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PARLIAMENT OF TASMANIA

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**HOUSE OF ASSEMBLY  
STANDING COMMITTEE ON  
COMMUNITY DEVELOPMENT**

# Interim Report

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*Brought up by Mr Barnett and ordered by the House to be printed*

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**MEMBERS OF THE COMMITTEE**

*Mr Barnett (Chair)  
Mr Jaensch  
Ms O'Connor  
Mr Shelton  
Ms White*

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## **1. APPOINTMENT AND TERMS OF REFERENCE**

1.1 The Standing Committee on Community Development was established by resolution of the House of Assembly on 26 June 2014 to inquire into and report upon any issues and legislative proposals arising within the scope of the Committee as follows:

- (i) Aboriginal affairs;
- (ii) arts;
- (iii) corrections;
- (iv) health;
- (v) human services;
- (vi) justice;
- (vii) police and emergency management;
- (viii) racing;
- (ix) sport and recreation; and
- (x) women.

## **2. INQUIRY**

2.1 The Committee resolved at its meeting of 16 July last to inquire into the Triabunna woodchip mill and future development opportunities for the Triabunna community and surrounding regions with the following Terms of Reference:

- (a) The circumstances surrounding the closure, sale and ultimate dismantling of the Triabunna woodchip mill;
- (b) Identify development and other opportunities for the Triabunna Community and the surrounding regions; and
- (c) Matters related and incidental thereto.

2.1 The Committee resolved to invite, by way of advertisement on the Parliament of Tasmania internet page and in the three major Tasmanian newspapers and community papers around the Triabunna region, interested persons and organisations to make a submission to the Committee in relation to the Terms of Reference. In addition to such general invitation, the Committee directly invited a number of persons and organisations to provide the Committee with any information they deemed to be relevant to the inquiry.

2.2 The Committee particularly notes that Mr Graeme Wood, co-owner of the mill site with Ms Jan Cameron, has been invited three times to meet with the Committee, the third time to meet at a mutually agreeable time. Subsequent to the latter, Mr Wood visited Tasmania without contact with the Committee. The Committee has requested documents of Mr Wood but these have not been returned. Furthermore, the Committee requested permission of Mr Wood to visit the Triabunna mill site (and thus become more aware of his plans) but permission was not granted. Mr Wood's attempt to halt altogether the work of the Committee on the first day of hearings is also well noted.

2.3 The Committee has, to date, received 29 submissions. Many documents have been provided. In addition, the Committee to date has held 4 public hearings and heard from 26 witnesses.

### **3 INTERIM REPORT**

3.1 The Committee resolved at its meeting of 8 October last to prepare an interim report addressing issues requiring a timely response. Time is of the essence with respect to the issues in this report. This interim report represents the Committee's preliminary findings and recommendations to date on the issue of wood residue export facilities, port-related infrastructure at Triabunna, and the proposed tourism development on the former Triabunna mill site.

3.2 The Committee is mindful of evidence regarding the impact of the mill's closure in 2011 on the Triabunna community and its continued non-operation under new ownership. The loss of jobs, loss of income, and forced departure of family members has been tragic. Many in the community still have strong emotions regarding the loss of opportunity with mental health issues lingering. Those who worked in the forest industry witnessed a more than 90% reduction in jobs in the Glamorgan-Spring Bay municipality during 2008 to 2013<sup>1</sup>. The local community wants and deserves answers to this tragedy and is also keen to make the most of future development opportunities presented so they can move on.

3.3 Based on the evidence to date it appears Triabunna mill co-owners Graeme Wood and Jan Cameron<sup>2</sup> had no intention of reopening the mill following its purchase from Gunns on 15 July 2011, despite making public statements<sup>3</sup> and signing a contract to the contrary. The Triabunna Investments appointment of longtime anti-forest industry activist Alec Marr as their Triabunna mill general manager supports this view. Mr Marr was quoted extensively in 'The Monthly' regarding his view that Mr Wood and Ms Cameron bought the mill to ensure it did not reopen for industry purposes and that the port remained landlocked. Mr Marr boasted extensively about the dismantling and destruction of the Triabunna mill and said Mr Wood and Ms Cameron bought the site to land lock the port, –"[it] was a bulls eye-we totally [fu\*\*ed] them." The former Tasmanian government subsequently wrote to Tasports asking them to lease the port to the new and now current owners. The lease was subsequently signed and the port remains leased (and landlocked) at nominal consideration.<sup>4</sup> During the lease negotiations a letter from Murdoch Clarke lawyers for Triabunna Investments to Page Seager lawyers for Tasports dated 19 July 2011 stated, "...Triabunna Investments intends to lease out the wood chip mill so that it can be used as a wood chip mill." This statement is consistent with the view that Mr Wood and Ms Cameron say one thing and do

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<sup>1</sup> University of Canberra Report 2014.

