

## **PUBLIC**

**THE HOUSE OF ASSEMBLY STANDING COMMITTEE ON COMMUNITY DEVELOPMENT MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON MONDAY 10 NOVEMBER 2014.**

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### **TRIABUNNA WOODCHIP MILL AND FUTURE DEVELOPMENT**

**DR JULIAN AMOS** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Mr Barnett) - Thanks, Dr Amos. Before you give evidence I just ask whether you have received the guide sent to you by the committee about giving evidence.

**Dr AMOS** - I have.

**CHAIR** - There are a few important aspects of that document to emphasise. It is a proceeding in Parliament. It has parliamentary privilege, an important legal protection that allows individuals giving evidence to a committee to speak with complete freedom without fear of being sued or questioned in any court or place out of Parliament. It applies to ensure that Parliament receives the best information possible. It is important that you are aware that this protection is not accorded you if statements that may be defamatory are repeated or referred by you outside the confines of the parliamentary proceedings. This is a public hearing. Members of the public and journalists are present and this means your evidence may be reported. It is important should you wish all or any part of your evidence to be heard in private, that you make this request prior to doing so. Does that make sense?

**Dr AMOS** - It does.

**CHAIR** - We much appreciate having you before the committee today. We have received a document titled Aide Memoire: Issues for Consideration and I know you have some other information so I will pass to you for some opening remarks. Thank you again for being here. I apologise also for the background noise, a bit of banging, but we will get used to that.

**Dr AMOS** - Thank you, Mr Chairman. I should state at the outset that I am here on your invitation, not on my request.

**CHAIR** - Indeed.

**Dr AMOS** - It was asked of me at the time because of my past association as minister for forests, which is drawing a bit of a long bow in being particularly relevant to your inquiry. However, I was chairman of FIAT from 2007 to 2010 and in that time a number of events occurred, of which I have a passing recollection - it may not be 100 per cent now, but maybe 90 per cent. I am happy to talk those through, together with some opinion on events that have occurred since then as a result of the information I learnt at that time.

Having received your request to appear before you, I drew up a document to remind me of certain events. I call it an aide memoire so it is not a written submission as such but

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something to help me in my presentation to you, and I am happy for that to be tabled as the equivalent of a submission if that is agreeable to you.

**CHAIR** - Absolutely. Thank you very much. Can I confirm the invitation that I shared with you, and I appreciate your responding to that invitation.

**Dr AMOS** - I have drawn up events as four separate events: the environment leading to the statement of principles, the period when I was chairman of FIAT; Gunns' decision to get out of native forest, part of which was while I was chairman; the sale of the mill, which occurred since I was chairman; and the call for operators, which also occurred after I had left the chairmanship. I will start with item 1.

**CHAIR** - Please.

**Dr AMOS** - There were, early in 2010, some events that occurred at a national level, pretty much as a result of the discussions that had occurred in Copenhagen at the climate change conference where CFMEU representatives, ACF representatives and NAFI representatives met and said, 'What are we going to do about the Tasmanian problem?' A number of meetings occurred subsequent to Copenhagen in Australia, in Melbourne in particular, to which we had not been invited and which we knew nothing about initially.

**Mr JAENSCH** - 'We' being?

**Dr AMOS** - 'We' being FIAT because I believe there was a member of FIAT who was aware that these meetings were occurring - Gunns. As these discussions continued, we became more aware that these meetings were occurring. We cut ourselves in on the arrangement. We started to have some dialogue and the then premier, David Bartlett, established an initiative to have us round the table together, and he might have called it the Round Table if I recall it right. From that point on, we were cut in on the conversations and on the negotiations.

**Ms O'CONNOR** - In that initial conversation that you say FIAT was not involved with, who, to your knowledge, was involved in that early conversation? I thought there was a member of FIAT as part of that early discussion.

**Dr AMOS** - The earlier discussions had occurred with CFMEU, ACF - that would have been Michael O'Connor from the CFMEU, Don Henry from the ACF, Allan Hansard, who was the CEO of NAFI -

**Mr JAENSCH** - For the record, what is NAFI?

**Dr AMOS** - National Association of Forest Industries. I believe that members of the local conservation movement were also in attendance at some of them. Don't hold me to it, but I think Paul Oosting and Phill Pullinger were a party to some of those initial conversations before FIAT became involved.

**CHAIR** - I know you have a lot to get through in your paper. I will let you continue on.

**Dr AMOS** - From that point on, we were part of the arrangement. The statement of principles was signed. That led on to the signing of the intergovernmental agreement. I note there

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that while this was going on, there were some interlocking time lines between what was happening with Gunns' decision to get out of native forests, Gunns' decision to sell the mill and the relationship Gunns had with the rest of the industry.

On 1 September, Gunns advised it was walking away from FIAT. It had been a member up until that time but from 1 September they said they were no longer a part of FIAT; they did not want to be a part of FIAT. They had put to us that we had a choice, that we could either go with the new industry, which was them, or we could stay with the old industry, which was the native forest and hardwood industry. There was no compromise, it was one or the other. Mr L'Estrange, who was the CEO at the time, said this to us. We decided we would represent the entire industry and not just Gunns and therefore we did not accept the invitation to go along with them.

**Mr JAENSCH** - What does 'go along with them' mean?

**Dr AMOS** - Their proposal to step away from native forest activity. Later that month there was a conference in Melbourne. L'Estrange stood up in front of that conference and said they were stepping away from native forest activity altogether, and he was quite dismissive of the remainder of the industry. He said they are Neanderthal age, stone age, dark ages, some commentary along that line, and that he was not going to be a part of that, that he was closing down a mill in Victoria straightaway and he had no interest in caring for people who had been involved with his company over a considerable time. There was an immediate closure of a sawmill in Victoria at the time he made the announcement.

**Ms O'CONNOR** - Are you saying that Mr L'Estrange said that there was no interest on his part or Gunns' part in caring for the people who had worked for Gunns?

**Dr AMOS** - That he was walking away from them and that there was nothing more he could do, no further involvement, that they were going to lose their jobs and - stiff.

**Ms O'CONNOR** - But he didn't say that he had no interest or Gunns had no interest?

**Dr AMOS** - No, these are my words. But the presentation he made was one of being essentially dismissive of past associations and past relationships and past employment.

**CHAIR** - I will interpose for the committee, I appreciate you have a three-page aide memoire and we are part of the way down page 1 and we are limited for time. I draw that to your and the committee's attention.

**Dr AMOS** - Right. At this time, I made a note Gunns and what was driving the view that he was getting out; had the market really changed and collapsed or was it really a Gunns problem? I believe it was a Gunns problem more than it was a market problem. Yes, there was a market issue. Yes, the market had reduced significantly but there were still people trading in that market, the Japanese market. New South Wales and Victorian operators were still operating and still selling. Gunns had lost their market entirely. My view is that they had been, I think the best word I can use is arrogant in the way in which they were dealing with the Japanese and the Japanese took note of the way in which they were approaching the deal and simply said, 'No more, thank you very much indeed.'. Gunns had also presented the fact that they were going to be a pulpmill competitor to the Japanese and were representing themselves as a competitor rather than part of the supply chain, and

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the Japanese had suffered from activities that were occurring by the Wilderness Society in particular in their Japanese market.

I want to make the point that at the time I was chairman of FIAT I was invited to meet with Alec Marr and some of his colleagues. Alec was down from Canberra, we had a bite to eat together and a bit of a chat. He was asking where we were going and we said we were staying with the native forest industry. He said, 'We're going to destroy you. We have no interest in keeping you lot viable. You don't know what ' happening, you are just so concentrating on the local scene but we're knocking you off in the international scene because we've got an international marketer here and he is destroying your market as we speak and you don't even know it's happening'.

**CHAIR** - Who was he representing at the time?

**Dr AMOS** - He was the CEO or chairman of the Wilderness Society at that time.

Gunns was suffering from a number of different attacks. In April 2011 - and you have this document - they wrote chairman to chairman - Newman to Adrian Kloeden, the Forestry Tasmania chair - saying that they were terminating their contracts and at that time FT determined there was some money outstanding in the vicinity of \$20 million.

In my view and in the view of many people, when they wrote that letter terminating the contract they were in breach of contract, they were walking away and they owed money. Later, Gunns placed conditions on their walking away and sought compensation and I don't have the answer but the question I ask is what caused the change of attack? My own view in respect of this, and this is after the mill had been sold, is that there was a political imperative going down at a commonwealth level to support the IGA and that as a result Gunns had the opportunity to get some of that IGA money.

The FT and industry view was that it was a breach of contract - and you have legal advice, I think, or advice from Forestry Tasmania that that was so. The government view, as I understand it, is that they had legal advice from the Solicitor-General. To the best of my knowledge that advice was that there was a dispute and not as to the merits of which side of that dispute had the stronger case, but there was a dispute. The Government had put itself into a time line where it had to resolve its IGA issues and therefore sought to pay compensation to Gunns for the purposes of getting the IGA signed off.

I make comments about the probity audit and I have no issue with that except that the terms of reference of the probity audit note that there is an amount of money to be paid, not whether money should be paid, and I think the probity audit should have looked at whether money should have been paid at all.

**Mr SHELTON** - Did FIAT investigate that at all?

**Dr AMOS** - I was no longer with FIAT at this point. This is knowledge I have gained from conversations, as distinct from a position.

You know that the first offer was made on 26 August. There are some statements in the letter from the Premier regarding that offer which read strange to me, but having that offer rejected, a second offer was made within a week or two for \$23 million and that was

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accepted. FT's debt was written off with \$11.5 million paid and FT thought that they were over \$20 million. There was a deal done there which in my view was pretty much driven by the commonwealth's desire to get the IGA resolved and they just put money on the table to make it happen.

**CHAIR** - Julian, you refer to this letter from the Premier to Greg L'Estrange of Gunns, dated 26 August that says:

The state is determined under this agreement and based on Crown legal advice that it is appropriate to make an offer of payment to Gunns as provided under clause 22 and 34 of the TFA in return for particular commitments to enable essential processes that are required to give effect to the TFA's objectives to be immediately progressed.

**Dr AMOS** - Which I presume is the IGA.

**CHAIR** - That is right, which is the point you just made:

I wish to emphasise that this payment is not for the purchase of sawlog allocations or as compensation for relinquishing licence rights, as proposed in your letter of 12 July 2011. It is the state's view that you terminated the relevant contracts of sale, 917 and 918, on 18 April with six months notice, therefore the valuation of these contracts attached to your letter of 12 July 2011 is not considered relevant to determining your proposed settlement.

**Dr AMOS** - Correct.

**CHAIR** - Key points noted from the Premier to Gunns on 26 August.

**Dr AMOS** - The view industry had at that time was that the contracts had been surrendered or terminated.

**Mr SHELTON** - The question is what was the money for?

**Dr AMOS** - The point I was making to you was that it seemed as though there was a wedge. The government had got itself into a wedge with the time line issue where in order to resolve the IGA it had to resolve the conflict with Gunns, irrespective of whether that conflict was relevant or not. The fact was that there was a dispute, they had to get rid of the dispute and money was put on the table to get rid of it, irrespective of the merits of the case. That is my view.

**Ms O'CONNOR** - You will recall that the government made that payment on the basis of the Solicitor-General's advice.

**Dr AMOS** - I haven't seen the Solicitor-General's advice.

**Ms O'CONNOR** - No, none of us have.

**Dr AMOS** - I suspect - and this is the point I am making, Cassy - that the Solicitor-General's advice was that a dispute existed and it would take a long time to resolve, it would be

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expensive to resolve and therefore, if there was an issue with respect to time - that is, to resolve the IGA issues - they would need to find another way through.

**Ms O'CONNOR** - My understanding of the question that was put to the Solicitor-General was whether or not there was a residual right that Gunns could claim from the termination of the contract.

**Dr AMOS** - Yes, and if the Solicitor-General said a dispute existed then it would take a long time to resolve, it would be expensive to resolve and you might need to find another way.

**CHAIR** - But Julian, the letter from the Premier makes it very clear that the Crown legal advice says that it is appropriate, not required or compelled. The letter from the Premier makes it very clear that the Crown legal advice says it is appropriate, they are entitled to to meet the objectives of the TFA according to her, but there is no requirement, no compulsion to pay. Is that the way you -

**Dr AMOS** - That is my reading of it.

**CHAIR** - Thank you.

**Dr AMOS** - And that was the way everybody felt at the time.

**CHAIR** - Exactly. Keep firing away.

**Dr AMOS** - I make the point that even though Gunns thought the market had collapsed and there was no further market, and that they were the new age and we were the old age, the interesting fact remains that the industry still exists and they do not. They are my points regarding moving out of native forest.

I should make one other point, I guess, which is at this stage Gunns was suffering. It was obvious to the world that it was suffering. It was selling assets and it got out of the mill, et cetera. If we were paying money to Gunns in order to resolve this contractual issue, however that was defined, where was the due diligence done by the government, Commonwealth or state, that Gunns was in fact solvent? I believe there was no due diligence done at that time to determine whether any money should have been paid because of the state of the company.

**Ms O'CONNOR** - These questions about Gunns' solvency though had actually pre-dated, as I understand it, that point in time.

**Dr AMOS** - Yes, what I am saying is, before money is paid to somebody, one would have assumed that they were solvent.

**Ms O'CONNOR** - They were still trading.

**Dr AMOS** - Exactly. I think you have made a point, Cassy.

**CHAIR** - You are saying that money, the compensation funds, purportedly compensation -

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**Dr AMOS** - I am not saying they were insolvent. I am just saying, where was the due diligence done to determine whether they were? It is a lot of money and the \$11.5 million that was put on the table was rejected and within a week it went up to \$23 million, it doubled. That seems to me to be a very odd move to make and a very short time in which to make it.

**CHAIR** - Why do you think that is?

**Dr AMOS** - Again, it suggests to me a political imperative, to resolve the IGA.

**Mr JAENSCH** - On that then, if the state government took legal advice, which we cannot see but which appears to point rather to that it would be legitimate for a payment to be provided but not necessary.

**Dr AMOS** - No, I think it is slightly different to that. A dispute exists, irrespective of the merits of the dispute. If the government asked the question: is there relevance in this dispute? Well, there are two sides and it would be costly to resolve and time-consuming to resolve, there is no way to fix it - have to buy them out.

**Mr JAENSCH** - Okay, that advice was given to the state government but the payments were made using federal government money, weren't they? Commonwealth money.

**Dr AMOS** - All the money was Commonwealth money.

**Mr JAENSCH** - Where is the Commonwealth's hand in this, or on what basis was that money released or on what case was it released do you think from the Commonwealth? You have inferred that there was a will to support the IGA and move things along. Who was driving that?

**Dr AMOS** - The Commonwealth.

**Mr JAENSCH** - Who is the Commonwealth though, in this case?

**Dr AMOS** - Burke.

**Ms O'CONNOR** - To be fair though, there was a will from the participants in the IGA process that it progress and be supported, so it is not the Commonwealth operating in isolation. It has a range of players at the table who have invested in the process and want it to succeed, including industry.

**Mr JAENSCH** - Yes, but where does the Commonwealth pursue its own due-diligence type of inquiry on the case to release that amount of money or does it just go on the state's nod?

**Dr AMOS** - One doesn't know. That is a conversation that occurred between the state and the Commonwealth. I was not privy to it.

**Mr JAENSCH** - Were the CFMEU, the ACF and the NAFI perhaps initiating some of this?

**Dr AMOS** - They were involved with the IGA process and Cassy is quite right that the signatories to the IGA were keen to resolve the issue - not because of any payment to Gunns, that was almost a sort of irrelevance from their point of view. Their relevance was

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that, with the IGA in place, the reserves could be established and the industry, what was left of it, could continue on. This was secondary, from their point of view. It was not their money. It was not their involvement. Fix that so we can get on and do the other things that we need to do. I presume timelines were laid down between the Commonwealth and the state in order for that to happen. In fact I remember the minister, Mr Burke coming down at one stage and I think he threw another \$100 million on the table - didn't he need to resolve something because it was stuck with the Legislative Council? Anyway, I digress.

**Mr SHELTON** - From the industry's point of view the critical thing was to get Triabunna open.

**Dr AMOS** - Yes, keep it open. That was part of it and that was written into the IGA as well. The terms of keeping Triabunna as a facility were, throughout this whole process, a part of the deal. I think 'best endeavours to keep the mill open' were words we used at one time.

With respect to the sale of the mill, Gunns had made the announcement it was no longer in the woodchip industry, it was no longer viable for them to remain in the industry. It should read 'no longer viable for Gunns to remain in the industry'. But they were happy for the mill to continue to be available to the industry. I doubt that. In my mind, I dispute that was ever their intention, that the mill be made available to the industry. The reason I say that is all the things L'Estrange had said before then, that in order for the industry to survive it had to get out of native forest. There was not much point in keeping the mill going as a native forest operation if that degraded his position that he was part of an industry that was New Age.

The question at that time was whether FT should buy the mill. I do not know whether they put a bit in, I think they were part of a bid, weren't they?

**Ms O'CONNOR** - Yes.

**Dr AMOS** - Most people in the industry thought that was a bad idea because they were a provider of product, not a trader, or they should not have been one.

By the end of the tender process there were five bids - you pointed out I was wrong with six bids, it should be five: one from a group of sawmillers in which I think FT played a part, for \$5 million; \$10 million from Triabunna Investments, which was Cameron and Wood; \$16 million from a company that I know as Aprin, which is Mr O'Connor; \$16 million, which I learnt from your papers that Bob Horner had mentioned, as quoted by Mr Sealey, who was a participant in your process.

**Ms O'CONNOR** - I am not sure we ever saw details of that offer.

**Dr AMOS** - I know, but if it is commented, it is there. To my knowledge, there was a bid of \$20 million from an experienced mainland woodchip operator. I do not know much about that. I know it was floating around and I do not know to what extent that became a firm bid. But if I was Gunns and I was looking to sell and somebody mentioned \$20 million, I would be following that up significantly and I do not think there was much follow-up there.

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There did not seem to be much follow-up with Bob Horner-Sealey process either. The \$5 million was not acceptable and it was left then with either the Aprin deal for \$16 million or the \$10 million for the Triabunna Investments deal.

