

PUBLIC

THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON SCOTTSDALE SAWMILLS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE ON FRIDAY 26 JULY 2013.

Mr BARRY JARVIS, MAYOR, AND **Mr PETER PARTRIDGE**, COUNCILLOR, DORSET COUNCIL, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Booth) - Thank you for making yourselves available today. As you are aware, this committee has been sitting for a long time. For various reasons we have not had a meeting for some time but it is a good opportunity now to catch up and hear further from the council, given the time that has elapsed since the withdrawal of the log supply. Barry, we will leave it in your hands.

Mr JARVIS - I have had some figures sent through to me on the financial impact to the Dorset community. The log volume Auspine was doing when it finished was 210 000 tonnes per year, with an estimated annual turnover around \$44 million and an estimated payroll of around \$5.6 million into the community. The Frenchpine mill log volume was approximately 185 000 tonnes per year, the estimated annual turnover was \$46 million and payroll was \$7.8 million a year. You can see it is not only in company turnover of around \$90 million a year, but also in wages out of the Dorset community of around \$13.5 million. The impact on the population at that stage of around 7 100 people has been dramatic in that we have had a declining population - I think the figure floating around at the moment is between 6 700 and 6 800 people. Of course the wage component and the multiplier effect have been taken out. We've got towns now, probably starting from Derby, where the general store has shut. Legerwood has shops shut; Ringarooma, where probably the only viable business going now is the butcher and ones selling milk and so forth, and there are about 15 empty shops in Scottsdale. That's purely the impact of this resource going out of our area.

I believe the plea from former mayor Peter and the Scottsdale community at that time was that the GBE should have been forced to have a community benefits test in the sense of the way they act. The cry that went out then and the fear of what would happen, there is evidence on the ground now.

CHAIR - Do you mean under section 12A of the Forestry Act?

Mr JARVIS - Yes. I think the recommendation that came out of the first committee with you, Peter, from 2007, was something along the line that it must be mandated GBEs do it. That was a recommendation from the first committee. My understanding, from the members who were on that committee and to this day, is that that has never been brought forward as part of legislation by anybody. To me, that is the biggest disappointment because if these things continue to go on, GBEs, while they act in the sense of an arm's length from government, they are still underwritten by the state.

The latest example, although away from Dorset, is TasRail that was running at a loss last year, or subsidised by the state - by us - of around \$26 million - can put out a contract to China for \$20 million. It is incomprehensible to me that we can have something that is

PUBLIC

running at a loss, that is underpinned by the community of the state, and can then send their capital works program overseas. If GBEs are tightened up from what has happened at Dorset or something is put forward in legislation, that would be a good outcome.

CHAIR - In line with the other recommendations?

Mr JARVIS - Yes.

When you started this committee, this is what possibly could happen and I'm telling you what has happened and anyone who drives through will see it in reality. It's not what will happen, it's what has happened. The socioeconomic outcomes - we do too much and get the socioeconomics after the fact. We have to understand what our decisions mean on the ground. With the forestry stuff that's going on at the moment and by not doing a socioeconomic impact assessment prior to that, the effects of that will come through over the next 5 to 10 years, exactly what has happened in Dorset since the resource was taken out of the area.

CHAIR - Peter, would you like to expand on that or make any comments?

Mr PARTRIDGE - I think Barry summed up the situation very well. I am somewhat disappointed that it has been so long. I thought this committee today was going to give us a report on its investigation into why the resource was not left in Scottsdale. It's more than three years. I can't believe it takes so long to do something like this.

CHAIR - That's the life of a small parliament, to some degree. There were some other matters as well, Peter.

Mr GUTWEIN - In regard to what was the FPA mill at Bell Bay and then with the change, are there any people still commuting from the north-east to that mill? A few years ago there was a bus proposed and 30-odd people were looking at it - is that a part of the mission?

Mr JARVIS - Senior management probably, but the general work force is minimal. The bus fell over within a month or two.

CHAIR - How many workers originally employed at those two mills are now working at the pine mill at Timberlink that New Forests owns?

Mr JARVIS - From the number of cars that commute from Bridport, I would say anywhere between 15 and 25 people.

CHAIR - And Scottsdale?