<sup>2</sup> Reference is made in Mr Wood and Ms Camerons capacity as joint shareholders and directors of Triabunna Investments Pty Ltd the commercial entity owning the site.

<sup>3</sup>The Australian "Loggers to boycott peace accord" 15 July 2011.

<sup>4</sup> Tasports records indicate that \$1 was paid for the assignment of the Lease from Gunns Limited to Triabunna Investments.

another. One result of all this action is that wood residue has become stranded in the south of the State.

## **4 NEED FOR A SOUTHERN TASMANIAN WOOD RESIDUE EXPORT FACILITY**

- 4.1 From the evidence received by the Committee it is without doubt that the Tasmanian forestry industry is in need of a wood residue export facility located in the southern half of the State to allow a sustainable and economically viable future for the industry. The closure by Gunns of the Triabunna mill in 2011 and its failure to open under new owners Triabunna Investments has forced many within the industry to leave and the Government to resort to subsidising the transport of southern forest residues to northern mills, at significant cost.
- 4.2 The Committee heard from a range of witnesses operating in the private native and plantation forest sector that the lack of an export facility in the south of Tasmania has put intolerable pressure on their operations and viability, and has substantially constrained opportunities for growth development and jobs. As previously noted, limited subsidies exist for the transport of wood residue from public land to the north of the State for export but the long-term sustainability of such an approach, which is currently denied to those in private forestry, is questionable.
- 4.3 Evidence tendered to the Committee makes it clear that where forestry operations are undertaken, it is essential that complete value adding takes place of all available forest products rather than leaving much of the product wasted on the forest floor. It was also noted that realising the economic potential of residue and residue products was critical to the short and long-term economic sustainability of forestry as an industry. Evidence also indicated that in the future, alternate forest products such as manufactured timber and biomass may become a viable alternative use for part of the residues produced. However, it was clear that this is a medium to long-term option and not suitable for immediate implementation to provide a benefit to a struggling forestry industry.
- 4.4 Resources Minister, the Hon Paul Harriss MP, noted in a recent media release that up to 1.5 million metric tonnes of wood residues are available from southern Tasmanian forests per annum. The total value of this wood fibre is as much as \$100 million. The evidence received from industry participants and others to the inquiry supports this view. Minister Harriss referred to research undertaken which has identified the ports of Hobart and Triabunna as alternate options for the export of residues in the south of the State. The Committee also notes the Triabunna port has been disused since 2011 and the wharf condition has deteriorated since that time. This wharf would not be immediately available as it is currently land-locked by the former Triabunna mill site and proposed Spring Bay tourism development.
- 4.5 Of the many witnesses heard by the Committee Mr Robert Torenus summarised the views of those in the industry in saying the need for a southern residue export facility is “absolutely imperative”. The Committee supports this conclusion.

4.6 Finally consistent with representations made to our Committee by Australian Bauxite Limited noting a lack of a bulk export facility in the south of the State, that when such a facility is established it may allow for the export of bulk product such as bauxite.

## **5 TOURISM AND TRIABUNNA PORT OPTIONS**

5.1 The Committee notes a significant tourism development has been proposed for the former Triabunna mill site. One of the site co-owners, Graeme Wood, has promised that the redevelopment of this site will cost \$50 million creating 200 jobs with a development application being made to the Glamorgan-Spring Bay Council by the end of January 2015. However the Committee has received a letter from the lawyer for equal co-owner, Jan Cameron dated 12 August 2014, which stated:

“[f]urthermore, Mr Wood has no authority to speak on behalf of our client, Triabunna Management Pty Ltd, Triabunna Investments Pty Ltd or their board of directors.”