The question in my mind, and I do not have an answer and I do not have any suspicion either, but Cameron and Wood seemed to be coming out of the woodwork to buy this, where they represented interests that were alien to the ongoing viability of the native forest industry. It is also interesting as to what -

**CHAIR** - Why do you say that, though? Is it because they had a record of environmentalists opposing native forest logging?

**Dr AMOS** - Yes. Both Jan Cameron and Graeme Wood are on the record as being opposed to native forest activity.

**Mr JAENSCH** - When you say 'alien', do you mean hostile?

**Dr AMOS** - Yes. They put money in the pot to try to stop it, before this.

**CHAIR** - As in the donation, are you referring to, the \$1.6 million?

**Dr AMOS** - Yes, but also -

**Ms O'CONNOR** - That is very different matter. That was a political donation to the Greens and that is not related to Triabunna.

**Dr AMOS** - That is right.

**CHAIR** - Let the witness respond.

**Dr AMOS** - My point is, it was statement of intent that the past activity had suggested strongly there was a view to support an exit out of native forest.

It is interesting, as things have progressed, what the relationship between Cameron and Wood were at the time. It is now an absolute beggar's muddle between them as to where all this is going. As a commentator in this I have made the point ever since this occurred that this was never going to fly as being a deal for tourism, it was simply a deal to close down the business and it looks more and more likely that that's going to happen. It is interesting -

**Ms O'CONNOR** - Can I interrupt there, Dr Amos?

**Dr AMOS** - Sure. You can call me Julian if you like.

**Ms O'CONNOR** - We've heard testimony from a number of witnesses in Triabunna who believe that Graeme Wood is serious about his proposed development. We have read transcripts or heard Mr Wood on radio talking about his vision for the site and how serious he is about investing in Triabunna. Are you saying that Mr Wood is not telling the truth or -

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**Dr AMOS** - Well it's not his company.

**Ms O'CONNOR** - It is in part his company.

**Dr AMOS** - No, it's not his company.

**Ms O'CONNOR** - It is in part.

**Dr AMOS** - Well, Jan Cameron has written to you and told you that he is not representing the company. I have a vision for that area as well, grandiose plans and grandiose ideas, but it's not my company either.

It is interesting for me that the Aprin deal was close to closure. It was \$6 million more than the Triabunna Investments deal and yet L'Estrange moved to accept the Triabunna Investments deal for \$6 million less for what appears to be the sake of a couple of days, and there were terms written into the Triabunna Investments deal which were not in any document I have seen relating to the Aprin deal about what could only be called, I think, trailing rights that Gunns would hold over the ability of Triabunna Investments to operate that plant.

I will refer to my notes on this - and it is a document you have as well - about the deal on 13 July between Gunns and Triabunna Investments -

**CHAIR** - Are you referring to the contract and the deed of agreement dated 13 July 2011?

**Dr AMOS** - I am - that any offer by TI to lease the Triabunna mill must not be made until at least two weeks after the completion of the sale or until Gunns notifies TI in writing of its satisfaction with the implementation of the statement of forest principles, which I am now interpreting to mean payment.

**Mr JAENSCH** - He goes on to make specific reference to the level of payment.

**Dr AMOS** - You have probably scrutinised this better than me.

**CHAIR** - Yes - clause (2) of the deed of agreement of 13 July 2011.

**Dr AMOS** - Then it says, 'if the notification has not occurred within three months of the completion of the sale' - therefore it is owned by TI but the terms of the deed mean that Gunns still has some sort of control over it - then from the end date Gunns will reimburse TI's holding costs - so it will cover the costs if Gunns has not been paid out - and if within 12 months there is no payout of Gunns by the government then TI will no longer be under any obligation to lease the Triabunna mill and may deal with the mill property as it sees fit.

**Mr JAENSCH** - We have been unable to locate any such notice from Gunns to Triabunna Investments to say that those requirements are settled.

**Dr AMOS** - That is something that Gunns or TI will probably need to advise you of.

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Then the final one says that if Gunns does not reach an agreement with the Tasmanian Government or the Federal Government for either of them to purchase Gunns sawlog quota - which I presume had already been surrendered - then Gunns hereby agrees with TI that before Gunns invites offers for the purchase of its sawlog quota Gunns will invite Triabunna Investments to purchase the same.

**Mr SHELTON** - As a former chair of FIAT, do you see that statement by Gunns as threatening the industry or the government by saying, 'Either give me this or the southern part of Tasmania won't have an export facility.'?

**Dr AMOS** - I draw your attention to the opinion piece that Greg L'Estrange wrote on 16 July. Seven paragraphs down he says:

It was on this basis that Gunns made a condition of sale to Triabunna Investments that the mill continue to operate as required for the forest principles agreement to work. We insisted on this and it was accepted.

He wrote an opinion piece that infers he made this action to sell the Triabunna mill on the basis it was a continuing concern, but the contract with Triabunna Investments says it cannot be a continuing concern until other things have occurred, so there is something in what Mr L'Estrange said that doesn't quite ring true.

**Mr JAENSCH** - Sorry, just interpreting that - and I have been reading this stuff and trying to work that out for a while as well - that was part of the contract with Triabunna but not with Aprin.

**Dr AMOS** - That's correct.

**Mr JAENSCH** - Those clauses and requirements -

**Dr AMOS** - It's not in the Aprin contract.

**Mr JAENSCH** - don't appear in the Aprin contract, but they do appear in the Triabunna one.

**Dr AMOS** - Correct.

**Mr JAENSCH** - To me it looks a bit like a hostage situation where you put the mill in the hands of a person hostile to the forest industry and, through them, are basically saying to the government and other parties in charge of delivering IGA resources and outcomes favourable to Gunns, 'If you don't meet our requirements you'll never see your mill again' - is that right? - 'We've got your children.'

**Dr AMOS** - I have a \$16 million deal here without condition and a \$10 million deal here with condition. This is more attractive as a commercial deal and the other presumably is more attractive as a leverage or political deal. What was the driver? I want to make this point very strongly to you. I am blown away by the fact that the shareholders of Gunns, the board of Gunns and the principal shareholder of Gunns made no comment as to taking this lesser deal. At a time when Gunns was obviously in some serious financial situation, it seems like \$6 million was unimportant.

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**Mr JAENSCH** - Who is the principal shareholder of Gunns you refer to?

**Dr AMOS** - Well, Perpetual Trustees was the principal shareholder and we've heard nothing from them.

**Ms O'CONNOR** - Perhaps they were persuaded by Mr L'Estrange's case that he put to the board about why he accepted Triabunna Investments' cash offer.

**Dr AMOS** - Sorry?

**Ms O'CONNOR** - Perhaps the major shareholder did not make any public comment or even squirm internally because they accepted the argument that was put to the board about why the lesser offer was accepted.

**Dr AMOS** - I agree entirely.

**Ms O'CONNOR** - So they must have been comfortable at some level with what had been secured or negotiated.

**Dr AMOS** - No, they were comfortable with the direction that was being taken.

**Mr SHELTON** - The question is - was it a lesser offer?

**Dr AMOS** - I suspect they were comfortable with it because it made the so-called social licence for the pulp mill a more attractive option if Gunns could close down the native forest industry. I think Perpetual Trustees has played a significant part in this and whatever other relationships there might be with Perpetual Trustees, Gunns and others would be an interesting avenue for your committee to pursue.

**Mr JAENSCH** - So that means the social licence gain in that deal -

**Ms O'CONNOR** - That's not in our brief.

**Dr AMOS** - It's totally in your brief.

**Mr JAENSCH** - is contingent on the provision of the \$23 million and the retiring of the debt to Forestry. That was a payment for social licence.

**Dr AMOS** - They didn't know that at the time.

**Mr JAENSCH** - It was a condition in the contract.

**Dr AMOS** - No, no. The amount of \$23 million was not known until September. The sale went through in July. Maybe you are suggesting, and I am not putting words into your mouth, that maybe somebody knew about what that payment might be long before the payment was offered.

**Mr JAENSCH** - That explains why it goes from \$11 million to \$23 million.

**Dr AMOS** - You might say that, I couldn't possibly say that.

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**Ms O'CONNOR** - That is wildly speculative.

**Dr AMOS** - It is.

**Ms O'CONNOR** - Vaguely slanderous.

**Dr AMOS** - It is, but that is what you are doing too.

**CHAIR** - Just to clarify, Julian, you have got two contract, Aprin and Triabunna Investments. Aprin did not have the deed of agreement with it. Triabunna Investments did, the deed dated 13 July which talked about the sawlog quota being released and payment from the government. They have got \$10 million rather than \$16 million but several months later they ended up with \$23.5 million plus GST and they also had their Forestry Tasmania debt expunged, and that was \$12.5 million.

**Dr AMOS** - And FT wrote off the rest. That is in dispute. Gunns says they did not owe that much. FT says they did owe that much. The interesting thing was, and you have it in your notes as well, that FT were anticipating that there would be another \$7 million to come through to them for the management of the reserves. I do not know whether they got it in the end but the premier advised them not to expect it.

**Mr JAENSCH** - In our last hearings were heard from Bryan Green, who asserted that the contract conditions were the same for Aprin and Triabunna. It does not seem to be borne out in the paperwork we have seen, but in your -

**Ms WHITE** - I don't think that is fair because you have not seen either.

**Mr JAENSCH** - But why would he say that the contracts were the same if he hadn't seen them?

**Ms WHITE** - He was saying that he assumed that. I think if you looked at *Hansard* you will see that quite clearly he had not seen either document. He assumed that they were the same.

**CHAIR** - They are on the public record. That is what he said to the committee.

**Dr AMOS** - It is beyond my brief. I cannot really comment on it. I have only have the documents in front of me.

**Mr JAENSCH** - Are we going to continue through the document?

**CHAIR** - Yes.

**Ms O'CONNOR** - How much more time do we have? I wanted to ask some broad questions.

**CHAIR** - I am helping the witness through with everybody else's help to get through the document which is of great interest to us.

**Dr AMOS** - If you are happy with my commentary on with the sale of the mill.

## PUBLIC

The last part that I think is relevant for you is the call for operators, where expressions of interest were sought. You will recall my comment about Alec Marr earlier and his view that he was going to destroy the industry when he was Wilderness Society head.

**CHAIR** - You have asked about who first approached Cameron and Wood. Do you think it could have been Alec Marr because he was made the manager?

**Dr AMOS** - I am suspicious that that might be the case but I have no evidence to back that up and I would not be making that comment.

**CHAIR** - Not sure. It is just a view?

**Dr AMOS** - Just a view. This call for operators to operate the mill was a fascinating exercise. They sought expressions of interest, and got them. To the best of my knowledge, there was no tender document. SFM responded. SFM is a FSC-compliant company. FT responded. O'Connor responded. I presume there were others. I don't know but these are just some that I am aware of. They sought tender documents. It would appear that there was no release of a tender document. Wood has said, I believe, that tender documents were drafted.

**CHAIR** - And distributed.

**Dr AMOS** - But if they were drafted, maybe that is the document that is of interest to you and, if they were distributed, it might be of interest to you to find out to whom. I cannot imagine that SFM being FSC compliant -

**CHAIR** - To clarify what he did say, 'This Triabunna standard was then disseminated amongst interested parties. Unfortunately no acceptable sources of wood at sufficient volumes were found.' That is what he says. You dispute that, to your knowledge?

**Dr AMOS** - Absolutely.

**CHAIR** - So does everybody else. That is contrary to the evidence we have received today.

**Dr AMOS** - Why were these people who put forward expressions of interest and were legitimate operators not given tender documents? That is the end of the commentary I want to make that is relevant to your inquiry. I have some other issue about FT being a loss maker and the industry being subsidised, but that is of a more general nature.

**CHAIR** - Thanks, Julian, we will to go questions.

**Mr JAENSCH** - We have been able to ask some questions along the way, which has been good, but I want to take you back to a comment that you made about the market conditions at the time that Gunns made its decision to get out of woodchip exports and the mill, or to close the mill. I had the impression, from what you said, that Gunns actually created its own conditions, to some extent, through the way it handled its business with Japan, in particular.

## PUBLIC

**Dr AMOS** - It certainly exacerbated it and they ended up with no contract at all. Others that were suffering the market downturn remained operational and remained suppliers to the Japanese mills.

**Mr JAENSCH** - For the record, there were other Australian exporters with similar materials who continued trading through that period and are still operating now?

**Dr AMOS** - Absolutely.

**Mr JAENSCH** - Have they, to some extent, cannibalised Tasmania's markets or place in that market?

**Dr AMOS** - Yes, you could say that. It is a competitive market. I think the way Gunns handled that market situation was to Gunns' detriment. Others might have benefited from it, but they did not set it up for Gunns to fail. I think Gunns, of its own activity or lack of activity or particular approach, did not do themselves any favours.

**Mr JAENSCH** - Post-Gunns, is that market still there or has it changed now with the lower dollar and other factors?

**Dr AMOS** - It is still there. There are Japanese mills that are buying chips.

**Ms O'CONNOR** - Uncertified chips?

**Dr AMOS** - There is controlled wood certification available with SFM, and there are certified chips that are available or could be available as well.

**Ms O'CONNOR** - For controlled wood under FSC?

**Dr AMOS** - FSC-certified, yes. The certification goes to the manager, not to the timber.

**Ms O'CONNOR** - The issue here is in part that Forestry Tasmania has not yet secured FSC certification. I trust you would agree, because this is the evidence that has come through about what the markets require, that FT needs to secure FSC certification for there to be any sort of long-term viability for the industry.

**Dr AMOS** - Not exactly, and it is interesting you make the point because your national leader has made comment to FSC that no way should it accept certification for FT because it would be bad PR for them if they did so. Therefore, irrespective of what FT might do and irrespective of whether they would otherwise be accepted as being FSC-certified, there is comment being made to them that they should not do it simply because it would be bad PR.

**Ms O'CONNOR** - The question here is -

**Dr AMOS** - You know that to be a fact.

**Ms O'CONNOR** - I know. But the question here is -

## PUBLIC

**Dr AMOS** - I have not answered the second half because there are private forest owners and operators that are FSC-certified or FSC-certifiable which can keep things going. Foreco is in the game for FSC certification. The market is not dead. The market is available. Yes, we have to do things, but some of us here have already done it.

**Ms O'CONNOR** - Just let me finish my line of questioning please.

**Mr SHELTON** - I was only going to add to that in saying, as I understand it, the timber that is leaving New South Wales that took some of our market is not FSC-certified anyway.

**Ms O'CONNOR** - Dr Amos, have you had a look at Forestry Tasmania's annual report for this year?

**Dr AMOS** - The sustainability report?

**Ms O'CONNOR** - The annual report that came out two weeks ago which shows a \$43 million loss. If you go through some of the numbers basically it shows that every time native forest trees are cut down and sold the direct losses amount to about \$20 a tonne and in the last financial year Forestry Tasmania's employee costs of \$28 million included \$18 million in overheads to produce a stumpage return of \$14 million. I am curious, given your history in the forest industry, how you can look at the forestry manager for the past 10 years not being able to turn a profit. It is not foreshadowing any profits in the future in its annual report, yet you are still convinced that Forestry Tasmania is viable, even though it has been put that it is trading insolvent, and there is a robust enough market for native forest woodchips without subsidies.

**Dr AMOS** - Yes.

**Ms O'CONNOR** - But the hard evidence in the annual report of Forestry Tasmania, as well as in a lot of the documentation we have received about the state of the market, including evidence from Robert Eastment, is that if the industry here wants a strong future it needs to diversify its product, reach different markets and secure FSC.

**Dr AMOS** - Yes.

**Ms O'CONNOR** - You would agree with all of that?

**Dr AMOS** - I think diversification is good. I don't think we should be putting all our eggs in the woodchip basket by any stretch of the imagination; I have never said that and I have always believed in it. When I was chairman of FIAT we were doing a lot with Seesaw and the CRC to look at alternative things to be manufactured from the residues. Not that I'm saying paper and cardboard are not good quality products to be making from the residues, but there are other structural things that could be made from those residues as well.

You said something else, Cassy, about Forestry Tasmania and where it was going. If I am an operator and have half my market cut out from under me I'm obviously going to be in some financial distress for a period while I adjust to that changed market condition. I'm sure you would agree with me on that.

## PUBLIC

When I look at those figures - and I only glanced at them briefly because I knew I would be appearing before you guys today and I jotted some figures down on the last page - of the \$43 million loss, \$18.9 million was a write-down of assets, \$9.3 million was a hangover of the Defined Benefits Superannuation Scheme and \$13.3 million was a tax expense. As I can write down assets so I can write them up again. If the market changes for the positive then my book entry could change and all of a sudden I could be making an extraordinary profit although not actually returning any change in the cash situation because this is essentially an accounting exercise.

**Ms O'CONNOR** - But you'd have to foresee profits to do that, wouldn't you?

**Dr AMOS** - Absolutely. I see that as being quite a reasonable and expected outcome.

**Ms O'CONNOR** - For profits in the future, because the board hasn't in its annual report?

**Dr AMOS** - They're being cautious - and I have to say I'm a glass half-full sort of guy.

**Ms O'CONNOR** - Well, we probably all are, but it's just a different beverage we're sipping.

**Dr AMOS** - I do make the point to you in this document that \$43 million might be a Forestry Tasmania loss but you could say that National Parks is a \$56 million loss because -

**Ms O'CONNOR** - Yes, but National Parks isn't selling a product in the same way that Forestry Tasmania is.

**Dr AMOS** - They are selling a product.

**Mr SHELTON** - We always get pulled one way because of the woodchip debate but the issue of residues goes far deeper than that. We have great timber here and sawmilling and so on and the sawmillers are desperate for a southern-based way of getting rid of their residue. It is native forest and high-quality sawlogs we are producing here to sell and we're downstream processing those but we can't get rid of the residues.

**Dr AMOS** - It is no good to say, 'Here is an outlet but we're going to deny you the outlet so that you're going to spend money to move it to a less profitable outlet', and then complain that they are losing money. There is an outlet in order for this business to survive and thrive and it is being denied. I suspect I am in somewhat of a minority, but I believe in compulsory acquisition of the site. I think the Government should compulsorily acquire it. I am going against the party I belong to in saying that but in the circumstance where the site was sold in the first place to TI, they said \$3 million was the value of the land and \$7 million was for plant and equipment. Well, they've destroyed the plant and equipment so the value is \$3 million, so I would compulsorily acquire it and give them the \$3 million.