Mr JARVIS - That's total, from the north-east.

CHAIR - There has been a reduction in total workforce because of the efficiencies, if you like, of that mill, but where does their workforce come from now?

Mr JARVIS - The basic labour workforce - my understanding is that there are quite a few labourers from the George Town area and with what has happened post-reduction of

PUBLIC

Gunns in Launceston, I reckon a lot of them have transferred straight through to Gunns when Gunns owned it, and they took up the bulk of the work. As they could see that Lindsay Street was going to go the way it has, I would say that probably the workforce might be coming out of Launceston.

CHAIR - Okay, but in terms of your area, you're not aware that there are many workers still working in that industry?

Mr GUTWEIN - Following on from that, with the two pine mills when they were up and running, what was the combined workforce across the two mills?

Mr JARVIS - Probably close to 300 - maybe 320.

Mr GUTWEIN - Obviously those jobs have gone now. You inferred that there are maybe 15 at the George Town-Bell Bay site now. How many of those families have moved out?

Mr JARVIS - It's difficult to say but the mix around Scottsdale has changed. A lot of those sawmilling people, the same as probably the heavy construction people or the contractors in forestry, the ones who wanted to retain a base in the north-east - there are quite a few flying in and flying out. I know a guy who counted 32 people from the north-east on his flight to Western Australia and I know there are quite a few in the logging industry doing logging work with the gas pipeline in Queensland. They recruit pretty well from forestry workers out of Tasmania because they probably haven't got the union training so they go and just do the work instead of having a conflict with their employer. So they fly out on a three-week basis - I think it's three weeks on and 10 days off - and quite a few contractors are doing that, and some of the process workers.

I'm not sure what was there but Andrew Lette and the Jones have taken all their crews to the mainland but still doing the contracting as they were doing before and they've just relocated the families of workers -

CHAIR - But they were in native forests, not in pine?

Mr JARVIS - Yes. A lot of people didn't want to go. Once Gunns got control they didn't want to work under the Gunns banner at FEA and a lot of them drifted off. The management practices between the old French Pine and Auspine - they drifted out of the industry or wouldn't work at Bell Bay basically because they thought the management practices were confusing to good employment.

Mr GUTWEIN - There was something that you raised in 2011, which I had some sympathy for, when you suggested there needed to be a broader inquiry, perhaps separate from the parliament - perhaps even a royal commission - into what had happened in regard to this. Obviously there has been a range of decisions that have been made in regard to forestry in the last few years, but are you still of that view that there needs to be that broader inquiry?

Mr PARTRIDGE - I still think we ought to get to the bottom of why that decision was made. Was it personalities? There were a lot of stories around about why the resource was taken away and I thought that that was what this committee was going to look into.

PUBLIC

CHAIR - It is certainly part of it, and that is why you here are giving evidence today, Peter. It would be interesting to hear some of those reasons you think might have been why it was taken away. You have privilege and it would be interesting for the committee to hear your views as the long-term mayor.

Mr GUTWEIN - Has anything changed in the last couple of years in regard to your views at the time?

Mr PARTRIDGE - Not at all.

Mr GUTWEIN - Has any further information come to light?

Mr PARTRIDGE - No, and I repeat, I thought that is what this committee was going to look into and would give us a report on.

Mr GUTWEIN - As a parliamentary committee we have certain powers but we do not have the powers of a royal commission. We cannot compel people to come forward and there are no punitive measures we can bring to bear to get witnesses to speak. One of our biggest shortfallings as a parliamentary committee is that we cannot invite people who are on the mainland and out of this jurisdiction to come before this committee, whereas a royal commission would have those broad-reaching powers to look at a whole range of matters and delve deeper than we can.

Mr JARVIS - The underlying concern is that a government GBE put the issues of a community at a disadvantage purely for a business decision. If that GBE is funded or part-funded or underwritten by the state, they have a responsibility to put the community at least near the same page as economic outcomes; otherwise, give it to private enterprise or work purely on a profit basis. You can't have it both ways. You can't be funded by the state and take no community considerations into your decisions. If that happened at that time, that is a disgrace, and our community have now paid for a decision that we're not sure whether was commercial, personality-based or a GBE not acting under its legislation. Every time you query somebody around a GBE, the minister says it is at arm's length, but when they want to give them direction they call them in and give them the direction. The clarity around that then comes to whether the minister at the time was complicit in any of those actions. I struggle with GBEs not being completely accountable to community. You can't have both.