5.2 Public records note the former mill site is owned by Triabunna Investments Pty Ltd. Accordingly, this calls into question at least to some degree the public commitments of Mr Wood seemingly on behalf of his equal co-owner. A public assurance from Mr Wood that he has received the consent and support of Ms Cameron, and from Ms Cameron that she has given her consent and support to Mr Wood for the proposed tourism development would quickly allay any fears as to the prospect of the development proceeding or not.

5.3 The Committee envisages many benefits flowing to Triabunna and the surrounding community from the redevelopment of the former mill site for tourism and related purposes. It would be well appreciated and the commitment to the development by one of the owners is strongly welcomed. Accordingly, a public assurance that both the co-owners consent to and support the proposed development is critical.

5.4 As outlined above the Committee notes that there is a time critical requirement to establish a residue export facility in southern Tasmania. Evidence given indicates that the current Triabunna port cannot offer such immediate availability. However given the advantageous maritime navigational properties of the Spring Bay port, Triabunna should be considered as a leading locality for an export facility development in the medium to long term.

5.5 Tourism is an essential ingredient to a strong Tasmanian economy. Tourism can and should stand together with other industries including forestry as part of a diverse and vibrant economy. This proposition applies to Triabunna and the surrounding region as much as it does to Tasmania more generally.

## **6 RECOMMENDATIONS**

The Committee recommends:

1. That an export facility in the south of the State be identified and established as a matter of urgency to help rebuild the forest industry.
2. That the State government strongly welcome the Spring Bay mill tourism development proposal noting that if it proceeds in accordance with the timelines and commitments given by Mr Wood it will provide significant economic and other benefits. Further the Government should use its best endeavours to help facilitate this proposed development and to ensure the development occurs in accordance with the timeline and commitments given by Mr Wood.
3. With respect to Triabunna as a potential site for an export facility it is noted such a facility is currently not available as there is no public access to the disused port. It is preferable to not compulsorily acquire all or part of the former Triabunna mill site to access the port, but rather to investigate the location and viability of a new export facility in the Spring Bay area for wood residue, bulk products (such as bauxite) and other purposes, with this site becoming operational in the medium to longer term.
4. To give certainty to suppliers, contractors, key stakeholders, Government and the broader community and in light of the letter from Jan Cameron's lawyer to the Committee of 12 August 2014 that Graeme Wood has no authority to speak on her behalf, and for other reasons set out in this report, the Committee urgently seeks public confirmation that Mr Wood has the consent and support of his equal co-owner, Ms Cameron for his proposed Spring Bay mill tourism development.
5. That tourism and industry can and should co-exist.

**Parliament House  
Hobart  
14 October 2014**

**Guy Barnett MP  
Chair**

# **DISSENTING STATEMENT OF THE MEMBER FOR DENISON, MS O'CONNOR**

## **1 APPOINTMENT AND TERMS OF REFERENCE**

1.1 The Standing Committee on Community Development was established by resolution of the House of Assembly on 26 June 2014 to inquire into and report upon any issues and legislative proposals arising within the scope of the Committee as follows:

- (i) Aboriginal affairs;
- (ii) arts;
- (iii) corrections;
- (iv) health;
- (v) human services;
- (vi) justice;
- (vii) police and emergency management;
- (viii) racing;
- (ix) sport and recreation; and
- (x) women.

## **2 INQUIRY**

2.1 The Committee first met on 16 July and established the following Terms of Reference:

- (a) The circumstances surrounding the closure, sale and ultimate dismantling of the Triabunna woodchip mill;
- (b) Identify development and other opportunities for the Triabunna Community and the surrounding regions; and
- (c) Matters related and incidental thereto.

2.2 It should be noted that there was dissent to the establishment of the Inquiry and its Terms of Reference put by both Ms O'Connor and Ms White on the grounds that it was outside the scope of the Community Development Committee of the Parliament and would use valuable Parliamentary time and resources to engage in what a number of commentators have described as a political witch hunt.

2.3 In discussion over the Terms of Reference, Ms O'Connor sought to remove (a) and include in the Inquiry's scope an examination of future economic opportunities for Triabunna as well as other communities hard hit by the global recession and shifting commodity markets including Queenstown and Scottsdale.