**Ms O'CONNOR** - What sort of message do you think that would send to private investors looking to Tasmania?

**Dr AMOS** - Invest in things that you want to start, not things you want to stop.

**CHAIR** - Picking up on your point there, what is your view of the need for an export facility in the south of the state?

**COMMUNITY DEVELOPMENT, HOBART 10/11/14 – TRIABUNNA WOODCHIP MILL (AMOS)**

## PUBLIC

**Dr AMOS** - I think Triabunna is the one. I have heard Steve Kons go on about how wonderful it would be for the Burnie port, and I think the Hobart port is a temporary exercise. There is some talk about sending the woodchips in containers but I'm not over that to understand the costs and benefits of such an approach. You may get more flexible shipping but on the other hand there is a cost in the extra handling.

When you start looking at the Huon, which is the other likely area, the fish farms are an essential element there and ballast water from ships is a very risky business. I know in the early stages of the salmon industry when ships were coming into Port Huon there was a vital concern that the ballast water was treated properly and I think the starfish in the Derwent at the moment is the end result of ballast water that hasn't been properly treated. I would not be looking to the Huon for a result.

**CHAIR** - But you do agree there is a desperate need for an export facility for the timber industry in the south of the state? Is that your position?

**Dr AMOS** - I wouldn't say 'desperate', I would say there was a need for it.

**CHAIR** - A need for it, okay.

**Dr AMOS** - Yes, and it is important for it to occur.

**CHAIR** - Thank you. I will draw you back to a few comments you made earlier in regard to Graeme Wood and his plans. On 26 October in one of your opinion pieces in the newsletter you said, 'I continue to predict there will be no tourism mecca built at Triabunna'. I am interested for you to flesh that out. I note that his lawyers wrote to our committee on 12 August to say that Mr Wood was not authorised to speak for Jan Cameron. On 26 August, Spring Bay Mill Pty Ltd was incorporated and registered and then on 7 October he announced officially the tourism development plans for the \$50 million development, hundreds of jobs and so on. I am just seeking your views on your predictions regarding that and the reasons why?

**Dr AMOS** - It is purely an opinion. When Cameron and Wood first purchased it they did not purchase it with a vision of a tourism facility in mind, or it certainly was not expressed that way at the time. It is obvious that the two of them are not seeing eye-to-eye in terms of where all this is going and the comment I made in my newsletter was simply a reflection of that fact, and that was as a result of the letter written to your committee.

I don't believe at the end of the day it is going to happen. I just don't think it's within the remit of the proponents that anything like that will occur. In fact I am suspicious that the drafting of the possible plans for the future might suggest to any action by government that there is a greater value to the site than there otherwise is.

**CHAIR** - He has led the public to believe, and the Triabunna community in particular, that there will be a significant tourism development and he has been saying that for some time with an official announcement in October, without the authority of his 50 per cent co-partner. What do you say to that?

## **PUBLIC**

**Dr AMOS** - Don't hold your breath. He can't do anything under the present circumstances. If he buys out Cameron, then he can. If Cameron decides to sell to somebody else, he is in exactly the situation. If Cameron doesn't want anything to happen on that site, and I suspect she doesn't, she might be in exactly the same situation as Gunns and might be prepared to take a lesser offer on the basis that the block still occur. It is not so much where Wood is coming from, I suspect, it is where she is coming from. Why did they get involved in the first place? I think that's the question you have to ask.

**CHAIR** - What is the answer to that? When they bought it in the first place, do you think it was their intention to close it?

**Dr AMOS** - I can't answer that question.

**CHAIR** - What is your opinion, though? Do you think they wanted to close it down and keep it closed?

**Dr AMOS** - I have already given you my opinion. It was very strange they came in in the first instance and I think it was on the basis of advice they had been given by a third party that it might be a good way to spike the industry.

**CHAIR** - Any concluding remarks?

**Dr AMOS** - I left with Stephanie a document which I refer to on my last line - Felmingham, IMC Link document, which I have sent through to you. It is old now. It was done by IMC Link for FIAT in 2009 when we were looking at the various benefits of subsidies to various industries. We looked at how much was being paid to the tourism industry, to mining, to us, to agriculture in terms of direct subsidy and what the return was to the economy. I think it is out of date now. It was done in 2009, but it would be a recommendation to government that something like that be done to update it because it is interesting stuff.

**CHAIR** - Okay. Thank you for that and thank you for your presence today, it is much appreciated.

**Dr AMOS** - My pleasure. Thank you for the invitation.

**THE WITNESS WITHDREW.**

## PUBLIC

**Mr HOWARD CALVERT** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Thank you very much, Howard, for being here. There are a few clarifications before we start introductory remarks. You received the guide sent to you from the committee?

**Mr CALVERT** - Yes, I did.

**CHAIR** - This is a proceeding in the Parliament which means you receive parliamentary privilege. It is an important protection which gives you the opportunity to give evidence to the committee with complete freedom without fear of being sued or questioned in court or any place outside of Parliament. It is designed so that we get the best information possible. This protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings. It is a public hearing and members of the public and journalists are here today.

Thank you for responding to the invitation to be here. We would like to hear a little bit more about your background and your views on the terms of reference.

**Mr CALVERT** - My name is Howard Calvert. I am Tasmanian and started with Forestry Tasmania in 1980 as a forest ranger and subsequently worked with them for seven years. I did three years with DLI and then jumped into private enterprise. That was around about the time that Northern Woodchips morphed into Forest Resources. I worked with Forest Resources for 10 years. I looked after the Central Highlands area, set up their selective logging regime for delicatensis harvesting and sawlog retention. I looked after the Gordon area for Forest Resources after Tas Board Mills was purchased by them and that was for the remnants of the deal with the sawlogs for the flooding of Lake Gordon that went into Launceston into TBM with Western Junction. I worked with them for about 10 years, left in 1989 or 1990 and since then I have been doing my own thing.

My own thing is that I believe there is a great future in Tassie for timber so I started to buy land and selectively harvest, and that morphed into doing plantation development and things like that. My companies own land in the Central Plateau, the central north in the Deloraine district on the Eastern Tiers, and there's a fair few thousand hectares. That was all sailing along pretty well until 2008 when the MI schemes all came to a crashing halt, and we all know the history of that.

That is my experience and that's what I do. I was listening before and thinking about what to say and I guess the message I would like to give is very basic and involves much lower figures than the FT figures and things like that, but exactly how the demise of Triabunna is affecting the private sector. I think I'm probably well qualified to comment on that, if you're comfortable with the direction I want to go?

**CHAIR** - Yes, thank you.

**Mr CALVERT** - I saw with some, I will not say amazement, that is a bit of a strong word, but I saw with some disturbance that the committee had released a preliminary report to say they were not going to acquire Triabunna, which I thought was extremely sad because Triabunna is necessary for the private sector in the south of the state.

**COMMUNITY DEVELOPMENT, HOBART 10/11/14 – TRIABUNNA WOODCHIP MILL (CALVERT)**

## PUBLIC

I am very much a beer coaster person; I look at things very simply. If you draw a line through Oatlands, the demise of the Triabunna mill means that every bit of residue in the south of the state has a negative value. If you have bought land and own land and managed it successfully and you have made a profit, paid for the land and you push on and you do things, it is a disappointment when something like that happens. There is a cut-off point between Triabunna and Long Reach economically to move your wood. If you are going to move residues from, for example, Lake Leake, you have almost a choice. You can shoot it up north or you could bang it into Triabunna. Then you get into an area like, for example, the Pelham Tier, Tunbridge, out into Bothwell and the Derwent Valley, and with FT's southern resource, where there is just no economic way of moving it to the north. Even with these subsidies, every time you put a piece of wood on a truck it costs you \$30 to move it to Long Reach. If you are looking at costings of around about 17 cents per tonne-kilometre for wood, that is what it costs to move it. When we buy land, one of the things we look at is the transport distance because obviously that affects the bottom line as to what you get back in stumpage fees.

I was then working out the simplest way of putting that down, so I thought the best and the easiest way is to put it down as a straight dollar figure. If you look at a \$22.50 harvest fee - first of all, you have to assume at the moment, as we sit here today, with the American dollar as it is or our exchange rate to the dollar as it is, and you are looking at a landed price of about \$55, let's pretend \$55 is at Triabunna. You have a contracting fee of about \$22.50. On a 135-kilometre cart - which is a weighted figure because obviously it is further for FT from down south but some of the M road, the MS road, and the MG road are actually closer, so I have used \$135 because we need a number - if you use that and you use that at 17 cents a tonne-kilometre, you are looking at \$23 for cartage. You are looking at supervision, government fees, bits and pieces - \$5. You are looking at \$50.50. You are looking at a positive stumpage of \$4.50 only, which is not enough but it is a positive stumpage, into Triabunna.

Now let's take the same mythical tonnage of wood and assume Hobart was a port. You keep your \$22.50 because it is a contracting fee. There is nowhere to go with that. You reduce your mileage to about 120 kilometres because about 25 per cent of the resource is up the east coast, the balance is in the southern forests so therefore it needs to be slung to [inaudible]. Let's call that 120. That knocks your cart rate back to \$20. Leave your \$5 for your supervision and your bits and pieces and any shrapnel, and you come up with a \$47.50 landed cost.

**Ms O'CONNOR** - Just to be clear, Howard. The cost is \$47.50 off sales at port at \$55 a tonne?

**Mr CALVERT** - But - if I could finish. That only puts it into either Leslie Vale or Bridgewater to be chipped. After you have chipped it in that area, then you have to get it into a chip bin and you have to move it roughly 20 kilometres. It is going to cost you, I believe, somewhere about \$6 to get it carted, but it is going to cost you \$4 to get it into the chip bin and it is going to cost you \$2 to get it out of the chip bin to put it onto a heap ready to put it onto a boat. By the time you add your \$6, your \$4 and your \$2 and your \$47.50, you are up for \$59.50. Therefore, you have a negative of \$4.50.

**Ms O'CONNOR** - Can I be really clear, that is the current situation on best estimates?

## PUBLIC

**Mr CALVERT** - That is on current landed price of \$55.

**Ms O'CONNOR** - Whether the product is shipped north or south, there is still either a negative profit or a negative margin, or it is a very fine margin.

**Mr CALVERT** - No, I didn't say that.

**Ms O'CONNOR** - I am just trying to get some clarity here because there are lots of numbers.

**Mr CALVERT** - The clarity is this: anything out of the south of the state is subsidised at the moment. Anything out of the south of the state will lose money. What I am saying is I am assuming two export facilities. I heard you discussing before the other export facilities down south. I would assume Electrona was out because of the encroachment of subdivisions and stuff like that around that area. I do not suppose anyone would want to do anything there. So we are assuming Triabunna and assuming Hobart because they are the ones on the table. What would you like to know?

**Ms O'CONNOR** - As you laid out those numbers about costs, price paid and margin, I am trying to get some clarity on viability, ultimately, of native forest chipping.

**Mr CALVERT** - It's viable at Triabunna, it is not in Hobart.

**Ms O'CONNOR** - Why is it viable at Triabunna, because it is chipped on site?

**Mr CALVERT** - Yes, it is chipped on site, goes on to a heap, which is then tipped on to the boat. You do not have to double-handle it.

**Ms O'CONNOR** - Okay.

**Mr CALVERT** - In this industry, whenever you pick up a log it is \$2.00. Whether you pick up a log to put it onto a train or you pick it up and put it onto a truck, it is \$2.00. I should be more official, I suppose, shouldn't I?

**Mr JAENSCH** - No, it is very good.

**Mr CALVERT** - Whenever you pick it up and move it. Unfortunately, when you turn that log into lots of little pieces and you chip it, it is harder to handle it. You need conveyers, bins, loaders and all that, and they are dearer to move the same quantity of wood. That is where your extra costing is coming in for the Hobart option.

**Ms O'CONNOR** - Okay, thanks.

**Mr CALVERT** - Where does this put the southern private landowners such as myself? I am a little bit lucky because most of my property is to the north.

**CHAIR** - Can you explain where your property is broadly so we have a context?

**Mr CALVERT** - We have about 3 000 hectares in the eastern tiers, another couple in the Central Plateau -

## **PUBLIC**

**CHAIR** - When you say 'tiers' - ?

**Mr CALVERT** - Eastern Tiers is Lake Leake through up into Mt Albert, Mt Victoria, Snow Farm up north of Snow Hill.

**CHAIR** - Yes and secondly?

**Mr CALVERT** - There is more around Rossarden and those sorts of areas in the Ben Nevis-Ben Lomond area. There is a couple of thousand hectares at Lake Leake which runs from Lake Leake up to Snow Hill, and then the balance is in the central plateau in the Liffey area. Most of my wood is accessible to the north but the ones in the south have a real problem. If there is no subsidy for private wood, and I am not saying there should be by any means, they have no outlet. Even if they have an outlet, on the figures I have just given you, on the average cart distances, there is still a negative return if it goes into Hobart because you have to chip it and move it. Unfortunately, that is a fact of life. So the demise of Triabunna for the southern landowners was horrific.

While we are talking about Triabunna, I noticed with some interest Lindsay Marr in his statement said -

**CHAIR** - Alec Marr or Lindsay Marr?

**Mr CALVERT** - Alec, sorry, said he had canvassed the receivers for FEA for wood and private landowners. That is a totally inaccurate statement. The reason I know that is that I am sitting on the creditors committee for FEA, and I have done so since the demise of that organisation, since April 2010. I am well aware of any approaches that would have been made to either the receivers or the administrators for that company. The reason for that is, if he had approached the receivers, they would have had to, before the court case, approach the administrators to get the sale of the wood. I am on that committee and that has not ever happened. That is a definite lie, sorry.

Also, owning some ground around the place, no-one ever asked me if I wanted to sell any wood to Triabunna if they re-opened it.

**CHAIR** - Do you have anything else you want to share or can we go to questions?

**Mr CALVERT** - No, just a few things I wanted to throw.

**CHAIR** - Roger has some questions.

**Mr JAENSCH** - Mr Calvert, thanks for coming and speaking to us. Based on the numbers and the comparisons you have done between Macquarie Point and Triabunna, if Triabunna became available on the market again as a site, with everything that is still standing on it and the wharf, do you think there is enough in it to be attractive to an investor to buy it and re-establish a chip mill there?

**Mr CALVERT** - Most definitely yes. I've had meetings with people in the state who are well capable of getting the site up and running again. I know for a fact they would be willing to lease it from the Government if it was acquired.

## PUBLIC

**Mr JAENSCH** - Would they be prepared to acquire it themselves? Is there enough in it?

**Mr CALVERT** - Yes, if the \$10 million figure wasn't on the table, because I knew the valuation was about \$3 million. There are two issues here. As a taxpayer I've got a real problem. We've got some Tasports infrastructure landlocked that we can't use that is falling into disrepair and something needs to be done with it. Yes, most definitely there is enough interest to get it going again.

**Mr JAENSCH** - Is there enough market out there and are the terms of the market for the product at the moment supported?

**Mr CALVERT** - There is enough market out there. There is market in China, Taiwan and Japan.

**Ms O'CONNOR** - How reliable, Howard, do you think the markets in China are, given some of the difficulties that both Gunns and Forestry Tasmania had in making shipments of chips to China, and also the price that was paid?

**Mr CALVERT** - There's always going to be a price issue with the Chinese, I believe. There are other operators still going. There's over 700 000 tonnes gone out of the north this year. I believe our market has been soaked up by some of the mainland states and the reason for that is Tasmania is seen as being toxic. The reason we are seen as being toxic is because of the political unrest that has been generated around the industry and the length of time it has been generated.

**Ms O'CONNOR** - Robert Eastment, who is an industry analyst, came in to talk to us early in the inquiry and talked about what you are referring to here, which is that a number of mainland timber-producing states with significant plantation resource have moved in and taken up some of our markets, but primarily it has been replaced with plantation wood.

**Mr CALVERT** - The only reason you will find that has happened, Cassy, is because Great Southern hit the wall around the same time Gunns did and a lot of those plantations were sold very cheaply under receivers. It was an uneconomic rate they were selling them for and because the Chinese are attracted to cheaper wood, they got a higher quality denser wood, which was globulus, for a cheaper price.

**Ms O'CONNOR** - But it was plantation timber?

**Mr CALVERT** - Yes, but that has gone now. What you've got to watch very carefully if you go back to my original figures - the beer coaster thing - of 17 cents a tonne per kilometre, if you chew all your close wood out, all of a sudden there is no more left at that price. That is exactly what is happening in the north of the state at the moment, to a lesser degree in Burnie, but definitely in Long Reach. Everything sub-100 kilometres is moving and that is \$17 a tonne carted, but as soon as you go over that you start to chew into your stumpage at 17 cents a kilometre for every kilometre you go out.

There are good plantations in the central highlands and the north that are uneconomical because of the distance. It is the same as the Mount Foster area around Fingal. There's some very good regrowth there but unfortunately it's too far away at the moment to be economically viable.

## PUBLIC

**Mr SHELTON** - Mr Calvert, you mentioned plantations. You're also managing some native forest, I presume.

**Mr CALVERT** - Yes.

**Mr SHELTON** - You also mentioned you were the selective harvest manager for Forest Resources. Was that mainly in the central highlands?

**Mr CALVERT** - Yes. That was during the 1980s when we set up the delicatensis selective harvesting where the sawlogs, the category 2 and category 8 - before peeler logs - were harvested but the good form young trees were retained and the residues were from the head logs and the unsuitable trees were sold.

**Mr SHELTON** - Has some of the land you managed at that time now been moved into a World Heritage Area?

**Mr CALVERT** - Yes, it has. From Forest Resources it was moved to Gunns and Gunns obviously sold it to the Tasmanian Land Conservancy or whoever and, interestingly, it has been put down as pristine forest.

**Mr SHELTON** - That is the point I wanted to get to because a mate of mine, Rodney, a selective logger, said 10 or 15 years ago, 'Mate, you should come up here. We're working beside Lake St Clair National Park and we're doing a fantastic job of it and one day people will want this to be added to the World Heritage Area'. My point is we have managed these areas over the years and those areas are now being put into World Heritage and I just want to make the point about the way that selectively logging process had taken place.