Mr GUTWEIN - I think there has been a prime example of exactly what you're talking about since because we heard evidence at the start of this committee but also in that 2007 committee - I am not sure whether you were on that, Chair.

CHAIR - Yes, I was.

Mr GUTWEIN - We had made that recommendation from a joint House committee which the government have not adopted in regard to the GBE legislation. In the same way that the argument was put that they cannot interfere, we saw with the North Melbourne situation the TT-Line very quickly make decisions that were supposedly for the benefit of the broader economy and this state. There is evidence of where GBEs do make those decisions.

PUBLIC

Mr JARVIS - All I say then is, let the minister be upfront or the ministers responsible for GBEs say they work under ministerial direction - then the end game is back with the minister.

CHAIR - That is useful commentary, Barry, in that sense, but dealing with the issue of what happened then, we cannot impose what people think should be the way they behave and what happened at the time. You can only look at the rules that operated at that time. If you recall, that committee that looked into it previously, the joint House committee, I think we had independent legal advice, if I recall correctly, that some said that 12(a) had not been adhered to and other advice from the Solicitor-General - from what I recall and I hope this is accurate - that in fact there was no obligation once the Tasmanian wood growers board met and Bob Gordon took his hat off from FT and moved in there so then his obligation was to TasWood.

My view is that 12A was not adhered to and there was a breach in that sense. I was particularly aggrieved by it, as most people were, but the advice and the finding of that committee was that there were recommendations that have not been taken but there was no finding with regard to 12A. It is very difficult to get to the truth on that because then it does become a he-said-she-said unless we have people who have come forward with evidence as to why that decision was made - as Peter as alluded to, was it a personality thing, was it a commercial decision, was it a vindictive act or whatever? That is why I asked if you can point to some reasons you think it might have happened that you have heard about in the meantime and then the committee can follow up on that.

Mr JARVIS - The people who know are the closest players and it probably wasn't ever going to come to light was until Auspine was bought.

CHAIR - That is one of the problems.

Mr JARVIS - There was legal action pending, then Gunns bought Auspine out and it all folded into itself, which was fairly convenient.

CHAIR - We were hoping to get evidence from someone in Auspine who was in a significant position to be able to give that advice. I have spoken to him on the phone, but it is a mainland person and we can't compel him to come here and give evidence. If we take it by phone they don't have privilege, so there are all sorts of issues with jurisdiction. I believe you are right; it is something we could discuss as a committee as to whether we want to try to get some cooperation from those ex-Auspine people now that the water has flowed down the river a bit in time. We can try to do that.

Mr FERGUSON - Mayor, you earlier ran through a number of measures as to how the community has suffered damage since the decision. Can you elaborate on what you know of; for example, property valuations and properties for sale in the township of Scottsdale and surrounding areas? Could you give any feedback on school enrolments, for example? Have there been other impacts you can comment on?

Mr JARVIS - When we met in 2011 the property prices in Scottsdale for a three-bedroom basic home would have been between \$180 000-\$195 000; they now sell for between

PUBLIC

\$125 000-\$138 000. A brick three-bedroom home in Gladstone was bought for \$180 000 and sold for \$105 000.

CHAIR - Have you compared that with the slide in house prices generally across Tasmania?

Mr JARVIS - There is a 10-15 per cent reduction around and that is where the market has been pulled back, but you can buy three-bedroom homes in Scottsdale under \$100 000. I am talking about the general, normal ex-Housing Commission, reasonably constructed, or the old-fashioned weatherboard place that would have been pushing towards the high \$100 000. They have dropped \$60 000-\$70 000 in that \$200 000 market.

Mr FERGUSON - There was a point, and it would have been around the last time you gave evidence, where it was said that something like one in 10 homes were for sale. What is the situation at present in relation to houses for sale? To what extent are those houses for sale unoccupied?