2.4 The three Liberal members of the Committee voted against this proposed amendment to the Terms of Reference.

2.5 The Committee has received 29 written submissions and heard evidence presented by a range of key stakeholders, although disappointingly to date, the

weight of witness evidence has been more heavily towards an examination of past events than future opportunities for Triabunna and the region.

- 2.6 The Committee has also received a substantial volume of documentation on request from Treasury, the Department of Premier and Cabinet, Environment Protection Authority (EPA), Forestry Tasmania, Tas Ports and Korda Mentha (for the former Gunns Ltd).
- 2.7 Detailed examination of this material and evidence presented in hearings as they relate to the sale of the Triabunna mill and its subsequent decommissioning in September 2013 reveals no unlawful conduct on the part of any relevant party.
- 2.8 Despite the best endeavours of the three government members on the Committee, no conspiracy has been uncovered to date.
- 2.9 The Inquiry has also found no evidence of any impropriety or improper dealings in relation to the decision by the Board of Gunns Pty Ltd to sell its Triabunna woodchip mill to Graeme Wood and Jan Cameron in July 2011.

### **3 INTERIM REPORT**

- 3.1 The Committee was informed at its meeting of 8 October that an interim report was being prepared. There had been no discussion of the need for an Interim Report at any time since the Inquiry first met on 16 July.
- 3.2 The following day, a media release was issued by the Chair without prior reference to the Committee, purportedly on the Committee's behalf, stating that an Interim Report would be tabled in Parliament on Tuesday 14 October. This gave rise to intense media speculation on the question of compulsory acquisition of all or part of the former mill site.
- 3.3 The Inquiry has brought into question the new government's 'open for business' mantra, sending a confused and negative message to investors potentially threatening job creation in a regionally depressed economy, hence the recent realisation that an Interim Report was desirable.
- 3.4 The Interim Report of the Committee does not represent the unanimous view of its members. It should be viewed as a highly political document that aims to get the new government out of an embarrassing situation of its own making, as well as lay the foundational arguments for increasing subsidies to the native forest woodchip industry.
- 3.5 This dissenting statement is presented on the basis that the majority Interim Report of the Committee cannot be supported.

## **4 SOVEREIGN RISK**

- 4.1 In establishing a backward-looking Inquiry into the sale of a private asset to a private investor, the current government has created a sovereign risk scenario for Triabunna Investments Pty Ltd, owners of the former mill site.
- 4.2 Continuing speculation about compulsory acquisition of all or part of Graeme Wood and Jan Cameron's property has placed at significant risk the proposed Spring Bay eco-tourism development and local jobs for the future.
- 4.3 In response to repeated failures on the part of government to rule out compulsory acquisition, on 23 September this year, Graeme Wood AM said on ABC statewide radio, *"But still, I repeat, the Premier has not ruled out the possibility of a compulsory acquisition of the site. So from a pure business investment point of view, how much money am I going to invest in that to have it all torn up?"*
- 4.4 Such is the level of uncertainty and concern created by the government's refusal to rule out compulsory acquisition, the State's peak tourism body along with other key industry and community stakeholders have called on the government to rule out compulsory acquisition and to work constructively in enabling the proposed Spring Bay development to proceed.
- 4.5 It is hoped that in recommending the government rule out compulsory acquisition after an extended period of avoidable uncertainty, the Liberal members on the Committee have recognised the need to undo some of the damage done to the State's reputation as a place that welcomes sustainable tourism investment.

## **5. GIVING THE COMMUNITY A VOICE**

- 5.1 While the Inquiry was established for spurious and cynical political reasons, it has performed a number of important functions for the community of Triabunna and the wider timber community who felt violently the shock of Gunns' decision to exit native forest logging and sell the Triabunna mill to Graeme Wood and Jan Cameron.
- 5.2 The Committee has enabled those affected by the Triabunna mill's closure to express their sadness, and at times, anger, over both the local community and the timber industry's seemingly sudden change of fortune. For some witnesses, it was the first time they had an opportunity to be heard and for their perspective to be taken seriously in a public forum.
- 5.3 The Committee has also heard that many in the Triabunna community feel let down by successive governments who failed to prepare for future change and failed to encourage investment in the region's economic diversification.
- 5.4 In a written submission to the Inquiry, Triabunna Chamber of Commerce President, Debbie Wisby, stated, *"The situation we find ourselves in is at no fault of our own. This statement, however, cannot apply to Government because for*