I mentioned to the previous witness about the sawmill industry and we always talk about plantations, but the sawmill industry can't survive unless it can get rid of its residue. More than half the tree goes into other products down the line and woodchips have been part of that but unless we downstream process that and/or get rid of our mill waste, that can't survive. Have you been looking at any avenues as far as that mill timber residue is concerned and where that's going to go to in the future off your properties?

**Mr CALVERT** - There has been some talk about biomass plants but mainly they are reasonably small.

**Ms O'CONNOR** - And on site - that's often what the discussion is about.

**Mr CALVERT** - Yes. I would like to think in the future that it would be quite positive to have them working. I don't see it in the short term but there has been talk about it for a couple of years and I don't really see that as being a commercial option. There has also been talk about on-site sawmills, these little Lucas mills, but they're really extremely small and you wouldn't commercially consider it. We really need an outlet for the residues and obviously that comment leads me to say that if the pricing of the higher-quality product from the bush - the sawlogs and the categories 1, 2, 8 and that sort of thing - becomes a price where you could afford to log them without getting rid of your residues, which I doubt, then you run into a fire problem because you've got a lot of build-up of material.

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There is another comment I would like to make about fire. With the demise of the industry we have lost a lot of the expertise from the bush in relation to the handling of bulldozers and excavators and things like that. I'm well capable of managing a fire situation but if you put me on a digger I'd be hard pressed to dig a hole. Unfortunately, a lot of the equipment, expertise and people have left the state and my opinion is that the state is set up for an event that's going to make 1967 look like a walk in the park, and that's really sad.

The other thing you need to consider that probably would be relevant to this committee is the fact that if you look at the length of FT roads we have in this state and the number of wooden bridges that have a life of 35 years that were built 15 years ago and the areas they access for fire protection and that sort of thing, we are setting ourselves up for a bad experience. Just to throw a rough number at you, even after FT got rid of the land into reserves I think they still have 2 800 kilometres of roads in the north-east and if you have a bridge every 7.5 kilometres, I think from memory that is 375 bridges, none of which have had any maintenance for a while. I think we've only got one concrete one. There is a real issue that is going to appear rapidly and we need somebody to be doing maintenance on those roads.

**CHAIR** - I will just take you back to your views on the importance of an export facility in the south and Triabunna. You made the point about litigation and it is possible that it may come up for public tender or auction, and you indicated that industry would be open to being involved I presume if the price is right, like anybody else, but you advise the committee it is valued at \$3 million rather than \$10 million. Where do you come up with the \$3 million?

**Mr CALVERT** - I believe the \$3 million is the GV on it.

**CHAIR** - The contract says that the land is valued at \$3 million and the plant and equipment at \$7 million out of the \$10 million, but I don't know where you got that \$3 million.

**Mr CALVERT** - The plant and equipment has been wrecked and sold therefore the \$7 million doesn't exist anymore. Obviously with the access to the port and stuff it might make it a fraction more valuable, I don't know, but if I had to put my hand up for it I'd be looking at a reduced amount from the \$10 million because obviously the infrastructure isn't there anymore. It needs rebuilding right from scratch - virtually greenfield.

**CHAIR** - You are telling this committee that industry does have an interest?

**Mr CALVERT** - Most definitely. I've had meetings with people who have the equipment, the gear and the expertise. If that lock was taken off that gate tomorrow we could get that running in about 10 months.

**CHAIR** - Okay, thank you. Does anyone have any further questions? No. Thank you very much for your advice. We are a little bit over time so sorry for holding you up. We appreciate your evidence today.

**Mr CALVERT** - Thank you. I hope it was relevant.

**THE WITNESS WITHDREW.**

**COMMUNITY DEVELOPMENT, HOBART 10/11/14 – TRIABUNNA WOODCHIP MILL (CALVERT)**

## PUBLIC

**Mr COLIN HOWLETT** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Thanks very much, Colin, for coming to the committee today to provide evidence. We have your submission of 14 August 2014. We know you have been travelling and have now returned so we welcome you back. We know you have had to rearrange a few things to be here today and that is appreciated. We are also aware of your 35 years of experience in local government with 12 years as Mayor of the Southern Midlands and your background in forestry and with a business in the east coast and I think it was at Triabunna.

Because this is a proceeding of the Parliament it means you have the protection of parliamentary privilege. It is an important legal protection which allows individuals giving evidence to a parliamentary committee to speak with complete freedom without fear of being sued or questioned in any court or place outside of the Parliament. This protection is not accorded to statements you make outside of this place after the hearing has concluded. It is a public hearing so member of the public and journalist may be present and your evidence may be reported. If you want any evidence to be given in private you need to advise the committee in advance.

**Mr HOWLETT** - Thank you, Chair, and the committee for allowing me to appear. I wanted to appear previously, but for the first time in my life I have spent almost seven weeks in the UK and I will touch on that part of my education in the UK which is linked to the subject matter.

My name is Colin Howlett and my permanent address is Valleyfield, 1096 Grass Tree Hill Road, Richmond, 7025. I spend considerable time in a tourist business at Orford and a retail business we recently purchased at Triabunna.

Over many years, my family has been participants in the forest industry, which has made significant contribution to the employment in the rural communities of Tasmania. The forest industry has made a tremendous contribution to the rural communities. I learnt that during my 35 years in local government. Having 35 years in local government and 12 years in the final term of my serving in local government, I represented the rural communities.

I now come to the Triabunna Mill. It was unfortunate the way in which the sale of the Triabunna Mill came about, from my perspective. It really brought about the demise of the Triabunna community and in addition to that there were knock-on effects for the east coast of Tasmania.

It was unfortunate in my view the way in which the sale progressed because, as I understand it, there were people associated with the forest industry who were prepared to buy the mill site and continue to run it as a wood processing site. I can only allege this but I understand it was sold for \$10 million. There was another offer of \$15 million, but what I did not understand at the time was that the vendor also collected money from the Commonwealth amounting to, it is alleged, \$26 million plus the \$10 million, which certainly Gunns would argue was in their shareholders' best interests. I am also informed at that particular time Gunns knew or should have known that the shareholders were going to get almost zilch, so from the vendor's point of view I think that is a very flimsy argument.

**COMMUNITY DEVELOPMENT, HOBART 10/11/14 – TRIABUNNA WOODCHIP MILL (HOWLETT)**

## PUBLIC

I received a phone call from northern Tasmania yesterday from someone who had picked up that I was coming before your committee this morning and they made a couple of points. One of them attended the rezoning commission inquiry when the vendors went before the commission to get the ground or the footprint rezoned, and I am reliably told the person attended that meeting. Mr Wood representing Triabunna Investments was asked whether Triabunna Investments would allow access to the former deep seawater there. The port itself is probably valueless but the deep seawater is certainly, in my view, very vital and important to the future economic wellbeing of Tasmania.

I have attended several forums run by Professor Fred Hilmer who states if you do not have a minimum 15-year plan, probably a 20-year plan, extending beyond that, you are not preparing to run a very effective business. I believe it is very important for that deep seawater to be protected. It is owned by the Government but it is landlocked. From my understanding, it was said at the commission hearing that Mr Wood and his partner would not allow access to the former woodchip mill north. If that is true I have a lot of sympathy for Mr Wood and if he can come up with his \$50 million facility at Triabunna I would be flying the flag and saying that is absolutely tremendous. I can say that Triabunna Investments have been very shrewd and they have, in my rough language, conned the community of Triabunna and the east coast of Tasmania. I am very much involved with the community up there and some of the people share their personal views with me. They believe that a bird in the hand is worth two in the bush. If Mr Wood comes up with his \$50 million development in a short term and he is actually, as I understand, on record as saying that he will have the necessary application in to the Glamorgan-Spring Bay Council, and he will be in a position to move very swiftly by 15 January, that being the case I would certainly be supportive of that from a tourist point of view because I think that is a big plus. However, I do not believe that he has the best interests of the community at heart if he is going to say you are not allowed to use the wharf for a commercial reason.

For the very first time I went down to the White Cliffs of Dover whilst I was in the UK and because I am on the Bass Strait National Sea Highway Committee I spent beyond half a day there watching and asking. The White Cliffs of Dover is a very active tourist community, I might tell you. I was very interested in the way they did business there at that particular wharf that goes to France. There were numerous trucks along with cars loading and unloading. One of the ships I took particular notice of, from the time it berthed until the time it left fully laden was one hour and 40 minutes. That is absolutely fabulous and that is what I would like to see at Devonport or the port that the Government chooses to use.

I have a similar vision for Triabunna. I believe that Triabunna deserves a business case study to run a direct service out of Sydney into Triabunna. I know people will come up and say, 'Look, it did not work before in Hobart, why should Triabunna work?' My suggestion is that we should move to new technology. We have ships now that will run from Melbourne to Devonport in approximately seven hours, not 11 and 12 hours. They are environmentally friendly ships. They do not give off all these nasties into the atmosphere. I believe there should be a Triabunna-Sydney run and we talk about trucks. A lot of people in Triabunna and the community say, 'If, as we have been told, we get woodchips back on the roads again, we are going to have all these ugly trucks, and all these accidents.' I am also involved with the transport industry and I can tell you quite genuinely that truck accidents on Paradise, which is that very bad narrow section of road

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almost into Orford, were absolutely minimal. There were lots and lots of log trucks on that road at that stage.

I also noted that there are some people in our community who believe that railway is the lifeblood - get the trucks off the road and use railway. I did this anecdotal check. I travelled the full length of England, up into Scotland, I spent time in Paris, KL and Dubai. In an anecdotal way, every sixth movement on the highway was either a truck or a bus. I went to Paris by rail, and if rail is the answer to our problems, why do they use trucks to that extent in other countries? Our railway system, I do not think, will ever be to the standard to some of these railway systems in other countries. I do not accept that. I know that people will argue that and I know that the Triabunna community is deadset on - we have been told we won't see a truck. We'll hardly see a truck on the road but if the mill reopens - big buses seem to be not too bad. If Mr Wood can get passenger ships in there, and I will do what I can to support him to do that, if he gets it up, but in addition to that, to run an efficient service from Sydney to Triabunna, you need passengers and you need containerisation, similar to what we have at Devonport at the moment.

The other matter, in this phone call from Launceston, he briefed me on what I have already told you, but he said, 'Are you aware that some of the mill facilities' - and he mentioned conveyer belts and some of that sort of equipment - 'has gone to' - I think he called it 'a tip'. I need to check on this but I think he said Timber World in the north of the state and he said Timber World is connected with a member of parliament.

**Ms O'CONNOR** - It is owned by his son. It is Mr Booth's former property or business and his son now owns the property and we did examine some of that evidence about machinery that went to Timber World and it was all, as we understand it, -

**Mr HOWLETT** - Is that true, Cassy?

**Ms O'CONNOR** - We got the transport records that property was sold to Timber World by a private investor to another private company.

**Mr HOWLETT** - It seems it has substance if that is the case.

**Ms O'CONNOR** - There has been no allegation of wrongdoing in any evidence that we have heard.

**Mr HOWLETT** - With respect, this wrongdoing seems to be a language that is used continuously even when people have a very strong involvement with what is wrongdoing. I do not want to go there. That is a matter for another issue, but this gentleman lives in Launceston and that is the claim that he made. I can only allege it but, as it has been pointed out, apparently there is some element of truth in that some of the equipment has gone from the Triabunna mill to Timber World.

**Ms O'CONNOR** - I guess, Mr Howlett, what are you alleging?

**Mr HOWLETT** - I am alleging, assessing things, are we going to get into the legal aspect of it? I am saying that, from a public point of view, it does not look nice. It does not look nice if some of this equipment has gone from the mill, irrespective of whether there has

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been a third or fourth or fifth representative. That is easy. I haven't been around for as long as I have not to realise that that could have been staged.

**Ms O'CONNOR** - We are talking about the transfer of machinery between two private entities. There is no question here of taxpayers' money being used or wasted, or of any corruption. It is two private entities.

**Mr HOWLETT** - I do not know about tax, with respect, Mr Chairman. If in fact the vendor did get money from the Commonwealth government to prop up a sale, I would think the taxpayer -

**Ms O'CONNOR** - There has been no evidence or allegation that Gunns got money from the government to, as you say, prop up any sale.

**Mr HOWLETT** - That is denied. They did not get money from the government?

**Ms O'CONNOR** - No, no, that it was used to prop up a sale is disputed.

**CHAIR** - They certainly did get money. They got \$25 million in compensation.

**Mr HOWLETT** - Twenty-five, I thought it was \$26 million so I was wrong.

**CHAIR** - It was \$25.3 million, with GST. You are just making a point, I assume, that it is not a good look. It is that you are concerned and there are questions.

**Mr HOWLETT** - From a public perception - and it is all about perceptions - it does not look good. I am making no claim about a third or fourth or fifth representative being involved, I am simply saying that I received this phone call, and if I have any questions on it, in confidence I can produce the person's name. People in the north part of the state are talking about it. I can assure you of that and it is not a good look.

**CHAIR** - Thank you. If you are finished with your introductory remarks, we will go to questions, Colin. Are you right to do that?

**Mr HOWLETT** - Yes.

**Mr JAENSCH** - As you mentioned before, there is strong support. There appears to be strong support from many in the Triabunna community for the Spring Bay Mill project and you have mentioned your own support if this project can get up and bring value to the area. How have those people who are watching and pinning hope on the Spring Bay Mill project reacted to the recent news releases that Mr Wood and Ms Cameron are in dispute over what can be done with that site, and that there are moves being made, I understand, to wind up Triabunna Investments and there is some court process to ensue? As you said, a bird in the hand, there is a project there. How have people responded to that news?

**Mr HOWLETT** - The only way I can answer that is that the community up there would like it if Mr Wood would come forward instead of talk, produce the money that will get the investors to do that. That would be wonderful. Many of them don't see that is either, or. They are saying that his development and if he would allow access to the wharf, it would be a win-win. From this gentleman's phone call that I received on Saturday, he has claimed

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that it is on record that Mr Wood has said that there is no way that he is going to allow access through that private land. My own personal opinion is that it was rather disgraceful that that deep seawater port was allowed to be landlocked because it is required for the economic future of Tasmania. I think they would like both to go ahead. I think they would like to assist Mr Wood where they possibly can to get the development up. That does not mean money. That means in kind because they do not have that sort of money to help him spend initially \$50 million on a project there. I suppose they are being selfish; they want both. They want Mr Wood's project and they also want access to the deep sea port for commercial reasons.

**Mr JAENSCH** - It is reasonable too. Noting the state of the project or at least of Triabunna Investments at the moment, if the dispute between the owners results, as we understand it could, in the site being sold or put up for sale again - and you might have heard some of the previous witnesses' comments - if there was interest from a party that wanted to buy it to re-establish it as an export chip mill facility, what do you think the community's response would be to that? Having moved on or left that earlier industry and realigned themselves a bit to the hope that the Spring Bay Mill can come off, if that ended up at an auction and someone came in and said we would like to run wood chips through there again instead, would there be support for that?

**Mr HOWLETT** - I believe there would be support but there would need to be, in my view, some sort of physical barrier to camouflage it if it is chips in the conventional way like they have in Burnie and used to have in Triabunna. If there was a development similar to Mr Wood's proposal I think they would, but that's not the case and you won't get that sort of answer from anyone you interview now because they have been conditioned that if they mention 'woodchips' Mr Wood is going to walk away. You're going to get a coloured response to that because they're wanting that \$50 million project to commence immediately.

**Mr JAENSCH** - I'm not trying to trick anybody into saying things. I am interested as part of this inquiry which has terms of reference to look at the possible future economic drivers for the area and try to get a grasp of what the options are because the worst thing would be that Triabunna comes out of all of this with nothing - no chip mill, no Spring Bay.

**Mr HOWLETT** - I have just been through a legal process which most prominent lawyers say is a disgrace to the legal profession - 27 years, and the frightening thing is that this could go on. It seems to me Mr Wood is genuine about wanting to do things but his partner is blocking him and threatening to put it up to public auction. It seems to me Mr Wood has the option of buying that share out or if they elect to go through the legal process it could be many years. We have lost a lot of people from Triabunna already. There are businesses closing and going flat and we need something. I think at the moment people are clinging to the hope that Mr Wood is going to do things straight away. He might have had good intentions but this new development might hamper him and it might go on for a long time.

**Ms O'CONNOR** - Mr Howlett, there are a couple of things I want to explore with you, the deep-water access issue and the potential woodchip pile. We have heard a range of evidence about the deep-water port. Do you believe that access is restricted to the Tasports facility that is attached to Graeme Wood's and Jan Cameron's property or can you see a possibility that you could have a marina and port-based facility somewhere else around

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the harbour there because it is a very deep harbour? The Tasports port is built to purpose for woodchip exports, isn't it?

**Mr HOWLETT** - I can only answer it in this way. I have spoken to a number of fishermen and anecdotally I will say that climatically that is the ideal site. It's not the wharf, it's the deep water there and I am told that in climatic conditions it affords greater protection right where it is. Some of the people who know the water much more than I do say to think about finding a new location there is problematic and they don't believe -

**Ms O'CONNOR** - Problematic for what reasons? That it's not suitable geographically or financially?

**Mr HOWLETT** - Geographically. There are steep cliffs in parts of it and the existing wharf or former chip mill wharf is the ideal site.

**Ms O'CONNOR** - You talked a bit earlier about if there was to be a woodchip facility reopened at Triabunna that there would need to be some sort of screen or way of concealing the pile from view. Is that because you recognise that a woodchip pile and a growing tourism industry don't sit well together and that there's some tension there?

**Mr HOWLETT** - No, I don't say that at all. I'm only repeating what the community tells me and they are saying if there was a visual buffer separating it, they cannot see the problem. I understand there are sections of the community that believe woodchip piles and tourism and passenger ships et cetera can't coexist. I certainly wouldn't want it on the record that that is my belief, I'm only repeating what people tell me and I have spoken to a lot of people about it and they are saying providing there was a buffer to separate them they can't see any reason they can't coexist.

**Ms O'CONNOR** - We had evidence from the general manger of Glamorgan-Spring Bay Council that real estate sales in the area are up by around 27 per cent and you have seen new business operators buy into Triabunna. What is your feeling on how Triabunna is recovering economically?