Mr JARVIS - The rental market in Scottsdale is strong and the resale market has been fairly buoyant in the last two months, but the buyers are mainland buyers for capital investment increase. They don't move here to live in them; they rent them out to the rental market. A lot of people from Launceston have been moved out to the north-east because there is no work; they don't have to look for work. The houses are full, the rental market is strong, but it is underpinned by a third party. You can still get \$200 a week for a \$120 000 house.

Mr FERGUSON - With the loss of the population, what about the schools?

Mr JARVIS - School numbers are good. The families that have been relocated to Scottsdale seem to be younger, anywhere between 30 to 45, with two or three kids and they are moving into the area.

CHAIR - So initially, when the logs were withdrawn, you suffered some sort of decline in overall population. Setting aside the wages that were lost to the town, et cetera, now the houses that became vacant have been filled by people who are not resident owners. So population-wise, has it come back to what it was?

Mr JARVIS - No, it is still around 6 700 to 6 800, so there has been a definite decline of around 200 to 300.

Mr GUTWEIN - What about your rate base and other impacts on council?

Mr JARVIS - The rate base will be picked up through valuation. Basically this year the valuation was almost flat. We had a slight increase in valuation; the rental market was very strong through the wind farm people. Then there is the forest industry and the MIS schemes and what has happened with the native timber industry. With property prices, our next revaluation will put pressure on rates because we will have to do some adjustments.

As with Break O'Day, if you give an adjustment you either cut services, cut your internal operational costs, or a mixture of both. The rate base will be under pressure at Dorset unless there is something from left field that comes out that, some economic activity that

PUBLIC

increases the numbers or there is something that comes in that can be rated reasonably high.

CHAIR - So the rate base drop was basically not due to people leaving but the loss of the two sites? What is happening with the rates on those sites? Were they significant?

Mr JARVIS - They have probably been revalued but I would have to check with the GM or somebody else. The same as a lot of other rural communities that have forestry activities in them, plantations or whatever, some of that rate money is on the books. The issue is, are we ever going to get it.

Mr GUTWEIN - The council would be not the single largest but certainly one of the largest economic units left in the area, with payment of accounts and creditors' accounts, are you finding there has been a slow down in rate payments and services that councils might provide?

Mr JARVIS - In general, talking with other business owners, in the sense of bills being paid on time, whether it is council activity or not, they are stretching out. There is a longer term between when it is due. One of the reasons we have gone to a quarterly payment system with our rates is to try to ease the burden so there is not a bill shock. Cost of living is affected everywhere - no different in Dorset - but as a council we have come to the belief that the quarterly payment will make it a tad easier to meet that one-off payment rather than half-yearly payment of rates, because the payment length has increased.

Mr GUTWEIN - When the contract changed and the mills were closing, a taskforce was established and a range of economic ideas were touted. What tangible results have you achieved in 2013 from when the contract was lost?

Mr JARVIS - I think probably three months ago the Premier made an announcement that there were no projects in the north-east worth supporting. Either the document was irrelevant to the government or they didn't rate it. We went to the community and got 90-odd projects; the community deserved some action being taken. There is still some unspent money from when the government and we agreed to \$100 000 each. There is still money there but it hasn't been expended, mainly because it is very difficult to work back through the department to get some projects committed.

There was a group in Bridport. They wrote to the Premier on the basis of her press release and said, 'We've been trying to get up a recreational pier'. Straightaway she sent an adviser out. She obviously didn't have that document on her desk. So there were 90 projects sitting there - with short, medium - stretched over probably a 20-year time frame and surely some of those should have been reinvestigated. We keep pushing them forward but if you don't get to the next level of getting some commitment -

CHAIR - Hasn't the TFA funding that was announced yesterday by Rudd approved at least one of those projects we looked at on that taskforce, which was similar to the one I put up?

Mr JARVIS - Yes.

PUBLIC

CHAIR - If it happens, that's one of them, I suppose. Wasn't it about a second or third priority on the task force list we drew up?

Mr JARVIS - To be fair, Kim, there was probably more enthusiasm for forest-related businesses than there is now. There is some good value-add stuff out there and that is where the group that has driven it needs to be fairly selective in where they drive that money to get the best return to products and the mix of products. I think we are living in dream world if there is going to be any native forest, so it is going to have to be a plantation-base product, a mix of private forest and native. You have to get good value for small tonnage. That is probably the challenge for that group that has picked up that funding.

