strong workforce.

The whopping taxpayer subsidy will trigger a debate about public funding for international companies, as the government also eyes a deal with US steel giant Alcoa to ensure the future of its smelter in Portland — a critical jobs hub in western Victoria.

The Australian Paper funding should help the business shift away from hardwood and towards a full-plantation supply, with the aim of ensuring it survives to 2050 and beyond.

A spokesman for Treasurer Tim Pallas said details were Cabinet-in-confidence.

"The government's 30-year transition plan is about providing much-needed certainty for Australian Paper workers and their families," he said.

Spokeswoman for MyEnvironment, Sarah Rees, backed a shift to plantations but questioned never-ending public subsidies.



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"Taxpayers subsidise the logging, now we subsidise the company to buy the subsidised logs?" she said.

"If the government is going to hand this much public money to a foreign-owned mill, we should get our forests back in the handshake."

Australian Paper said it "supports the Victorian Government's commitments regarding the long term transition of our operations to plantation-based supply".

"We appreciate that this process will take time and remain open to working with Government towards this outcome," a spokesman said.



Australian Paper has benefited from public subsidies previously.

There are more than 900 workers at the Maryvale mill, which makes copy paper, packaging and envelopes.

It uses plantation timber for more than two-thirds of products, while a quarter of its wood is supplied through VicForests and about 6 per cent is chips from hardwood sawmills processing native timber.

Australian Paper has benefited from public subsidies previously, including in 2015 when it built a \$90 million recycling centre, and in 2017 when it received a \$2.5 million federal grant for planning a waste to energy plant.

It also has a contract for 350,000 tonnes of pulpwood every year until 2030, with taxpayers paying compensation if this is not met.

The Andrews Government had developed a plan to phase out native timber in 2018, but it was shelved until after the state election.

At the time, it had set aside hundreds of millions of dollars for the Maryvale mill to try to mitigate job losses.

The state Opposition has promised to reinstate native logging in Victoria, if it wins the 2022 state election.

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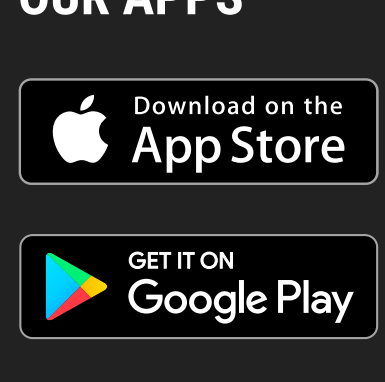
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