**Mr HOWLETT** - I'd say that's not true.

**Ms O'CONNOR** - That real estate sales are not up 27 per cent?

**Mr HOWLETT** - I would treat that with a great deal of scepticism. I might be one of the individuals who has bought a commercial property in Triabunna but I am hoping things will change. I am hoping we can get people who have left the area for fly-in and fly-out jobs in other states to come back to Triabunna and the east coast. I am hoping the general community will see that forestry is very important to the economy of Tasmania. Whether that happens or not, I'm not sure.

I couldn't subscribe to what the general manger said. There is a numbers of things he might be influenced by. There is the so-called Solis golf course planned there and he believes the council is going to invest \$3 million from the shareholder's point of view, meaning the ratepayers, and I am told reliably that there will have to be a lot of debate from the ratepayers before that even happens. You may also have noted there is a new mayor up there that some of older, former councillors lost their seats.

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**Ms O'CONNOR** - Mood for change, possibly.

**Mr HOWLETT** - Yes, but there are people who are certainly not happy with what's happened. If you're a person who doesn't want to see a truck on the road, a commercial vehicle, you would be very happy because it has reduced the commercial movement of trucks on the road.

**Mr SHELTON** - The general manager was only stating facts when he said real estate had increased 27 per cent. After the closure it started from a very low base and for a time there weren't any sales at all. The only ones that sold were completely subsidised or reduced in order for the owners to get out because they had to. From a business point of view, do you see any improvement in that around the Triabunna area or is it still fairly flat?

**Mr HOWLETT** - No, it's flat, and the only way we're going to get a change is for something to happen positively. If Mr Wood can get this up by January or February 2015, I would say things are going to pick up. We have Tassal, that is a given. They are there north of Triabunna, at Rostrevor. I think it depends on Mr Wood, it depends on what happens with the former chip mill footprint and it depends on what the Government does. I would urge the Government to acquire access and have a talk to Mr Wood to see if there can be negotiations to allow access to the former woodchip site.

**CHAIR** - He is only 50 per cent.

**Ms O'CONNOR** - In evidence to us Tasports says that the maintenance liability on that wharf is somewhere in the vicinity of \$200 000 or \$300 000 a year in the immediate term, so there is a big cost to whoever takes on the port facility.

**Mr HOWLETT** - Yes, I understand that, but the value is in the deep sea water, not the wharf. You've probably seen what happens at the Dover port where the fast ferries leave to go to Paris; there is not a great huge infrastructure required. I can't see seven ferries coming in there simultaneously but I can see one ferry and the wharfing facilities for one ferry would be minuscule in terms of building a wharf.

I also heard Dr Dan Norton make a statement that the Glamorgan-Spring Bay Council was not interested in the wharf. I have been reliably told - I am alleging - that that is simply not true.

**Ms O'CONNOR** - I think that was evidence put to us by the general manager, too, from memory.

**Mr SHELTON** - That is the Triabunna area. You have previously been mayor of Southern Midlands and we have had evidence this morning about the forest industry in general across the south of the state. I would like to hear your opinion on the forest industry in the southern part of the state and the need for an outlet for that industry.

**Mr HOWLETT** - I know woodchipping is a nasty name, but it is just one element of the sawmilling and timber forest industry in Tasmania. It would be like a professional boxer tying one arm up his back; if you're going to remove the downstream processing of the timber that comes from this milling and other activities of forestry, all you're going to do

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is kill it off. It brings about its demise. Yes, it is absolutely essential that we have a chipping facility. Obviously experts who know the industry much better than I say they need to have a method where it is economically viable to do it. Otherwise if you just cut off sections of it and make it unviable, the whole industry becomes unviable. I would say it is absolutely imperative.

**CHAIR** - You are saying an export facility in the south of the state for the industry is critical, but have you expressed any view about Triabunna?

**Mr HOWLETT** - I know that the Government is confronted with a lot of other sites at the moment, and I'm not being biased, although you might think I am, but I just think that Triabunna is probably the most logical location.

**CHAIR** - I want to take you back to comments you made earlier about Mr Woods 'conning' the Triabunna community.

**Mr HOWLETT** - Yes.

**CHAIR** - On what basis did you say that? Was it because there is litigation now and he had previously made these comments without authority of his 50 per cent co-partner?

**Mr HOWLETT** - No, I don't say that at all because I think Mr Wood is in between a rock and a hard place now. When he conned the Triabunna community, he was probably unaware that this was going to happen, so I have sympathy for him because that was something he probably didn't visualise was going to happen. I am simply saying what people have told me, that he has come into town and told the community what they wanted to hear. Many people know he is worth \$700 million-plus so he's a man of substance, he has plenty of money, so if you go with him and stick with him and write letters to the paper and say as a community we don't want the mill, that will help him bring it to fruition. No, he would not have been aware at the time he made those statements.

**Ms O'CONNOR** - Just to get back to your original statement about the community being conned, don't you think that in order to con someone there has to be a level of dishonourable intent? In your statement just then you implied that it's not that Mr Wood conned anyone, he expressed his vision of what he wanted to do with the site to the community rather than coming in and telling a sequence of untruths.

**Mr HOWLETT** - I can tell people lots of things I would like to do but whether in fact I have intentions of doing them and the substance to do it is another thing. From a financial point of view, I believe his financial status helped the message very clearly and people realised after the Alec Marr article that they had been conned because Alec Marr was a representative of Triabunna Investments and was obviously taking instructions from Mr Wood, Ms Cameron or both. It really hit home that they were conned when that article appeared. That article has never been denied and for people to go in and just straight-out destroy things and then boast about it - this wasn't stated, but the effects of what happened brought about the demise of the Triabunna community, the east coast in particular and rural communities in Tasmania.

**Ms O'CONNOR** - Do you think talk of a demise might be a bit premature? I think Triabunna is long from dead.

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**Mr HOWLETT** - I can understand your point of view but you asked me a question and I am happy to answer that at the appropriate time.

**CHAIR** - No worries. I am just making the point that Jan Cameron's lawyers wrote to our committee on 12 August and said Mr Wood is not authorised to speak for Jan Cameron or Triabunna Investments or Triabunna management. Subsequently he announces plans on 7 October for a \$50 million development, raising expectations and getting the community on side to feel it is going to be fantastic. He is a wealthy Sydney businessman, a millionaire, and he is making these statements without the authority of his 50 per cent co-partner, so how do you feel about those sorts of statements?

**Mr HOWLETT** - I think it does put a question mark alongside Mr Wood. I mean, you can have a partner and you can have a misunderstanding but when it is clearly set in writing that you don't have the authorisation to say or make commitments on behalf of something that I have quite a significant say in, I would think it was totally inappropriate. Obviously he is a gentleman of very high standards and has been in business a very long time. He obviously knows his way around town and I think for that sort of statement to be made was totally inappropriate because he was ignoring instructions given to him and he continued to make those sorts of statements.

**CHAIR** - So is that one of the reasons you said he conned the community?

**Mr HOWLETT** - Yes, that's part of it.

**Ms O'CONNOR** - What instructions did he not follow?

**CHAIR** - It is up to the witness to respond but I think he is reflecting on the relationship between Mr Wood and Ms Cameron and their not getting on, I assume, but Colin can express his own views as to that. There is a letter on the public record, we now have litigation between the two, there is an application to wind up the company on the public record in the New South Wales Supreme Court, so there is clearly division between the two.

**Mr HOWLETT** - Mr Chairman, prior to that letter being produced I can accept that there might have been a misunderstanding between Mr Wood and Ms Cameron. As I understand it, a lawyer's letter was given to Mr Wood stating that he had no right to make any commitment on her behalf, so I think it was totally inappropriate of Mr Wood to continue making statements and assuring the public that he was going to do certain things.

**CHAIR** - Colin, thank you very much for your evidence today. Is there a wrap-up statement you would like to make?

**Mr HOWLETT** - I might leave it at that. I was asked where I lived. I stated I live at Richmond, but I spend more than half my life now at Orford and Triabunna because I am trying to keep businesses intact.

**CHAIR** - Thank you very much for your evidence today.

**Mr HOWLETT** - Thank you very much for receiving it.

**THE WITNESS WITHDREW.**

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**ASSOCIATE PROFESSOR ROBYN EVERSOLE**, DIRECTOR, INSTITUTE FOR REGIONAL DEVELOPMENT, UNIVERSITY OF TASMANIA, MADE THE STATUTORY DECLARATION AND WAS EXAMINED BY TELEPHONE LINK.

**CHAIR** - Good morning, Robyn. Our committee hearing is a proceeding of the Parliament. It means it receives the protection of parliamentary privilege. It is an important legal protection that allows individuals giving evidence to a committee to speak with complete freedom without fear of being sued or questioned in any court or place out of Parliament. It applies to ensure that Parliament receives the best information possible. It is important that you are aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings. It is a public hearing; members of the public and journalists are present and this means your evidence may be reported. It is important that, if you want any part of your evidence to be heard in private, you make the request to us in advance. Does that make sense to you?

**A/Prof. EVERSOLE** - That is perfectly fine, thank you.

**CHAIR** - I ask you to make some opening remarks. We have your submission and you can speak to that and then we will have some questions following.

**A/Prof. EVERSOLE** - Very good. My submission was intended to respond to part B of the terms of reference around identifying development and other opportunities for the Triabunna community and surrounding region.

Basically, I have had a prior conversation with the secretary in which he has asked whether the Institute for Regional Development can help us out here. I said, 'Yes and no'. There is a lot that is known about what local communities can do in the face of significant economic restructuring, which is what is happening in the Triabunna community and indeed in many communities around Tasmania and around the world. We know a lot about that, but obviously we cannot fly in and solve the problem but I am certainly happy to share a few thoughts as to what we know from the international literature on regional and local development. What I submitted was very brief, almost shockingly brief, to try to summarise so much research in so few pages but recognising that the committee has limited time and so forth, just to provide a bit of background guidance on some of what we do know about communities in transition, particularly economic transition, change of major industries and what tends to work and not work around the world.

In a sense there is quite a simple recipe that you can look at when you are looking at communities facing economic transition. You can think about top-down efforts, bottom-up efforts and collaborative efforts. What we have learned from many years of working on development issues with local communities is that purely top-down efforts, if you would forgive me, things done by a committee sitting in Hobart or Canberra or wherever the committee happens to be sitting, tend not to work very well because you cannot possibly, no matter how many of us experts will sit with you, you cannot possibly get a full picture of the assets, energy, capabilities, opportunities and needs in a local landscape. Purely top-down responses tend not to work well in terms of coming up with innovative solutions to local economic problems.

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There has been quite a mixed result if you look across the literature in terms of what might be called colloquially bottom-up methods, which are basically methods that come out of the community. Some people have called them self-help community development models or community economic development models that put some resources at the disposal of a local community and then say 'All right, mobilise yourselves to solve the problem'. Again, it is very simplistic but just to give you a bit of an overview, in some cases bottom-up efforts work really well. In other cases they do not work very well. As I have summarised in the report, the tendency is that if the enabling environment is there, if the transaction costs are low and if the efforts are resourced and not relying heavily on the time of overstressed volunteers, good things can result. Expecting too much of bottom-up development is often a mistake as well.

What tends to be emerging currently in the international literature are what I call and hybrid and place-based approaches that both tap into local energy, knowledge and capabilities but also work with external organisations and providers to get different kinds of knowledge together and identify where you can construct and manage for local communities. There is some interesting work, for instance, you might be aware around collective impact that the Centre for Social Impact has been promoting. That is one example of these kinds of hybrid, place-based approaches; regional development platform method and knowledge partnering, which we use extensively in the Institute for Regional Development are other approaches that similarly look at configuring resources creatively, both at the local and beyond the local level.

That was basically a bit of an overview in response to the question of how do you go about identifying development and other opportunities for a community, and what the international literature tell us tends to work and tends not to work, so I hope that is helpful.

**CHAIR** - Thanks very much for that. We will move to questions.

**Ms O'CONNOR** - I am interested to explore with you an example of a similar situation to Triabunna either interstate or overseas, a town or a community that has been hit by significant market change or economic circumstance change. What I am looking for here is a case study of a place that has made a hybrid-based approach work.

**A/Prof. EVERSOLE** - One of the examples we use a lot with our regional development students - there are many examples around the world - would be the work that was done in Finland around looking for alternative economic opportunities. That was the example that Harmaakorpi and Pekkarinen published around the use of the regional development platform method in which they got various leaders within and outside the local community together and went through a process of strategically assessing what the local assets were, what the local strengths were and what the global market environment was telling them, and then doing a comparison of what they could offer locally and what trends and a bit of scenario-based planning was telling them might work well into the future. It is quite an interesting story, Turning the Corner has used it a couple of times in a public forum because they came up with their ageing population as a potential strength and built a series of development platforms around the economic opportunities offered by an ageing population. That is just one example.

In terms of some of the work that we have done here, we have done a number of projects that have looked at specific issues such as place-based workforce planning, such as

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provision of retirement living - again, for ageing populations - and have brought different kinds of knowledge together to identify both what is working really well at a local level already, and also to identify where potentially additional investment needs to be made.

**Ms O'CONNOR** - Thanks, Robyn. How would you see then the experience, for example, of Finland translating locally? How could we - when I say 'we' I am not talking about this committee, I am talking about the Tasmanian community, if you like, more broadly - practically or mechanically apply that learning in Triabunna in order to have a positive economic and social effect?

**A/Prof. EVERSOLE** - I think it is very much about taking that kind of place-based approach that is neither purely top-down nor purely bottom-up. That is a big leap in its own right because there is a policy tendency to try to solve problems at desk level. We are expected to solve problems so we cook up a solution, but it is generally an incomplete solution. There is also a lot of interesting effort going on on the ground in communities around Tasmania and elsewhere to cook up solutions from the ground up. There are some fantastic ideas out there and there is some fantastic work being done, but often it hits roadblocks. It hits obstacles and so if you can look at what is there already in any given community, and you can identify where the ideas already are and what is blocking them, that is often a good place to start, but sometimes you need to take a step back and do a bit of strategic planning with a group of people who have knowledge of various sectors.

What tends to happen, we have all been through search conferences and things like that where you get people together and you do a bit of strategic community visioning and those processes, a bit like the bottom-up experience, sometimes work really well and sometimes they work really poorly. The secret there tends to be who you get around the table. If you get the same sort of people around the table, what is also known colloquially in community development circles - Cassy, you might be familiar with the usual suspects - they will tend to rehearse the same script that has continually been rehearsed. It is the same aspirations but no concrete assets. The same great ideas but no concrete strategy for how to get there.

We have found with the knowledge partnering approach, which we have been using successfully in the Institute for Regional Development, that it provides a process for bringing together people who do not normally talk with each other. Often that is not a search conference, it is not one big workshop because if you bring everyone together in one big workshop, they tend not to talk with each other because there is no comfortable parameter for the conversation so the loudest voice of the usual suspects continues to talk. Everyone sits back, drinks a cup of tea and thinks, 'Why am I here, am I wasting my time?'

The knowledge partnering process allows them to go through a process of identifying the various sectors within any given place-based community and beyond that community that can tell us something. If there is a strategy around developing local food systems, farmers' markets, there is a whole range of local stakeholders, not all of whom are necessarily talking with each other, that can be brought together, sometimes in small group conversations or targeted workshops to discuss where they see the local assets, capabilities and opportunity.

There is also a number of stakeholders beyond the local area, people who have run similar projects elsewhere, people who have an understanding of the value chain for the products that are being discussed, and they can be brought in. We have done this in the Institute of

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Regional Development and with the Tasmanian Institute of Agriculture and brought in targeted people to share knowledge with the locals about 'If this is what you are planning to do, here is one way you might go about doing it'.

**Ms O'CONNOR** - Thanks, Robyn. Given all that and the significant logistical complexities in bringing an effort like that together, what do you think the role of government is here and particularly in relation to Triabunna? Despite the varying political views at the table here, all of us want to see Triabunna flourish and prosper and be economically resilient into the future. What role can government practically play?

**A/Prof. EVERSELE** - May I paraphrase you, Cassy, because you did break up a couple of times during that? You are interested in my thoughts on what role government can play in a case like Triabunna, correct?

**Ms O'CONNOR** - Yes.

**A/Prof. EVERSELE** - There is certainly a facilitative role I have seen governments successfully play. It tends to be less of a high-level policy role and much more of a modest resourcing and facilitative role that enables those linkages to be made - in a sense, almost an unintentional version of knowledge partnering where you have someone working on the ground with the community that is also very well networked beyond the community and can help link people, resources and conversations and is also able to strategically identify opportunities.

Sometimes if there is, within an economic development office, someone who has that role within their mandate and they have the skills to do what we call translation and brokerage with communities, so they can work across different interest groups, stakeholder groups, organisations, even across disciplines and sectors, and make them mutually comprehensible, understand where the opportunities lie and communicate that back to the key movers and shakers in the local community, that can be an enormously important role. It is a professional role; it is a role that someone needs to do as part of their professional activities. It is not generally a role that volunteers take on, although I have met a few outstanding volunteers in my day who do something very similar.

It is supporting that sort of role on the ground and potentially providing some modest resources for pilot initiatives and so forth. Those are the sorts of things where government can be very effective. I do not think government can solve the problem but government can be a supporter of problem-solving and linkages.

**Ms WHITE** - I am interested in the knowledge partnering you spoke about and potentially the role for the university in regions like Triabunna. I know the Hobart campus has some initiatives in play in Triabunna at the moment, but what about your own institute, have you looked at Triabunna at all or other regional communities in Tasmania where you have learnt how you can share the knowledge you have? Have you any learnings from that you can share with the committee?

**A/Prof. EVERSELE** - Certainly. We started to systematise the knowledge partnering methodology about five years ago and in the last three years or so we have been intentionally applying it in practically all of our partnership projects with local communities and organisations. Unfortunately, we do not have the resources to go into

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any place of need and start to work with local communities but we have an open door policy. As organisations and groups hit the development issue - and we generally start from an issue; an issue might be economic restructuring and has been in a couple of cases - issues might also be opportunities. We did some projects around social enterprise, we did some projects around innovative pilot projects, evaluating innovative pilot projects, for instance for youth unemployment. We have done some projects for 'big picture' planning issues such the one I mentioned, place-based workforce planning being an area we have done some work on the west coast. Statewide we have done some work on planning for retirement living and accommodating an older population.