CHAIR - We have talked before, Barry, of businesses becoming so big that they are too big to fail and almost then become a burden, which has occurred with some of the industries. You need a diversified industry base throughout the north-east - vegetable processing, tourism, life style, sawmilling, forest products and those things - don't you, to make sure that if one goes down at least, hopefully, your economy doesn't crash and burn like what happened with the lesson from becoming captured by one industry, in that sense?

Mr JARVIS - Most certainly, in small communities and regional Tasmania. If you rely on one big thing, if that's the driver in your community and big business or big anything, it doesn't respond to change very quickly. Unless you have very innovative managers, you have a business that might get on a train one day and 20 years later it will fall off the track and everyone wonders why, because the mindset, between that first journey and the end of it, doesn't change. Smaller business seems to be more creative and adaptive.

CHAIR - Within the terms of reference of this committee, part of our report potentially would be what the community would look like as a result of the changes that have occurred. Do you have a view there in terms of what you think Dorset needs to move forward and the sorts of support it needs?

Mr PARTRIDGE - There are opportunities out there. At the last federal election there was \$43 million for north-east freight roads and I don't know where that is but we certainly haven't had any work on our freight roads.

Mr FERGUSON - That was two elections ago.

Mr PARTRIDGE - Whenever. We should get \$50 million worth now; if that money has been in the bank for that time we've got a fair bit of interest. There are opportunities, no doubt, with the introduction of the irrigation schemes. But, again, transport issues and freight outlets are very important and it's like the freight equalisation on Bass Strait, that's a big disadvantage to our area too. In a lot of cases we can provide product but to get it to the market is just so expensive. It's not only our area that will suffer from that, it's the whole state really. I do believe there is quite a bit of potential out there and for the tourism industry and nature-based industries. It looks like we might get the Musselroe resort up and running again, that type of thing. It all helps.

CHAIR - But for the sort of stimulation that you might get, there is always this challenge, isn't there, between using public money and it has to be very strategically spent because it has come from successful business and taxpayers, and everybody has a right and a

PUBLIC

stake in it. It would be interesting to hear your view in the areas of stimulation that would give a long-term, structural change that would be able to support itself, self-regenerating evergreens, if you could.

Mr JARVIS - That probably brings up the thing in the sense of a RDA. I had a talk to a lady from Canberra and my belief is that we should look to our strengths - our aquaculture, our soils, our climate and the potential of climate change and what effect that will have. We have two big masses of timber in the hardwood and softwood plantations - obviously not processing them either, which is the sad reflection on what this committee had started from. She wanted us to look at something outside the square. Why would you spend \$10 million looking at something outside the square? Underpin your strengths - agriculture - what's there, let's see how we can build on it and make it stronger and more sustainable. If you go to stuff outside the square and she said, 'Have you looked at Dorset getting into the aquaculture industry?' We put a few fish farms out in Banks Strait and they finished up in New Zealand. She didn't even know the topography of it and she was telling us to give away the plantations and she said, 'Why would you get into dairy, they do that very well on the north-west coast?'

With the climate at Waterhouse, if you can get some water to it, it is 2-3 degrees warmer and we will grow grass 12 months a year. They still have a period of time on the north-west coast where they don't grow grass for two or three months. We have just done an agricultural study; the strength is in the ability to grow very good nutrient grass 12 months of the year. There goes your beef industry or you go into your dairy - that's a strength. What we have to do is work to our strengths not try to find something that may sound good for someone to hang their coat on. But the underlying strength of the north-east has been agriculture from the day it started.

Timber has been a major part of our community. There are plantations there, let us look to see how we can add value to what we have in our area and probably in the sense, Kim, on your point of whether there is a type of industry in the timber industry where we can employ 15, 20, 25 - we don't need to employ 100. Get two or three of those niche markets and it will give strong support. The local investor is not looking for trillions; he's getting a return on his investment and is employing people and there is value-adding in the community.

Michael, the thing you brought up, outside the economic issue with the house prices and our local retail trade, the biggest thing I have seen is the ability of our sporting clubs to continue to field strong sides, or even numbers.

Mr FERGUSON - Another good indicator.