*many years leading up to the closure, the Mill had a limited life expectancy. What did Government do for the decade leading up to the imminent closure to prepare our region? It appears very little.”*

- 5.5 Community leaders, including Ms Wisby, former Mayor, Cheryl Arnol, and Mr David Metcalf, General Manager of Glamorgan Spring Bay Council, acknowledged in evidence there is a mood in the community that it is time to move on and create a new future beyond woodchips.
- 5.6 The most positive outcome of the Inquiry to date has been its role in crystallizing the community’s thinking about what industries are important to build resilience into the local economy and create prosperity into the future.
- 5.7 While the trauma and financial loss experienced by individuals and families is still keenly felt by some, evidence put to the Committee appears to demonstrate growing support locally for the proposed Spring Bay development along with attracting investment in small to medium enterprises that build on the region’s natural assets and skills base.
- 5.8 The Inquiry has also enabled the publication of key documents that present a factual basis for understanding the circumstances surrounding the sale of the former Triabunna mill site and its subsequent decommissioning.

## **6. FOREST INDUSTRY TRANSITION CHALLENGES**

- 6.1 The Committee has heard compelling evidence, of the market shift away from native forest product towards low cost, higher quality plantation timber, from key witnesses, including industry analyst, Robert Eastment, former Gunns’ CEO, Greg Lestrangle and University of Canberra Senior Research Fellow, Jacki Shirmer.
- 6.2 The evidence presented to the Committee indicates that contraction and job shedding in Tasmania’s native forest industry began in 2006, with the decline continuing in the global market to this day.
- 6.3 Ms Shirmer’s submission reveals that forest industry employment in Tasmania has declined substantially from 6963 people in 2008 to 2715 people in November 2013, with employment in the Glamorgan-Spring Bay municipality during that period suffering substantial decline and significant cost in human terms.
- 6.4 While a number of industry stakeholders, including former Forestry Tasmania Managing Director, Bob Gordon, maintain that there is a viable future for Tasmanian native forest woodchips, there is no substantiating evidence before the Committee to suggest the market for native forest woodchips will ever fully recover, nor that emerging markets in China are either reliable or cost-effective without significant ongoing subsidies.

- 6.5 The weight of evidence-based testimony to the Committee strongly suggests that a strategic shift away from industrial scale woodchipping to sustainable management, Forest Stewardship Certification and genuine value adding of Tasmanian timber underpins the Tasmanian industry's future viability.
- 6.6 Evidence put by industry stakeholders on the need for genuine residue solutions is noted. Given the loss of former markets and buyer preferences for plantation products, any medium to long term solution to the residue issue will require a cultural shift away from the previous industrial scale operation towards more innovative, local solutions including small scale, on-site biomass and diversified timber products.

## **7. FUTURE ECONOMIC OPPORTUNITIES FOR TRIABUNNA**

- 7.1 The Interim Report of the Committee belatedly recognises that the proposed Spring Bay Mill development has the potential to deliver a \$50 million investment and create up to 200 local jobs. Ironically, as a result of the Inquiry which was established to look backwards in an attempt to apportion political blame, it is now broadly understood that the proposed development represents a major opportunity for Triabunna and the Tasmanian economy in the future.
- 7.2 The Committee has heard that Triabunna Investments Pty Ltd is actively working with the local community and the Glamorgan-Spring Bay Council to realise a shared vision for the former mill site.
- 7.3 In a written submission to the Inquiry, Graeme Wood states that, *“The new Spring Bay Mill development will provide the Triabunna community with a catalytic opportunity to help build a new and sustainable socio-economic paradigm for the region.”*
- 7.4 Mr Wood further states, *“The vision of the Spring Bay Mill is that it will embody a variety of niche markets/attractions within the one area and all of which will represent growing aspects of the Tasmanian economy. Education and training opportunities will be fostered via the culinary school, whilst simultaneously building the region's – and Tasmania's – fine foods brand by working with and promoting locally sourced products. The botanical gardens project will be targeted at attracting tourists from all over the world. And throughout the year, the Mill will host a variety of art and cultural events – uniting the community as well as attracting visitors both within the state and interstate.”*
- 7.5 The need to invest in re-skilling a capable local workforce to maximize local job opportunities has been reinforced in evidence before the Committee, with the observation made by former Mayor, Cheryl Arnol, that, *“There is certainly an opportunity for tourism that will bring lots of people to our area and it may create work, but for our displaced forest workers and indirect forest workers, it is not the answer, because they simply do not want to serve coffee and tea.”*
- 7.6 In preparing its final Report, the Committee should be mindful of evidence that investment in economic and skills diversification; encouragement of sustainable