All of those projects and numerous others we have worked on have been standalone projects. They have come with some funding, we have put in some funding as well because we feel they were of important significance to the state so we have a bit of capacity to support at that level. We have gone in with key stakeholders, generally a working group and designed a series of activities around that development issue that is of concern, generally starting with bringing key players together in various workshops or smaller groups to identify what they already know, what resources and assets exist on the ground as well as what they need to know. A project is often structured around filling those knowledge gaps and bringing different kinds of knowledge together.

What we have found, if you are interested in the theory behind it, Rebecca, is if you bring different kinds of knowledge together in response to an issue, you are much more likely to generate an innovative solution because different stakeholders, different sectors, different disciplines see the problem differently and are aware of different resources.

As an example, we have been doing some work recently with the committee on the west coast. Our work around place-based planning shows that a lot of resources for up-skilling and providing employment in the local population are actually there on the ground but they are disconnected, and so one of the challenges in that community is to connect up many of the resources that are already there.

**Ms WHITE** - The projects you have been involved with, the different designed activities you have created, are they published anywhere on your website that other communities can learn from?

**A/Prof. EVERSOLE** - Yes, we have a number of publications and reports on our website. I am not sure if the west coast one is up yet, it has certainly been circulated quite widely but a number of the other projects we have done. We have done a couple of projects for Forestry, the retirement living project, the social enterprise work, I believe the evaluation of the youth unemployment program - all of those studies are available via the Institute of Regional Development website. We have published some of this work internationally; Tony McCall and I have just published an article in *Regional Science Policy & Practice* - I think that was in the bibliography I sent - where we talk about why knowledge partnering is a good way to work with Tasmanian communities and how we are similar and different from the case in Lahti, Finland that I mentioned earlier in that we have a greater number of more disconnected communities and therefore a greater need to spend some intentional upfront time bringing different groups and different knowledge sets together.

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**Ms WHITE** - Finally, Robyn, you mentioned you have an open door policy so, if the council in Triabunna or a local group came to you and said, 'We have an issue, are you able to assist us?', what would happen next?

**A/Prof. EVERSOLE** - Basically, we would organise a meeting. I would, if at all possible, attend that meeting personally. I may or may not bring along another researcher or associate from the Institute for Regional Development with expertise in that particular area, and we would sit down with the key stakeholders from the council and go through a process of what we call issues scoping. There is a set of tools we have developed to do this but in the first instance we do it quite informally as a conversation, we talk through what the issue is from their perspective, the scope of it, how big in time and space it will be across sectors and communities, and their expectations of what they are trying to achieve. Then on the basis of that we work with them to identify - and this is generally over a couple of meetings and it may or may not involve actually going through a very simple tool that we have as part of our tool box - what they need to know in order to proceed, so what the unknowns are.

It might be resources or information they need or further research or things that need to be done, but we identify what those are and then we write an appropriate brief around that and by the second meeting we can generally say this is the bit that we can help with and this is the bit that we can refer you on to someone else, and it might be someone within the university or someone within industry, and we can start to get an indicative costing. So we can say, 'Look, this we can do for under \$5 000 or you can get it done for free if you go and talk with these people because they're already doing it so, in a sense, you can piggy-back on their project', or, 'Here is a report that will probably answer 90 per cent of your questions', or it might be a bigger project that we need to bring some different parties around the table and further develop this out before we can identify what the project needs to be. But the project is generally one about intentionally bringing people, documents and case studies together to answer the question that was identified in the first phase.

That can take anywhere between a couple of weeks and a couple of years depending on the size of the project, but obviously we try to make it fit to purpose. Most of our projects run for less than a year and are targeted on some very specific action outcomes. The aim is to generate some very practical recommendations but the length of that time is determined in the first couple of meetings with the stakeholders, and at that stage we sometimes identify that we don't have all the right people around the table so quite often in the second meeting we bring those people along to be part of the core conversation.

**Ms WHITE** - In those first few meetings, Robyn, is there a cost to the community to have you there to help with that process?

**A/Prof. EVERSOLE** - The first couple of meetings are very much part of our open-door policy and our service to the state and we don't charge for that, but once we have a project together there may be costs because we run on a shoestring so we cost in our involvement from that point, but in the early stage we do it very much on a voluntary basis.

**Ms WHITE** - Thank you.

**Mr SHELTON** - Hello, Robyn, I have a couple of questions for you. First of all I do not want to do you out of any work but there are private facilitators in this space as well, isn't there,

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that search conferences and work with local government in different areas when dealing with change and so forth?

**A/Prof. EVERSOLE** - Absolutely, and we don't run your sort of traditional search conferences and so forth and we don't step on the toes of private providers who do that. We are very much an open door into the university for people who would like to work with the university on regional and local development issues and our methodologies are not currently being used by most consultants. There are a couple of consultants who are closely associated with us who have borrowed aspects of our methodology we have published and are using those now they are getting better known, but we certainly don't do the sort of garden variety initial scoping and planning. With some of the more cutting-edge methodologies out there published in the literature such as the participatory tool boxes and so forth that you may be familiar with - World Cafe and methods like that - that are quite popular in certain circles, and very good community development practitioners can do them with their eyes shut, we often suggest to communities that you might go that route and there are some people that can do that privately, but we do not have the capacity to do that level of facilitation.

**Mr SHELTON** - Thank you. We have all been through different conference and so on over our time, no doubt, but one of the original beliefs I have is that for communities, whether they be a township, a local government area or a single group, when this change process happens there is always a grieving process and not everybody jumps on board any new processes that are put in front of them, so the opportunity for that section of the community that is struggling to understand what is going on has to be given to them before they will be able to move on.

**A/Prof. EVERSOLE** - Absolutely, Mark. Social and economic change is a complex process and change doesn't happen overnight. People change at different speeds. If you are familiar with a lot of the literature that has been developed out of agricultural extension, they talk about early adopters, people who are always on the lookout for the next thing and are very resilient to change and in fact welcome it. There are other people who are quite terrified by change, quite threatened by it, and then there is everyone in between. You certainly don't expect everyone to jump on board new ideas right away and you certainly expect a certain amount of grieving when things that have always been like that in living memory are suddenly different. I think from a regional and local development point of view you work with those that are forward thinking to start to identify what the next thing is and once you start to see some success on the ground, then slowly and in their own time other people come on board.

**Mr SHELTON** - You can understand that a number of the Triabunna community were struggling to move on because of the void that had happened after the mill closure and a lot of questions that were being asked. That sense of being let down is a typical reaction from a community.

**A/Prof. EVERSOLE** - It is typical around the world. I have seen it over and over again in North America, South America and the various places I have worked. It does feel a bit like having the rug pulled from under your feet and particularly when your skill set is targeted to a particular industry and suddenly that industry isn't there or in many cases it doesn't disappear overnight but reduces significantly. It's not quite as abrupt but you still get a similar reaction of, 'Now what do we do?' It's not an easy process and I hope I haven't

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given the impression that I think it is an easy process but I want to emphasise that it is not a unique process to Triabunna. It is something that most industrial communities tend to face at some stage, where things change really quickly and suddenly we need to work out how we are going to adapt. It is not easy but at least there are lessons we can take from elsewhere to help us on the way.

**Mr SHELTON** - Therefore this committee in a sense is part of that changing process about allowing people to have their say and getting answers in some cases to questions that they never had answers for. In a sense this committee is part of the process.

**A/Prof. EVERSOLE** - Yes. I am quite happy with that.

**Mr SHELTON** - As an ex-mayor of a municipality that went through changes when bypasses happened to towns, it is a similar change, not to the extent of Triabunna of course, but I think we are here to make sure that we assist the Triabunna community wherever we can.

**CHAIR** - Robyn. Thanks again for your submission and evidence today and also the references with the bibliography, which is noted. I want to pick up the point Mark was making because when we were in Triabunna and heard from some of the locals. What we heard there, at least in part, was that there had been some emotional and mental health issues. I think that has been brought to the attention of the committee and is a concern. We, certainly from my point of view, hope we can be part of that process where they are able to share their grief and look forward. I just wanted to raise that with you. Does that make sense to you?

**A/Prof. EVERSOLE** - It does, yes, thank you. I certainly commend the committee for being there on site and speaking with locals. I think it is very important when going through a time of change to feel heard and to feel like you do have that broader community support from the Tasmanian community, so that is very good.

**CHAIR** - Sure. We have received quite a few submissions on the terms of reference, the second part you are referring to in your submission. We hearing from more witnesses very shortly after you, but some of the projects and development opportunities are going forward include things like economic tourism, agriculture, Maria Island and Freycinet walks and we have also had evidence in terms of extension of marinas. That would involve, for example, coming in there with local government and maybe state and federal government funding support, which is basically important infrastructure, and then the community and business would leverage off that to build the economy and create jobs. Aquaculture, manufacturing, the NBN, being China-ready - all of these things have been raised with us. In terms of the Government having a role to play and stimulating further economic development and other opportunities, do you agree with the merit of being involved in strategic developments, let us say the marina as an example, which would leverage other development? Does that make sense?

**A/Prof. EVERSOLE** - It seems to me that the committee, from what you are saying, Guy, has really been playing a bit on that community development role as a conversation starter and saying, 'Let's air some ideas, come and make a submission and suggest your ideas.'. That is actually quite a positive thing to do. Where you want to be careful is that ideas don't proceed on the basis of sounding good on the surface or being an acceptable political announceable - and we're all a bit susceptible to that sometimes, if you'll forgive me.

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Obviously the committee would be aware and have some background work done, particularly within the community and beyond the community, along the lines of the sort of work that is done in regional development platform development where you look at whether you actually have the assets and resources locally. Is this a good opportunity for this particular area with this particular attributes and assets? Triabunna has some fantastic coastal attributes and so forth, so I can hear that some of these ideas might well be on the right track, but would need to look more closely. Then at the same time, where does that fit in terms of the state market, the national market, the global market in terms of likelihood to be competitive and to construct a sustainable source of advantage?

My only caution would be to make sure that second layer of the background work is done on the suggestions, but I think the process of flinging wide the gates and gathering up suggestions and ideas from multiple stakeholders is very much in the spirit of knowledge partnering and certainly a good thing to do.

**CHAIR** - Thank you very much. That is consistent with your earlier observation about connecting the resources that are already there, and no doubt that is set out in some of your earlier reports, which I have noted in your bibliography you have done in recent years. I have also noted with great interest your issues-scoping approach in answer to questions from Rebecca White.

**Mr JAENSCH** - Robyn, first let me say thank you very much for participating in this and also confirm that I love your work and have enjoyed working with you over the years on various things.

**A/Prof. EVERSOLE** - Thanks, Roger.

**Mr JAENSCH** - Using the platforms approach which I am familiar with from what have taught me before, when we are looking at Triabunna in this inquiry we're looking at this on two levels. One has to do with Triabunna, the place itself, its people and their history, opportunities and future. On another level we are looking at Triabunna and its port as strategic assets for the state and for the economy and particular sectors. In the platform methodology, is there scope to consider those external asset values where the place itself is lucky or unlucky to be where it is but it confers a level of utility for the state of the economy which is not purely driven by the local community? I don't know if I have been clear there.

**Ms O'CONNOR** - Not really.

**Mr JAENSCH** - We are interested in Triabunna for the people of Triabunna but also Triabunna's strategic importance to the state in terms of its port positioning, geography and the role it has traditionally held in providing an outlet for certain commodities to leave the state. They need to be brought together. We need to be able to take account of both levels of value in Triabunna. Does the platform methodology that you have outlined in your paper allow for us to consider both types of values?

**A/Prof. EVERSOLE** - Yes. If I understand you, Roger, you are interested in outcomes for the place and people, in a sense local outcomes, as well as outcomes that are strategically important at a state level. You are asking whether or not the regional development platform methodology we use are able to take both into account. Is that correct?

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**Mr JAENSCH** - Yes, and does it have a mechanism to reconcile those things, one with the other?

**A/Prof. EVERSOLE** - I would say absolutely. My approach would be to say you are focusing very on the outcomes of the process and the process of these approaches is to construct advantage that is both internally coherent and externally competitive, if that makes sense. My take on that is it is very difficult to construct advantage that is externally competitive if it is not internally coherent. Unless you can make a new town and ship everything in fresh, and we know that is not generally a workable solution in any case, you are always building on the attributes of a particular place and the attributes of your particular communities - and I stress communities, plural - that reside and work in that place.

The regional development literature internationally teaches us that if you want to construct something that is competitive and strategic at a state level and/or a national level, you would do best to build on the assets and attributes that are already there. In terms of outcomes, the outcome that is generated deals on what is already there and in doing so should create outcomes in the form of industries and employment and inclusion opportunities at the local level.

I am hoping I am being clear, but the intellectual underpinnings of the regional development platform approach assumes that those two must be compatible in order to do a good job of, in the case of Triabunna, leveraging strategic assets like the port.

You can take this down a level as well and say the port is an attribute of the place, so is the heritage of Triabunna and so are the various communities that live there. If you think about building platforms for future development, you take into account all assets in the local area. You cannot discount the important strategic physical assets like ports and you cannot discount the important strategic human, community and natural assets such as we have also in abundance in Triabunna. Indeed the most strategic development platforms draw across sectors and across these categories to see where they are quite complimentary and can be combined and brought together, mechanisms to bring them together in order to create something that is distinctive - that indeed there are other communities that have ports but there are no other communities that have the same combination of assets that we would see on the ground in a particular place like Triabunna.

**Mr JAENSCH** - Thank you very much.

**CHAIR** - Thank you very much. I think we are complete at this end, Robyn, and we appreciate your time and evidence today.

**A/Prof. EVERSOLE** - Thank you very much. I appreciate the opportunity to contribute and I wish the committee the best in its deliberations.

**Ms O'CONNOR** - That was excellent, Robyn. Thank you very much.

**THE WITNESS WITHDREW.**

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**Mr TOM TENISWOOD** and **Mrs JANE TENISWOOD** WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - We welcome you to our committee hearing today. Committee hearings are a proceeding of the Parliament so it receives parliamentary privilege. It is an important legal protection that allows people to speak with complete freedom without the fear of being sued or questioned in a court or place outside of Parliament. The idea is to get the best possible advice in the inquiry process. It is important to be aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings. It is a public hearing. We have members of the public and journalists here and that means your evidence may be reported. It is important if you wish any evidence to be heard in private that you advise us in advance before that is done. Does that make sense?

**Mr TENISWOOD** - Yes, it does.

**CHAIR** - We very much appreciate doing a double act today. We have received both of your submissions. We now pass over to you. We realise your background and history, both of you with different hats on but I know that you are appearing today as individuals. We would welcome you to make some opening remarks, and then we can go to questions.

**Mr TENISWOOD** - First of all, I am not representing any of the groups I belong to or am part of. Obviously my experiences with those groups have influenced what I have to say. The members of the East Coast Regional Development Organisation - which I will refer to as ERDO from hereon, which is much easier - are fully aware of what has been submitted. They have access to the website and they have read the report.

Perhaps the other comment I would make, and I was listening to the previous witness, is that I have experienced some difficult times in my life. I have lived on the east coast since 1977 and in five years we experienced three extremely dry years. We were at the stage of shooting sheep and I got to the stage where I did not know how I was going to feed my family. I understand how people feel when things get really down. We ended up selling that part of the property to survive, but I have had a great lot of experience since then in a range of areas. Perhaps one of the things I have really enjoyed in the more recent years is working with the community and with ERDO. I worked with a job skill crew in 1996 on Landcare projects and that was fantastic, in fact, I went out to Rebecca's father's property and we did some work out there. What I have to say is coming with that background.

**CHAIR** - Thank you. Would you like to do an introduction and then we can speak to your submission?

**Mrs TENISWOOD** - I am really pleased that we were given an opportunity to put in that submission because I did sit on the Triabunna component. I do agree with the comments that have been made relating to grief and I guess my only comment was that the inquiry has just slightly late down the track, from my point of view, because I believe the community was beginning to move on. A specific example of that, and an exciting one, is Graeme Elphinstone's business because Graeme was incredibly personally involved and touched by the people he had to put off in the past, et cetera, but he himself has said openly that his business is doing very well now because he has managed to go through the grief process into that change process and adopted new directions, and he is putting on new

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apprentices and so on. That is where Graeme's business was and I think he is the key player in all of this.

I was just sitting in on the inquiry just thinking, 'Gosh, I wish we had done something to address the positive and where do we go next from the grief process'. I would just like to say that years ago I was in Burnie and chaired the Burnie Business Enterprise Centre for five years, and you have here at the table, beyond politics, great expertise from the Cradle Coast Authority. I was part of the Valentine Foundation when Tioxide shut down. Tioxide was a company that had shut down in England and prior to shutting down, took up the process of preparing a community and gave funding into the Valentine Foundation based on David Turner's work and I think he is still in South Australia.

I ended up chairing the Burnie Business Enterprise Centre for five years and we had Ernesto Sirolli, Peter Kenyon, Peter Ellier, Fabian Dattner - all the futurists -

**Mr JAENSCH** - Burnie people building Burnie.

**Mrs TENISWOOD** - Burnie people building Burnie and so on, and I think then I was on regional partnerships at the time when I know that Roger was involved with the Cradle Coast Authority and I know that Roger very effectively brought together the west coast and the north-west into business models and moving forward.

Just talking on grief - I handed that to Colin - written in 1986 but it was redone in 1984 - 'Meeting the Challenge of Change in Burnie' talks a lot about the grief process, redundancies, et cetera. As a state we are going to have to move very quickly in understanding what communities go through in the process of change because change is hitting us so fast in globalisation and so on, and so we need to lead the future and work with one another apolitically as fast as we can across the state when these sorts of things are happening. That is why I was really pleased to say to Guy, is it too late to put in some positive directional stuff?

**CHAIR** - Perhaps you would like to now reflect a little more on your submission. We have received it but if you want to make some introductory remarks about the submission and we can then move to questions, or if you want to we can go straight to questions, we do not mind, but we want to be flexible to you.