Mr JARVIS - On the back of that, the committees that support them must be running on very limited man-hours.

Mr GUTWEIN - As to the health of the towns, could you run through the main ones? I was at Winnaleah the other night and with the challenges they can see, they seem reasonably positive. They have the school and a strong football club and they were a positive group. They raised issues as to where Branhholm might be and the challenges they were facing as a club. Ringarooma is struggling at the moment.

PUBLIC

Mr JARVIS - The icon for the north-east has been the Scottsdale Football Club and the flow-down through that, that's at the bottom of the barrel. It has never been so underperforming in the 30 years I have been there. It has never been in the position it's in now; it struggles for numbers and has to pay people to come from Launceston to play in the reserves. Reserves footballers are getting \$30 a week. To field numbers is a strain on the committee, takes money out the system that doesn't need to be taken out - it should be spent on junior development or whatever. It flows through into the Scottsdale Crows. The major town is struggling to be competitive in any sport, struggling to have committee people. Then it flows out to your outlying areas, the same as in any economic model. Ringarooma doesn't field a side and my understanding is Branhholm will fall over, not from a lack of players because they have a strong base, but its base is still a Launceston base. They have three or four people who have been on the committee for 20 years.

Mr GUTWEIN - That was the issue that was raised the other night.

Mr JARVIS - They have nearly had their day, but the other people who need to commit six or eight months of their time to run these clubs aren't there. If the community is not vibrant in that area and there is a lack of numbers, we are not getting the flow-through. From when we met last time and when Peter presented in the first inquiry, you can see the decline associated with around 75 per cent of the softwood resource taken out of the area. There are all those other economic issues - the native timber and a lot of things - but the decline for our community is based around those two sawmills. We had one of the lowest unemployment numbers in the state. If you wanted a job, you could get a job in Dorset. It might be racking timber but you could get a job. We are now the second highest - I think it's up to 9 per cent unemployment.

CHAIR - Touching on what Peter mentioned about the vegetables, you have this wonderful region with a huge number of opportunities - abundant natural resources, incredibly rich soil, beautiful landscapes, close to the coast, moderate climate. It's the jewel of Tasmania if you looked at it from all those points of view. There is no problem growing vegetables there; you just can't sell them and make any money. The reason for that is similar to the timber industry. The vegetables most people eat here come from New Zealand, after coming from China, and put in freezer packs and sold here. What do we do about that? Do you need some branding support, so that people know they are buying a Dorset - I tried to get something up called 'Pure Dorset' some years ago so that people who were part of that scheme could market their product and there would be some paddock-to-plate certification, brand identification and brand integrity.

Do you think it's worth pursuing those sorts of things? Without a reason to buy your product you have to go back to the cost of production on marginal land with labour rates of \$2 a day.

Mr JARVIS - I agree with you.

Mr PARTRIDGE - We can't argue with what you're saying, it's important. Getting back to the north-east itself, it's still my belief that we have a very good renewable and sustainable resource in the timber industry. Properly managed, those forests will go on and on and produce and any good sawmiller or anybody who has been involved in the timber industry who really knows the industry is a conservationist. They'll take the

PUBLIC

timber out but won't destroy everything else and it will just go on. I'm not going to argue against mining either but that is a finite resource; you've got a hole in the ground when it's all finished.

CHAIR - But timber faces the same issue as well, Peter, as do vegetables. I have been in the timber industry, as you know, and the horrible reality is that you can buy a piece of radiata pine from New Zealand cheaper than you can from Bell Bay. Northern hemisphere softwood is cheaper than you can buy from Bell Bay. You can buy hardwood from Uruguay and Paraguay now, grown from Tasmanian eucalypt seed, cheaper than you can saw it here. You can buy manufactured wood that performs just as well and replaces better in terms of its size, length and continuity cheaper than you can produce dry hardwood here. Unless you can sell this hardwood, brand it, and convince people they should buy it, once again you fall into that commodity trap, the same as with vegetables.

Mr GUTWEIN - Chair, we will get into differences of opinion if go down that path. As I was saying earlier today, currently we have sawmillers in Tasmania saying that they can sell four times the product that they can get resource for, and that is a fact. Those types of comments are being made by people who are having no other option but to shut their businesses down because they can't get the resource.