marine based industries in and around the outstanding deep water port of Triabunna; capitalising on community capacity and the region's significant natural assets; along with supporting sensitive tourism development, including Triabunna Investment Pty Ltd's plans for the former mill site, will underpin a prosperous, sustainable future for the people of Triabunna.

## **8. RECOMMENDATIONS**

The dissenting statement recommends that:

1. The Tasmanian Government end the sovereign risk to Triabunna Investments Pty Ltd by immediately announcing that it will not compulsorily acquire any part of the former mill site.
2. The Tasmanian Government further acknowledges that the proposed \$50million investment in the Spring Bay Mill tourism development is critical to Triabunna and the region's future economic wellbeing.
3. The Tasmanian Government works to facilitate this redevelopment of the former mill site in cooperation with the developer in the spirit of goodwill for the benefit of the Triabunna community as well as the regional and statewide economies.
4. The Tasmanian Government recognizes that the future prosperity of Triabunna and its people lies in economic and skills diversification; encouragement of diversified private investment and sustainable marine based industries in and around the deep water port of Triabunna; capitalizing on community capacity and the region's significant natural assets; along with strongly supporting Triabunna Investment Pty Ltd's plans for the former mill site.
5. The Triabunna community be encouraged and enabled as equal partners in shaping a prosperous, diverse regional economy and job opportunities into the future.

**Cassy O'Connor MP**  
**Committee Member**

## **DISSENTING STATEMENT OF THE MEMBER FOR LYONS, MS WHITE**

### **1. INQUIRY**

1.1 The Committee held its first meeting on 16 July to consider a reference from the Chair of the committee to inquire into the following matters:

- (a) The circumstances surrounding the closure, sale and ultimate dismantling of the Triabunna woodchip mill;
- (b) Identify development and other opportunities for the Triabunna Community and the surrounding regions; and
- (c) Matters related and incidental thereto.

1.2 The committee deliberated and resolved to invite submissions from the general public. There were a number of names and organisations put forward by the Chair with the suggestion that the Committee write to these individuals and organisations inviting submissions. Other members of the committee were invited to make suggestions about other possible witnesses and names were provided. However, these were either rejected by the Liberal members of the committee or to date, no contact has been made or no material forthcoming (refer to Minutes of the Committee Friday 25 July).

1.3 There has been a large volume of information provided to the Committee, most of which is published but some of which remains confidential to committee members only. The content of this material is predominantly focused on addressing term of reference (a) without consideration of other development opportunities for the Triabunna community and surrounding regions.

1.4 The examinations of the Committee have been heavily focused on matters concerning the past and with three Liberal members out of five sitting on the Committee there has been little to no input allowed from non-Government members regarding the direction of the Committee. The identification of witnesses and scheduling of witnesses for hearings has been done without consultation of all committee members and the committee has effectively acted on the direction of the Chair alone.

1.5 Despite the best efforts of the Liberal members, the evidence received to date from witnesses has failed to identify any lawful wrong doing by those involved with the closure of the mill at Triabunna and its subsequent sale.

### **2. INTERIM REPORT**

2.1 The Committee was informed at a meeting on the 8 October 2014 that the Chair was preparing an interim report and expected a final report would be published before Christmas. There has been no mention of preparing either report at any previous committee meeting. In fact, there had been no reporting date discussed or set by the Committee since it began its deliberations.