**Mr TENISWOOD** - Perhaps you can ask questions but just noting what I said five or six weeks ago, a lot of things have changed in that time so we are in this process of change and change is happening very rapidly. I just noticed as part of MONA FOMA next January, there are two concerts in The Tin Shed. For the Triabunna Tomorrow Project, the final report should be out in the next few days.

**Mrs TENISWOOD** - It is by Dr Helen Norrie.

**Mr TENISWOOD** - It is Helen Norrie from the University of Tasmania -

**Mrs TENISWOOD** - From the School of Architecture.

**Mr TENISWOOD** - and Ross Brewin and Anna Gilby -

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**Ms O'CONNOR** - Sorry to interrupt, who is that being launched by and where?

**Mr TENISWOOD** - It will be in Triabunna but I don't know who is launching it. No doubt it will be at the Council Chambers because the council have partly funded it -

**Mrs TENISWOOD** - With Graeme Wood.

**Mr TENISWOOD** - with Graeme Wood but it is just that we have been in touch with one of the tutors, Ross Brewin, and he said it is very close to being released. That is a little bit of fast change.

**CHAIR** - To clarify, it is a report and recommendations -

**Mr TENISWOOD** - It is an urban study by fifth-year students at Monash School of Architecture and UTAS.

**Mrs TENISWOOD** - It is a sociological study. The UTAS students, as far as I understand, have looked until 2050 and trends and so on, and the architectural students have focused on urban design and done a lot of community consultation. It is brilliant.

**Ms O'CONNOR** - There was quite a deep level of community engagement in Triabunna Tomorrow. Maybe when we get to questions you could talk about what the community has expressed through that process as you know it.

**CHAIR** - Thank you.

**Mr TENISWOOD** - The other bit of information that has changed is that I noted there was talk of bauxite being carted to Triabunna from Campbell Town but that is going the other way now with TasRail to Bell Bay. Last week the Bald Hill project signed a contract with TasRail.

**CHAIR** - They can't access the port, can they?

**Mr TENISWOOD** - Not at the moment, no, but there was talk that that was one of the things that was driving it.

**CHAIR** - Yes, they wrote to our committee.

**Mr TENISWOOD** - On Thursday night at the annual meeting of the chamber of commerce we had a report from Ruth Doughty of the East Coast Regional Tourism Organisation. She is part of a group called Maria Island Tourism Group and they are working on the TRC report, the ecotourism report for Maria Island. I think they call it testing the brand and they are going to have some sort of competition in December, but that is going very well. Also visitation to Maria is over 20 000 to date for the year. That is only anecdotal and there are no hard figures on that.

**CHAIR** - That's up.

**Mr TENISWOOD** - That is considerably up.

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**Mrs TENISWOOD** - And a 20 per cent increase in tourism on the east coast.

**Ms O'CONNOR** - Where did those figures come from, Jane?

**CHAIR** - If you want to table that we go through the secretary and then we can make it available. Did you want to table that?

**Mrs TENISWOOD** - Yes.

**CHAIR** - Can you tell us the name of that report?

**Mrs TENISWOOD** - It's called Regional Tourism Snapshot - East Coast of Tasmania, as at September 2014.

**CHAIR** - Thank you.

**Mrs TENISWOOD** - It's by Ruth Doughty.

**Ms WHITE** - Congratulations on continuing as secretary.

**Mr TENISWOOD** - Only until midnight last night.

**Ms WHITE** - Are you done now?

**Mr TENISWOOD** - Yes.

**Ms WHITE** - Has someone else nominated?

**Mr TENISWOOD** - Yes, you can cross my last title off as executive of the Orford-Triabunna Chamber of Commerce. At midnight last night I finished.

**CHAIR** - Who is the new president and secretary?

**Mr TENISWOOD** - The new president is Dennis Bignall and they don't have a secretary.

**Mrs TENISWOOD** - The treasurer is Tony Wright.

The other new thing to add is that we are involved in a partnership through ERDO with Break O'Day Enterprise Centre. One of the things that was interesting listening to Robyn is that we have Colin Jones coming to Triabunna to the village on the 27th for a closed group that we have targeted, as well as that which is open to everyone, which is China-Ready, accountancy and hospitality, et cetera with some very good presenters and they are running down the coast with the funding Break O'Day received. We are doing that. We are having a session with -

**CHAIR** - Where will that be and when?

**Mrs TENISWOOD** - It's all the dates, from St Helens and Bicheno and then at the village in Triabunna. That is open to everyone and is free of charge.

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**CHAIR** - When will that be in Triabunna?

**Mr TENISWOOD** - Friday 21 November.

**Mrs TENISWOOD** - On the following Friday 27 we are having a session with Colin Jones who is a university lecturer in Australian innovation. Through this process we have already connected him to Helen Norrie. He was not aware of the Triabunna Tomorrow project but he now is.

**CHAIR** - You would deal with that -

**Mrs TENISWOOD** - Absolutely. That is really how we work. The other thing is we have chosen representatives, people who think outside the square, we believe, who are in some way connected to Triabunna through either the network process or their own work. We are looking at the resources we already have, which is the village which Tom has spent the last 10 years building for nothing because we ran out funding, but it is now ready; we are looking at Maria Island connections; the Spring Bay mill site; looking at existing resources and how we better connect them. Colin Jones works across the world in changing towns and working with towns but I think he is very interested in people who think a bit differently.

We have selected carefully and one of things we have done is not select anyone with a pet project they want to get up. We want people to be hopeful but we have representatives from tourism, education, Colony 47, the new mayor, councillors, village students, Maria Island, regional partnerships et cetera all coming around the table. They have all been connected to Triabunna, as I said, in some way so we don't have to go back over the past. We want to look at the resources we have with his leadership. I don't know whether anyone here has worked with him.

**Mr JAENSCH** - I have seen him and he's very good.

**Mrs TENISWOOD** - That is what we have set up through ERDO and that is new.

**Ms O'CONNOR** - I am interested to hear from a whole range of witnesses who either live in Triabunna or work, or have a business in Triabunna, or spend a fair bit of time there, or just love the place. We have heard a range of different views about how the community is feeling and I guess it is very difficult to come up with a generic description for how the people of Triabunna are feeling now about the future and about what opportunities are available to them.

**Mrs TENISWOOD** - I think it is a bit difficult. Unfortunately the *Monthly* article and so on took it back a little bit. It was unfortunate and became very political with the council. I think that is moving forward again. Through Graeme Wood's foundation - it is not to do with the other organisation - he helped fund the school with connections to MONA and Kirsha Kaechele's project, which is -

**Ms O'CONNOR** - 24 Carrot Gardens.

**Mrs TENISWOOD** - On 4 December they are having a harvest festival with Brian Ritchie coming to play. That is one of the things Graeme has done very well with partnerships

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which has already connected to the school and the school community. I had eight years working with students disenfranchised from the high school system and some of them helped build the village. They were connected to the oyster growers and the school has its own business with oysters and through Graeme and the MONA connection they are now selling oysters to MONA, so it is all this sort of bigger thinking that is happening and touching the young people as well.

**Ms O'CONNOR** - We've heard a range of views about Graeme Wood's intent and his modus operandi and until we have an opportunity to speak to him ourselves as a committee a lot of it is going to be subjective in terms of what people think. Do you think Graeme Wood is serious about the Spring Bay Mill development and his investment in the town socially and economically?

**Mrs TENISWOOD** - I can say from my personal connections with him that he is definitely interested in Triabunna as an area, as he is in Maria Island's potential. He has used his own foundation funding to connect with the school and I am not sure which component funded the Triabunna Tomorrow project but he has spoken at the chamber and is incredibly approachable and genuinely interested in Triabunna. I went to the media launch and he spoke very appropriately and sensitively about the past history and trying to take the fear of the place and into the future. There were a lot of local people at the media launch -

**CHAIR** - You went to the launch on 7 October?

**Mrs TENISWOOD** - Yes.

**CHAIR** - Where?

**Mrs TENISWOOD** - At the mill site.

**CHAIR** - On 7 October?

**Mrs TENISWOOD** - Which one is that?

**Mr TENISWOOD** - The media launch for the mill when they announced Spring Bay Mill - that was in December or November.

**Ms O'CONNOR** - Last year, wasn't it?

**Mrs TENISWOOD** - It was last year. Have I put a date in there?

**CHAIR** - No. The \$50 million announcement was on 7 October. Are you talking about the earlier one?

**Mrs TENISWOOD** - His initial media launch of the mill project. People like Leo Schofield were there and it was done very well with a lot of local people there going to have a look, not quite sure, but there have been people in key positions publicly saying, 'If we have to go further and change from forestry, I am really pleased it is Graeme who is leading this process', because of how he has communicated with the community.

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**Ms O'CONNOR** - So you don't feel that Graeme Wood was misleading or conning that community?

**Mrs TENISWOOD** - I don't think so. I'm not sure what has happened right now with the situation with Jan Cameron and I can't comment on that -

**CHAIR** - But you're aware of that?

**Mrs TENISWOOD** - I am very aware of that.

**CHAIR** - There is litigation between the two.

**Mrs TENISWOOD** - Yes, and you made it very obvious in Triabunna that you had a letter from the lawyer. I am aware of that, but from what he has said I think he has a genuine interest and passion for helping the area. I can't comment on the other thing, but Tom might like to comment on Graeme's visit to the chamber.

**Mr TENISWOOD** - He addressed a chamber meeting. We invited him as a guest speaker. There were about 40 to 50 people there and he just wowed us all. I don't say that in a silly way but he was so enthusiastic about the opportunities available for the east coast and Triabunna. He talked about Triabunna a lot because we were talking about changing the name of the chamber back to Spring Bay and he said, 'No, don't do that because I talk about Triabunna.' We are keeping its name to Triabunna because it is very much alive.

He refers to it as a Graeme Wood 100-year vision because if someone comes along with a project that might fit in with what he is doing and want to partner with him, he is happy to do that. He is forming partnerships and if you look at the Spring Bay Mill website, there are a lot of partners already. One of the most significant ones is with the Royal Tasmanian Botanical Gardens to develop the landscaping there which will become botanical gardens in their own right. Since listening to Graeme and the way he is talking, I have likened it to the Eden project in Cornwall in the UK where they developed old clay quarries into the most amazing gardens, with landscaped tropical forests and all sort of things. Thousands of people travel there from all over the world and there are culinary schools attached to that and so on. It is very similar.

The other exciting thing he is talking about at Spring Bay Mill is the innovation hub where you take new ideas that need developing and can be developed into a marketable product. He showed us a chair that is part of a dining setting made from curved and moulded timber from plantation timber. Some of the nitens are not much good for anything but fibre but with this process you can use it, and they are strong. He threw it across the room because someone commented it was not very strong and it bounced and he sat down on it again. He already has the rights to that technology to further develop it, not only for furniture but also architectural products and a lot of other things which can be built from it.

I just had a sense he was very genuine. He is a very successful businessman and obviously knows a lot about marketing. In any business, marketing is one of the key things you need to have.

**Ms WHITE** - What do you hope will come from the Triabunna Tomorrow project that should be launched in the next couple of days?

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**Mrs TENISWOOD** - That is a concept thing that involved young architectural student in their fifth year coming in with fresh minds from Melbourne and Hobart and then imagining the space. They consulted intensively with all ages of the community and then had exhibitions of their work all around the town in different venues, and so many people turned up to the final launch of the project at the new council chambers that they could not fit in. It is just about possibilities that are not over the top. They looked at the existing infrastructure and how you could amend it.

We had an older woman, Vita Brown, a significant Australian artist who lived in our community and died in her 90s still painting. She was prolific and a lot of her paintings had been given to the family and so on. The house sold and one daughter was ready to burn the rest and we thought we were rescuing 10 paintings but through the village we rescued 110 of her works. We have put them up where the market is and one of the university students from Monash said it was a significant collection of a very significant artist's work. She suggested we put a window in the barn so people can walk around the town and it becomes a collection. They have used existing things and taken them further. Then, of course, they can be projects for funding if it comes to that.

**Ms WHITE** - So it's as much about urban renewal as about new projects.

**Mrs TENISWOOD** - Yes, and inspiring communities. It was about building and listening. They did a lot of consultation with local people about the knowledge they have of their area. The students were so respectful in the way they engaged with the lecturers and the whole community. Then we had the inquiry which I think has been very important and now a lot is coming out of it, but having worked across the state with so many changes of government and all the rest of it - I'm so old now - we are under change all the time and it is important we use the knowledge of us all. You mentioned being a mayor in difficult situations, but we forget our politics. It saddened me when you said at the table in Triabunna - and I think it may have been Cassy - that there will be three reports from this inquiry because we are coming from three different directions. It was really good earlier to hear you -

**CHAIR** - We are still trying to convince Cassy that that may not be required. We will just have to see how we go.

**Mrs TENISWOOD** - We all have to learn to compromise. I set up a north-west youth taskforce because we had such competition between Burnie, Devonport and the west coast that we lost out on every bit of federal funding. We set up a different process and we are doing that in Triabunna. We have over 110 connected with three tiers of government, et cetera, and we meet about every eight weeks with Colony 47 through the taskforce process and we connect everything. You are cutting into TAFE now just as we are about to get some TAFE funding but we will have other providers around the table. We can quickly work out who has the money and bring together the three tiers. It is so powerful. We do a facilitator process so we share what we are all doing and then have a cup of coffee and all sorts of connections are made. It is such an easy process to bring people together.

**Ms WHITE** - One final question. You heard the evidence we received from Robyn Eversole.

**Mrs TENISWOOD** - Yes.

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**Ms WHITE** - What did you think about the knowledge partnership idea? You are really doing it.

**Mrs TENISWOOD** - We are doing it. We have put in our invitation to the 20 select people. We have called it 'Networks of Learning' which I pinched from a book called *Pattern Language* which says that schools don't offer everything even though they often think they are the only source of knowledge in the community. It is all of us. We have to link all ages and all our knowledge and, of course, we have the NBN. That is one advantage we are not using in Triabunna. The chamber funded a project.

**Mr TENISWOOD** - We got funding to run a digital enterprise project and it took quite a while to get people to take it up.

**CHAIR** - That was the Chamber of Commerce?

**Mr TENISWOOD** - Yes. It is nearly finished. We have an extension of time till the end of December. It will be completed and we will have about 50 people who will have increased their knowledge of the digital age with websites or whatever they were wanting. It was hard at the start to explain to people about the opportunity. What is the digital economy, the digital age, what is it all about and how can it benefit small business? I think it has finally come through. As far as I am aware there is probably only one small IT business that has come to Triabunna because of the NBN. I think perhaps we missed our run a little bit because we didn't push it hard enough as it was developing but we have got it there and we are one of the few towns that have the fibre to the home. We have got it to the village and it is fast. It is fantastic and through our WiFi every building can access it.

**Ms O'CONNOR** - Sometimes these ideas are slow to be picked up but once there is an understanding, then you will find there is quite a rapid uptake.

To be clear, the reason I said that, in Triabunna, about there potentially being three reports is that I didn't want anyone in that community to think that necessarily a single report of the committee was going to present them with the truth, particularly when you have three different parties sitting on the committee and there has been some very partisan behaviour - and I am not pointing any fingers - on the committee, so I am trying to be frank with the people of Triabunna because I think that is what they need.

I am interesting in exploring, Tom and Jane, what you think is the most important thing that this committee can do for the people of Triabunna and Orford and that region. How can we be sure that what we do in terms of finalising our work has a positive benefit for the people of the region and particularly Triabunna?

**Mrs TENISWOOD** - I think it is very important, as you have done in your report, to acknowledge the past, the grief and the pain that goes through towns in transition but then to try to pick up from the various submissions you have had and particularly that last presentation was very interesting, and to look at what is a town in transition like Triabunna already moving towards, and particularly the opportunities like the national broadband and so on, we are very lucky. And the tourism - Maria Island, there are so many things - aquaculture, there is Tassal. There are so many things and if you can list some of those positive things that are happening beyond the forestry issue -

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**Ms O'CONNOR** - And already happening, too. We have heard some really good evidence of change.

**Mrs TENISWOOD** - Yes, and the stuff from the school is so exciting.

**CHAIR** - Didn't your principal win an award last year?

**Mrs TENISWOOD** - Yes, she won. We did the Stepping into the Future, which I have commented on here, and we are already in the process of organising a new Stepping into the Future for April. We have already tied up Graeme Elphinstone. It was very interesting when Cheryl Arnol prepared this stuff for Graeme to present to the kids and they realised they are making every component for their trucks in Triabunna, which is very significant and that is a good-news story.

**Mr TENISWOOD** - Apart from the tyres and the wheels.

**Mrs TENISWOOD** - Isn't that significant?

**CHAIR** - Yes.

**Mrs TENISWOOD** - And he didn't even realise it.

**Mr JAENSCH** - This is a little journey, stay with me. First, thank you very much for following us up and chasing the opportunity to make your submission and for everything that you individually are doing for your community, voluntarily, and putting your heart into it. That is what makes a place like that work.

**Ms WHITE** - Hear, hear - so you can agree on some things.

**Mr JAENSCH** - There you go, I could just stop there.

*Laughter.*

**Mr JAENSCH** - To my view, coming in and learning about the history of these places as an outsider arriving, to some extent it seems to me that the chip mill was to Triabunna a bit like the pulp was to Burnie in terms of the identity and the heart of the history of the place and the allegiances that come with that. Then there is this grief and confusion and anger around the end of that era of history. If that is a correct assumption, that there has been a similar sort of thing, I could understand that a bit better.

It is very heartening then for me to hear people like you, with your mature reflection on the place and your breadth of involvement, to be able to talk about how the moving on is happening and some of the diversification of thought as well as activity that is going on and that that is healing and moving in the right direction.