CHAIR - That's simply not true, Peter.

Mr GUTWEIN - I am saying it is true.

CHAIR - Well bring the evidence to the committee, rather than hearsay.

Mr GUTWEIN - It is true.

CHAIR - If it were true, then these mills would be going really well and wouldn't be looking for public subsidies to take care of their waste.

Mr GUTWEIN - Kim, they're actually looking to get out of the business because they can't sell the waste. The chip mill at Triabunna was shut down, they haven't had access -

CHAIR - That's rubbish - Artec is running flat out, Peter.

Mr GUTWEIN - and there is a situation now where in the southern forests they're actually leaving waste on the ground. You know that.

CHAIR - Peter, in the north of the state the people who made that evidence, who you are reporting as saying this stuff -

Mr GUTWEIN - I would ask that you don't go down your fanciful path and put your own philosophy on the record as Chair. Ask questions but don't use this committee to put on the record your beliefs from a party point of view. We're not doing that and I ask that you don't as Chair.

PUBLIC

CHAIR - I would ask you to simply refrain from bringing false evidence to this committee with regard to hearsay. We are having a conversation about how to promote the economy of Scottsdale and I am asking a question of the members of the committee -

Mr GUTWEIN - Hang on one moment. Before you impugn my character - it is not hearsay, I have met with those people who have been making those points -

CHAIR - Bring the evidence forward, Peter, and the committee can hear it.

Mr GUTWEIN - I am more than happy to do that.

CHAIR - Well, bring it.

Mr GUTWEIN - In fact, those people have been putting that evidence on the public record. There was one last Friday who put it on every television station in the state, who stood up and said exactly that. The evidence is there and you know it is there. It doesn't suit your political agenda, but please don't go down that path because you're going to invite political argument within the committee every time you do.

CHAIR - The problem with you, Peter, is that you have been celebrating the demise of the industry because it has given you a political opportunity. What we are talking about is trying to -

Mr FERGUSON - You can't say that -

CHAIR - I can say that. I am requesting that you -

Mr GUTWEIN - What you are now demonstrating is the very reason this committee hasn't met for so long -

CHAIR - The reason this committee has not met for so long, Peter -

Mr GUTWEIN - because as Chair you've not been capable of doing it.

CHAIR - As Chair I am telling you the reason this committee has not met for so long is because you refused to sit whilst the matter was before the privileges committee. The second reason was that today we have no ability to get a committee because two of the Labor members have refused to turn up.

Mr GUTWEIN - Kim, the simple fact is that for almost 18 months as Chair, you never invited the committee to sit.

CHAIR - I asked you a number of times.

Mr GUTWEIN - These gentlemen have a long way to go home. I ask you to refrain from making political comment as part of your questioning.

Mr FERGUSON - From the Chair, particularly. That is a huge problem for members of this committee.

PUBLIC

CHAIR - It is a huge problem for the committee the way you have behaved, Michael and Peter. We are trying to get to the bottom of this and maybe get some insight as to why the committee is unable to operate.

Mr FERGUSON - If the chairmanship doesn't change, there will be a substantive motion to do with the chairmanship of this committee.

CHAIR - That is your prerogative to do that; you can make the substantive motion.

Mr FERGUSON - I think with respect to our guests who are here to give evidence, there should not be political commentary from the Chair.

CHAIR - Excuse me, if we could get back to the issue at hand in regard to doing something about the Scottsdale economy, we were discussing what sort of value you think in products there, and I think the response has been very good from the members giving evidence, and I appreciate that. If the discussion we are having about differentiation of product and getting value you disagree with or find offensive, please say so. I would like to see some value-added out of the community as well and I believe that is what the committee is looking at.

Mr JARVIS - I can only back up Peter's words. I take your point, Chair, in the sense of differentiation or branding of product, but I still believe personally that is a Tasmanian issue and we have to do it on a wider scale. I concur with Peter in that we have a natural resource so let's get the best value out of it. I don't believe some of the practices of the past will take us into the future so we have to be very careful what products we select and how we value-add them. We have to get value from what we do because we don't want to pay \$2 an hour or \$2 a day. We want a vibrant community to be able to go out and earn a reasonable income for a reasonable day's work. I couldn't be stronger in support of Peter in the sense that that natural resource has to be used and used wisely. I believe that into the future forestry should always play a part in the north-east.