- 2.2 It was then reported in the Mercury newspaper on 9 October 2014 that a “government spokesperson” had made comment to the media that “the Committee is due to release an interim report ‘in the near future’ and a final report by the end of the year”. This is clearly in breach of accepted protocol for committee matters where only the Chair can speak on behalf of the Committee as resolved at the first meeting, as well as the separation of powers between Executive Government and the Parliament.
- 2.3 The Chair then issued a press release on 9 October on Government letterhead and with a Government communications person listed as the contact without first getting the approval of the Committee for the comments made in that press release. The issuing of comment on Government letterhead further indicates there has been blatant disregard for due process on behalf of the Chair and suggests Government interference in the committee process and the Parliament.
- 2.4 The drafting of the interim report was done solely by Government members with substantial amendments (two pages worth) to that draft report circulated just 12 minutes prior to the Committee meeting to discuss the draft interim report.
- 2.5 The interim report has been devised by the Liberal committee members as a way of getting themselves out of a difficult situation, of their own making, with respect to the rumours of compulsory acquisition of some or all of the Spring Bay Mill. The Chair himself noted in his press release that there was “growing uncertainty about the future of the former mill site in Triabunna” which has been fuelled entirely by his own Government.
- 2.6 The interim report is highly political, contains inflammatory language and is largely unconstructive. This dissenting statement has been prepared to provide a more balanced view of evidence received to date by the Committee with recommendations that reflect that evidence as well as feedback from members of the Triabunna community.

### **3. TASMANIA’S SOUTHERN FORESTS**

- 3.1 Tasmania’s southern forests require a residue solution. The Committee heard evidence from a number of witnesses in both private and public forest about the difficulty of dealing with residues in a financially viable way at present.
- 3.2 The Government does provide a subsidy for the transport of residue from public southern forests to the north of the state and it is imperative this subsidy remains in place in the absence of other solutions.
- 3.3 Evidence provided to the Committee indicated that in the medium to long term alternative uses for residue could be developed including value adding and downstream processing.
- 3.4 In the short term the Government needs to continue to work with the industry and key stakeholders to identify residue solutions for those operating in the southern forests.

3.5 There are other challenges for the forest industry as it continues to manage its way through a period of transition. The Committee heard evidence from Robert Eastment that the market was continuing to demand FSC accredited products, “As much as Australia boasts that they have PEFC and it is really good, we have the Australian forestry standards and everything else, but a lot of the retail stores' and paper companies' customers want FSC because they have been pushed that way by a number of factors, including lobbying.”

3.6 Mr Eastment also told the Committee there has been a global decline for native forest woodchips with a preference instead for plantation:

“There is definitely a market for plantations but there is a limited market for native forests. Plantations have a useable fibre content of about 54-55 per cent. Native forests, if they are regrowth, have about maybe 52 per cent; if old growth, probably about 48 per cent. Old growth makes terrible pulp so, scientifically, forget it. Nobody would do that.”

“On the regrowth, there is still a limited market. People will still take regrowth timbers at the lower useable fibre content - they call it an 'e' content. It refers to a eucalypt equivalent, and that would be at a lower price. It is still in Japan but mostly in China.”

#### **4. TRIABUNNA PORT**

4.1 The inquiry heard evidence from TasPorts that the wharf at Triabunna requires serious investment before it would be suitable to use as an export facility again. The wharf was originally built in 1970-71 with an expected life of 25 years. The wharf is a public asset and was built with public funds in 1970-71 for the export of woodchip by Tasmanian Pulp and Forest Holdings Ltd.

4.2 It was revealed to the Committee that TasPorts has been in negotiations with Triabunna Investments to sell the wharf and those negotiations are ongoing.

4.3 The Committee heard evidence about the safety and depth of the Triabunna port and its suitability for larger vessels to access and load material. The Committee asked the General Manager of the Glamorgan Spring Bay Council whether any alternative sites to the former Triabunna mill site had been identified as suitable to construct another wharf structure for the loading of vessels. The General Manager informed the Committee that work had been done in 2011 looking at the use of crown land to access the current wharf but not at building a new wharf.

4.4 The Committee chair asked the General Manager whether he would be interested in speaking with Council about Triabunna continuing to examine ways to offer a safe export facility and he agreed to raise it with Council, noting that, “It is a natural asset, I do not dispute that for one minute. There is the ownership of land, and crown land, sheer cliffs and all those things that you have to take into account, but yes we do not discount anything.”