I listened to Robyn Eversole then on the phone and her talk about these renewal and re-engineering, rethinking sort of projects requiring a strong base and, importantly, that there should be a light touch from things like government so that it is not determining, but rather facilitating. Also, I think she made a comment about not wanting to tie up with

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project proponents, and I think you might have mentioned that too, and that ERDO and others are involved in doing good work. Where my question comes in is the next bit. In what I read and what I have heard from some of the community members who are positive about the future now, sometimes this list of the school and MONA project, and the oyster link there, the Spring Bay Mill, the botanical gardens, the Maria Island visions, the Triabunna Tomorrow and the Graeme Wood 100-year vision, I detect in that something of a cult of Graeme. Is there a risk that a community leaves one thing and looks to embrace another big one thing as a prime mover to hitch to? That is what we are a little bit used to and there is a risk in that. My question is, again, without intending the pun, what if? I do not know Mr Wood or Ms Cameron. I have not met them and heard from them the way you have. I cannot explain how they have come this far and then discover that they do not support each other's vision for what they are doing. How are you going to change, rezone the land that you both own for tourism development but not have the conversation about it? What I am concerned about is: is Triabunna strong enough if that partnership does not come through the way it is hoped to; has Triabunna enough other things driving it, going for it, enough equity in its vision for itself, not Graeme Wood's vision, to make it happen? Is that what government should be supporting, those people?

**Mrs TENISWOOD** - We have only picked up Graeme Wood because of the inquiry focus, that is all. I must admit when the latest legal stuff hits the paper and we have organised the 20 players, just one of the 20 is from the mill. All the other players are doing all sorts of other different things in the community, including tourism, etcetera and tourism not dependent on the mill. We have the rangers from Maria Island and so on. It is just one component. I think it is incredibly important for Tasmania that we look very strategically at which industries government supports because otherwise we just have this endless thing of supporting failing business. I was in regional partnerships and I am very strong about the fact that we look for successful businesses across the state and we give them additional funding if they are already a successful business to go into employment.

Going back to your question, I do not believe it is all about Graeme Wood. It is because we have had the press stuff and the focus has all come. But just recently, Maria Island Walks won awards. You have the wine industry.

**Mr TENISWOOD** - The wine industry is huge. Brown Brothers are making huge investments on the east coast. Works have started at the new Tassal plant. Spring Bay Seafoods - and there are a lot of people. The other comment I would make is, through the community consultations that have occurred from Triabunna Tomorrow, people are starting to look outside the square, looking at something beyond what has been in the past normally. Whilst I would not like to see it disappear, I think we are resilient enough to start looking for other opportunities.

**Mrs TENISWOOD** - The oysters, for instance, the oyster story. The oysters were already happening before Graeme Wood, but it was just the connection with MONA linked to the school now through his foundation, not through his other stuff. It is just how you make connections.

**Mr JAENSCH** - You are confident then that Triabunna is intact in itself and that there are prospects there.

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**Mrs TENISWOOD** - Just commenting on local government, I think in local government - and not just local government - someone will go for a submission and they do not get partners, and then they cannot understand why they did not get the funding, so we have to work on when you put in for money, get good partners. A specific example is, now the school has picked up with Colony 47 for its local Medicare funding, but May Shaw have lost it.

**Mr TENISWOOD** - They did not talk to each other.

**Mrs TENISWOOD** - Robyn mentioned aged care, which is another great opportunity for Triabunna.

**Ms O'CONNOR** - The caring industries generally probably, because there is a huge growth in disability support needs.

**Mrs TENISWOOD** - We have low-cost housing being built.

**Mr TENISWOOD** - And it is flat.

**Mrs TENISWOOD** - And it is flat. We have the paramedics, we have the helipad, we have the latest technology with the national broadband for diagnostics.

**Mr SHELTON** - Thank you both for your contributions, your submission and your enthusiasm around the table, and your social input and your investment into the Triabunna community over many years.

When we look at strengths in a state sense, Triabunna is one place because it had the mill, it had the site and it had a port. If we look at Lyons from a personal point of view, particularly southern Lyons from the forestry industry point of view, we have these two issues: Triabunna and what is happening there and how we deal with all that, and the forest industry in the south.

Given that there is a need for a southern outlet for timber products and the bay is a pretty big bay, would the Triabunna community accept both - a Spring Bay Mill and the opportunity of an export facility in some other position?

**Mrs TENISWOOD** - Having worked closely in Burnie with all the forestry and the port, it co-exists very well but you have to think about the roads. I know the port is so strategic because it is a deepwater port but it is the roads. If you look at Break O'Day Hill, unless you can put in some dual highway passing lanes, and in the Lake Leake Highway too, and if we are wanting to increase tourism as a state strategy, it is the road access. That is my only comment. It is not that the port is not strategic as a deepwater port, it could be cruise ships.

**Mr SHELTON** - The reality is, on the east coast with the inroad and so on, it is probably the most specific off-road network for the industry but the infrastructure that is there is also -

**Mrs TENISWOOD** - The M road is there but I am talking more about the southern roads.

**Ms O'CONNOR** - That tourists use.

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**Mr SHELTON** - But it has been used for years. My point is: we need to grow our population in Tasmania in order to provide the services and so on the people expect now because it is an ever-increasing upward trend, and we need jobs in order to keep our young people here. How come we are at this point where it is them or us? Why can't we have both?

**Mrs TENISWOOD** - This is where we need state plans that are bipartisan - strategies like ports that are planned ahead and we think about, the rail and so on.

**Mr JAENSCH** - Well said, yes. I agree with that very much.

**Ms O'CONNOR** - We need economists in the mix so that decisions are made on good business sense.

**CHAIR** - Does ERDO have a document that summarises the views and opportunities for the region, and if so, could you forward it to the committee?

**Mr TENISWOOD** - Not as such.

**Mrs TENISWOOD** - We can do it, out of the one with Colin Jones as well, we will forward it to you.

**CHAIR** - I did approach them but they were not able at the time but I am wondering if you could ask them to reconsider that request? It might have been through the council to David Reed, was it?

**Mrs TENISWOOD** - We have had a 'please explain', which we will not go into detail, from State Growth; we appear to be threatening State Growth through council politics, shall we say.

**CHAIR** - What is David's position?

**Mr TENISWOOD** - David Reed is the Chair of East Coast Regional Tourism.

**CHAIR** - Are they separate? Anyway, what you have from ERDO, please forward it, much appreciated. Secondly, likewise with the Chamber of Commerce, I know you have a new president as of last night, but if they had a view that outlined the economic opportunities for Triabunna, I do not know if they have -

**Mrs TENISWOOD** - I think you had Debbie Wisby present it to you.

**Ms O'CONNOR** - Yes, she was very good.

**CHAIR** - Yes, if there is any updated view because that was, as you know, a few months ago, we would appreciate that.

I want to say two things before we conclude. Mr Wood, as I said at the beginning of our hearing today, has agreed to appear before us on 25 November.

**Mr JAENSCH** - By phone.

## **PUBLIC**

**CHAIR** - I thought I would share that with you.

One other things I want to clarify, particularly for the media but to put it on the public record, Jan Cameron is often referred to as the founder of Chickenfeed. I want to put on the public record she was the former owner of Chickenfeed; the founder of Chickenfeed was Rudie Sypkes.

**Ms O'CONNOR** - She was the founder of Kathmandu.

**Mrs TENISWOOD** - Yes, that is right.

**CHAIR** - There has been some misunderstanding in the public arena and in some of the media. Rudie Sypkes was the founder of Chickenfeed.

**THE WITNESSES WITHDREW.**

## PUBLIC

**Mr MARK RAPLEY** WAS SWORN, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Mark, thank you being here at short notice. You are from Butler McIntyre & Butler but are here in a private capacity. It is much appreciated. This committee hearing is a proceeding of the Parliament which means it receives the protection of parliamentary privilege that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court or place out of parliament. It applies to ensure that parliament receives the best advice possible. It is important to be aware the protection is not accorded to your statements that may be defamatory and are repeated or referred to by you outside the confines of parliamentary proceedings. It is a public hearing. Members of the public and journalists are present and this means your evidence may be reported. If there is part of your evidence to be heard in private you must make this request prior to that evidence being presented.

Again, thank you for responding to the invitation to be here. It is at short notice and obviously relates to some legal matters. I am aware of the sub judice convention and we need to be aware of that today although it is privileged evidence being given here, but we are interested in terms of the overall approach to the winding up of a company, how that proceeds, what is involved, how long that might take, those types of questions. I might pass to you to make some observations before we then have some questions, if that is all right. Roger is looking at me.

**Mr JAENSCH** - Chair, whilst we are operating under privilege you say we have to be conscious of boundaries when it comes to commentary on another matter before the courts. When we are getting close to the line, how are we going to manage that, because I might not be aware of where that line is? You are legally trained and are in a better position than I. Mark is in a position to decline to answer, isn't he?

**CHAIR** - Yes, of course, and Mark is aware of the sub judice convention. We had a conversation about that matter. I will just pass to the secretary if she wanted to make any observations at this stage.

**SECRETARY** - Sub judice conventions are voluntary things. It is so you don't prejudice proceedings before a court. In a civil case it is not as strict as a criminal matter so we just need to be aware if we're going to go into the specifics of the legal proceedings that we don't do anything that would prejudice the outcome.

**Ms WHITE** - Chair, I seek clarification, having not been here when you were discussing the witness list for today. Are you speaking specifically about matters that have become clear in the last week with respect to the legal proceedings between Cameron and Wood?

**CHAIR** - Yes.

**Ms WHITE** - How do you see this to be relevant to the committee's deliberations?

**CHAIR** - Hopefully it will assist the committee in understanding the nature of a winding up application and how long that might take, whether it is defended or not defended, so a big-picture response to those types of questions which would hopefully assist the committee in understanding the matters around that issue.

**COMMUNITY DEVELOPMENT, HOBART 10/11/14 – TRIABUNNA WOODCHIP  
MILL (RAPLEY)**

## PUBLIC

**Ms WHITE** - I want to make it known for the record that I feel very uncomfortable about this, so if there is anyone reading this who wants to take legal proceedings against any member of this committee, count me out because I do not agree with this action.

**CHAIR** - That is noted. We will go to Mark who can make some opening remarks about the application to wind up and what is involved in terms of timing, length of time and that sort of thing.

**Mr RAPLEY** - Is there a specific question about that? I can make an opening comment if you like but I have no intention of commenting specifically about any action. I can talk more generally about the process -

**Mr SHELTON** - I do not wish to debate or discuss the action at all but I would like to get an understanding in lawyer's terms about what an application like this means as far as time lines go. It doesn't have to be these people, it could be other people, but when an application to wind up comes in what is the typical general process you have to go through and how long does that take? Could it be years -

**CHAIR** - I have four questions which pick up on yours, Mark. Please explain the process of winding up a company? Typically, how long does it take to wind up a company when the application is opposed and not opposed? What does it mean to have a company liquidated? What is the typical liquidation process?

**Mr RAPLEY** - There is a couple of different ways it can occur. It can occur when a company is insolvent and receives a statutory demand. That is typically what happens. If it fails to comply with the statutory demand an application is made to wind it up on the basis it is not paying its debts. That is one way.

Another way is pursuant to section 461 of the Corporations Act, which is less common than the first example but it does happen. It is typically used in cases where there is gridlock between the directors and members as to how the company should advance to the point where the company becomes dysfunctional and is not operating in accordance with the corporations legislation or in relation to its own constitution and hence the members or a director may apply, pursuant to section 461, to wind the company up. The grounds are typically on just and equitable grounds. It is a very broad provision and is based upon the evidence of each case. It is often used in what is known as quasi partnerships where you use a company as a vehicle to try to advance a project or whatever it might be and then, for whatever reason it does not go ahead, to the chagrin of one of the parties, and the other one might think it should go in a completely different direction and it is used as a section to wind up the company if the court thinks that is appropriate and there is complete deadlock between the members and directors. There are other sections such as section 232 where there might be a minority or a majority shareholder that is being oppressed and that can lead to a wind-up of the company.

**Mr JAENSCH** - Do we have knowledge of what trigger was used in this case?

**CHAIR** - Only what is on the public record which we and the public have access to, which is the application.

## PUBLIC

**Mr JAENSCH** - Would that quote what section or clause?

**Mr RAPLEY** - It does, and I think this is an application pursuant to section 461.

**Mr JAENSCH** - Is that one you have just outlined?

**Mr RAPLEY** - Yes, and that would be the appropriate section to use if those are the circumstances that exist. Without knowing the evidence of a case you cannot know.

**CHAIR** - How long does it take to wind up a company when the application is not opposed and when it is opposed? There would be different views depending on the facts. Do you have a general overview on that?

**Mr RAPLEY** - Typically when it is not opposed, you can reach agreement, like anything, very quickly and you can enter consent orders in the court to dispose of the application if an application is being made. If it is a hotly disputed matter it can go for some considerable time. Any matter can. The evidence needs to be collected, discovery made of documents, each party given time to prepare their case and experts engaged if it is financial. There might be planning issues and all sorts of things on all sorts of matters. All the Supreme Courts now have alternative dispute resolution processes, which might be a circuit-breaker. That typically occurs in the Tasmanian jurisdiction within the first three months of the application being filed and is often a circuit-breaker. If you look at the stats most matters will resolve in an alternative resolution-type process simply because of the cost of going on. If it does go on it could go for years.

**Ms WHITE** - How long is a piece of string?

**Mr SHELTON** - Considering that it is a dispute or otherwise it would have been sorted out before this. In a typical two-person partnership the quickest and easiest way would be for one person just to give it the other person, or to buy the other person out to a level that that person agreed to. If it was less than that and they disputed it then we would be back to where we are. It could be over and done with quickly if one partner bought the other one out for an agreeable amount, but once it hits the dispute then how long is a piece of string?

**Mr RAPLEY** - Not quite, because it can still be sorted out once matters have been instituted in court, just like it can be sorted out before it goes to court. There is absolutely nothing stopping that. For example, a piece of evidence may become available that was not available prior to an application being filed which convinces another party that perhaps it is not appropriate to keep marching forward. There are many different examples and often matters do settle along the way. The fact that a matter might have been started in court does not necessarily means it will not finish on any particular day. Mediation or arbitration is often a point where the parties come together and really thrash it out and often a resolution will occur at that stage. The courts more and more around the country are forcing disputes through that process and typically that happens. I have no experience of the New South Wales system but typically here it would be three to four months after, depending upon the collation of the evidence and what is required for the mediation.

**CHAIR** - So that is the shortest possible time but what is the possible longest time for something like this?

## PUBLIC

**Mr RAPLEY** - If it is in New South Wales it is hard for me to comment but I would expect you could have a substantive hearing before the end of next year in the primary action and then there are appeals rights that might arise out of that, so it could keep going beyond that time. If there are any specific issues in a matter that are urgent there are mechanisms certainly in the Supreme Court and in New South Wales where a matter can be dealt with quickly, but it has to be certified as being particularly urgent.

**CHAIR** - In the normal course of events you are saying that these types of processes to wind up if it is opposed could take well over 12 months and maybe a bit longer.

**Mr RAPLEY** - Yes, I would agree.

**CHAIR** - Can you explain to the committee the application to wind up under 461K and section 232 of the Corporations Act with an order to wind up under section 233? Why does one person choose one way to go rather than the other? Mark has mentioned about buying another person out. There might be another way to do it, so what is so special about winding up rather than buying out someone else's share or some other option?

**Mr RAPLEY** - Section 232 is usually when a party is aggrieved about how another person's shareholding is being used, whether it is a minority or majority shareholder. Section 461K is more typically used where there is a gridlock between maybe shareholders that have the same amount of shares and the company is dysfunctional so it is just and equitable that it be wound up. One of the classic cases is a family dispute where three brothers held the farm in a company, two brothers wanted their equity out and one didn't and they all had the same shareholding. It went to court under section 461K because it was a gridlock-type scenario and the judge ordered the company be wound up. Section 232 is much more about the shares and how they are used. The court has a variety of orders it can make under section 233 in relation to shares. That can include where maybe the parties can't afford to buy each other's shares out to wind up a company but if it is obvious one party can, and perhaps has been offering to buy them out, then the court may order that shares be purchased as a part of the remedy - but not always.

**CHAIR** - What other options are there?

**Mr RAPLEY** - They are typically it - shares or the wind-up. Courts can very rarely make two parties because of order suddenly start cooperating again.

**CHAIR** - You mentioned it could take more than a year. What about the appeal rights? Can one party appeal a decision and, if so, is that a further period of time?

**Mr RAPLEY** - Yes, it is. You could anticipate that it could take years to resolve.

**CHAIR** - Several years?

**Mr RAPLEY** - I must say that depends upon whether there are points of law and/or facts that are capable of being appealed.

**CHAIR** - I think that is very useful.

## PUBLIC

**Mr JAENSCH** - If an order is made to wind up a company, or if that is the outcome of a process like this, is there a rest to what happens to assets like land held that were the purpose of having the company in the first place? Do they necessarily go into a third-party liquidator process to realise their value and distribute it to the parties who are parting or how does it work?

**Mr RAPLEY** - A liquidator is typically appointed and it is their role to liquidate the assets. That does not necessarily mean that an option will or has to take place. It is often the case because the liquidator can be satisfied that they have achieved market value for the assets and therefore returned the appropriate amount to the members, but it is not always the case.

**CHAIR** - Who does the liquidator work for?

**Mr RAPLEY** - The liquidator is typically working for the members of the company in that case and creditors of the company. They are paid, for example, out of the assets of the company and their role is clearly defined in the Corporations Act. They are not working for anyone in particular, they are really following a code -

**Mr JAENSCH** - That defines their interests.

**Mr RAPLEY** - Yes.

**Mr SHELTON** - But they would be appointed by the court?

**Mr RAPLEY** - Appointed by the court, yes, and they are very heavily scrutinised by the ASIC to make sure they perform their roles appropriately.

**Mr JAENSCH** - Can a situation arise where a dispute has arisen between two partners in a property and one does not want to sell to the other but that is ultimately what ends up happening through a liquidation process?

**Mr RAPLEY** - Yes.

**Mr JAENSCH** - That is a possible outcome but going through the third party rather than being able to achieve an outcome.

**Mr RAPLEY** - Yes, the liquidator would typically be looking to market value for the assets. Potentially a member could pay for their half, as long as it is market value, and pick up the other half.

**Mr JAENSCH** - I have another question which is not to do with liquidation but property. I don't know if this is your bag or not, Mark, but can a piece of land under a title be rezoned without the consent of the owners?

**Mr RAPLEY** - It is not my area of expertise.

**Mr JAENSCH** - We can find that out another way.

**CHAIR** - Mark, thank you for giving us that evidence today.

**THE WITNESS WITHDREW.**

**COMMUNITY DEVELOPMENT, HOBART 10/11/14 – TRIABUNNA WOODCHIP MILL (RAPLEY)**