## **5. SALE OF TRIABUNNA MILL**

- 5.1 As a process of the Committee, the contracts between Gunns and Triabunna Investments and Gunns and Aprin were requested and provided. These documents are published on the Committee's website and provide an insight into the negotiations between the parties, including the price.
- 5.2 It was reported at the time of the sale of the Triabunna site to Triabunna Investments for \$10 million that an offer of \$16 million had also been made by Aprin. The Committee received a submission from Greg L'Estrange which indicated that the bid from Triabunna Investments was made with no conditions and was accepted after negotiations with Aprin extended beyond an agreed timeframe without resolution.
- 5.3 The Labor Government at the time had supported Aprin's bid with a Government loan in the hope the mill could be secured by the industry and continue to operate.
- 5.4 There was a contract drawn up between Gunns and Aprin (Fibre Plus and R O'Connor and B O'Connor) for \$16 million for the sale with the price for assets listed as below:
- (a) For the real estate \$1,500,000.00
  - (b) For the plant and equipment \$8,000,000.00
  - (c) For the goodwill, the purchase price less the amount attributed by this clause to the other assets, namely \$6,499,999.00
  - (d) For the vendors interest in the leased property \$1.00
- 5.5 There was a contract drawn up between Gunns and Triabunna Investments for \$10 million for the sale with the price for assets listed as below:
- (a) For the real estate and the vendors interest in the leased property \$3,000,000.00
  - (b) For the plant and equipment \$7,000,000.00

## **6. TOURISM**

- 6.1 The purchase of the former Triabunna Mill site by Triabunna Investments has seen a change in focus for the site from forestry to tourism. The proponents have indicated they are looking to invest \$50 million at the site and create 200 jobs.
- 6.2 The proponent has been actively working with the local community and the local Council to identify ways to ensure the region benefits from the Spring Bay Mill development and that its impact is positive and supported by the community.
- 6.3 The uncertainty created by the Government failing to rule the compulsory acquisition of the site has led to comments in the media by the proponent that his investment may be at risk. The General Manager of the Glamorgan Spring Bay

Council warned the committee to conclude its inquiry quickly as the uncertainty it was creating was risking this \$50 million investment in Triabunna.

- 6.4 The east coast is a significant draw card for tourists and Triabunna, as the gateway to Maria Island, has enormous potential to take advantage of Tasmania's growing tourism industry. The development of the Spring Bay Mill offers wonderful opportunities for the town and the region and the Government should immediately rule out compulsory acquisition of all or some of the site in order to help facilitate this significant private investment.

## **7. TRIABUNNA**

- 7.1 Throughout the past few years the Triabunna community has been incredibly challenged both financially and emotionally by changes in the forest industry. There is no doubt it has been a very tumultuous time for members of the community and their families and the closure and subsequent sale of the Triabunna mill has impacted many.
- 7.2 However, the past 12 months have noticed a change in feeling towards the Spring Bay Mill development with most people now accepting the mill will not re-open and that the proponents for the new development appear serious about their investment and genuine to engage with the community.
- 7.3 The Committee received evidence from the Orford Triabunna Chamber of Commerce, the Glamorgan Spring Bay Council and individual community members all in support of the Spring Bay Mill development. It certainly appears that the people living and working in the community support this new tourism project and are excited to talk about it.
- 7.4 Councillor Jenny Wood has been reported as asking the Government to initiate the inquiry. However, it has since been reported in the media on 9 October that she has changed her view after hearing from members of her community that there is strong support for the Spring Bay Mill development. The Mercury reported that, "Jenny Wood says after listening to the community she has concluded the best outcome for the region would be for a planned major tourism project to go ahead at the site."
- 7.5 When the Committee prepares its final report there should be greater emphasis on the term of reference (b) of this inquiry which focuses on future opportunities for the Triabunna community and surrounding regions. It is imperative that this Committee remain focused on supporting, listening and working with the community to identify ways to improve economic and social prosperity in the region.

## **8. RECOMMENDATIONS**

The dissenting statement recommends:

- 1) The Tasmanian Government immediately rules out the whole or partial compulsory acquisition of the Spring Bay Mill site and ends the uncertainty for the town and the proponent.
- 2) The Tasmanian Government commit to working constructively with the proponent of the Spring Bay Mill site to help facilitate this investment in Triabunna.
- 3) The Tasmanian Government commit to retaining the subsidy for the transport of public forest woodchip to the northern port in the absence of other solutions.
- 4) The Tasmanian Government work proactively with the forest industry to develop residue solutions.

**Rebecca White MP**  
**Committee Member**