CHAIR - I am not doubting that at all. What I am looking at is exploring ways to add value to that so you can cut timber and make money out of it and be involved. The economic reality is, like the vegetables, it is no different. I don't know why people would think there should be a difference there.

Mr JARVIS - You can't get into the commodity game. We're not small enough; we have to be smarter than that. On a Dorset basis, there is no doubt community-wise - and I still rank in the community as the unknown and I think you touched on why this happened - if there was ever any satisfaction in something we can't change, it is really understanding why. You have had companies and a GBE saying one thing and a director wearing two hats, we have had inferences that there was a personality clash and he thought he could maybe control the market price, which would have been the Auspine proprietor at the time. All those things played out in the community and certainly people took sides. In some instances FT might have got the worst end of the political stick in the sense of the community but there may be some underlying issues behind it.

The evidence or the truth should be laid to rest. The community was always going to move on, and I agree with Peter, there are certainly some bright spots out there. We will re-establish and come forward because there are some wonderful natural assets in the

PUBLIC

area. But there is still that underlying rancour in the community and when it comes up a lot of us still say, 'Why did it happen?'

Mr GUTWEIN - No-one could understand why 300 000 cubic metres was taken away from a perfectly good operating sawmill and provided to an entity that didn't even have a sawmill. That is the issue.

Mr JARVIS - And there was a community attached to it, and it is fragmented not on a social level but economically there is fragmentation there. There are businesses in Scottsdale that are just hanging on by the skin of their teeth.

CHAIR - What sort of businesses would they be, without naming them?

Mr JARVIS - Retail - the business I have worked in for 24 years, I know what they've had to do to survive. They've had to underwrite, and dip into personal savings. We used to employ 23 people and I think there are only three people employed there now.

CHAIR - In real estate?

Mr JARVIS - No, in retail. I was in the main street of Scottsdale for 25 years as a part-owner of a business. Peter was in the newsagency for a while, and that is probably one of the still-vibrant businesses. The community providers, such as Vinnies, when I first went to Scottsdale they were in alleyways but now they all have pride of place in the main street. They have taken up vacant real estate where prime retailers all used worked from. These businesses employed people paying wages but these are businesses run with volunteer labour, so there is no economics going back into the community. We have no issue with where they are, but there is a difference between who can afford to be there and who wants to be there and whether they are contributing economically back to the community. It's a change of streetscape for our High Street.

CHAIR - Do you have any view as a council as to where you think the primary economic drivers are potentially in the future? You've talked generally about all these other things, but is there an industry sector or anything particular that you see as a potential shining light, if you like?

Mr JARVIS - As I say, out of the north-east working group there is a study - and I was reading it today at LGAT - that has just come out which identifies growth and potential possibility of growth in this irrigation/pasture-growing of job numbers of around about 100 to 120 with x amount over the next five years, both in dairy and beef production.

I take your point earlier. Our two biggest beef producers both sell to Greenham and are branded under the Cape Grim brand, even though it's grown probably the furthest away from Cape Grim in Tasmania, but they get an added dollar for that and even from the wind farm down, all that beef goes to Greenham and they get a premium for it under the Cape Grim brand, so it's not their basic meat. If we could get as a throwaway thing a Barnbougles brand beef or something that identifies with our region we could be doing that and maybe get a processor in our community.

CHAIR - This paper goes to branding and so forth, does it? Can we get a copy of that?

PUBLIC

Mr JARVIS - Certainly we will shoot it through to you.

CHAIR - That would be great; it will be useful for us to look at.

Mr FERGUSON - Mayor and Councillor Partridge, you have really already alluded to it, but to what extent is your council and your community satisfied with the support provided to the Dorset community by the Tasmanian government in the period since the log supply was taken from the community?

Mr JARVIS - Support is obviously there, it is about the way you do it. We have recently received some funding from the RDA system, which was a collaboration of Launceston, Break O'Day and us for mountain biking. We believe that will open up some naturally wonderful areas, some of the reserves now and some of the still working forests with Forestry Tasmania and bring them into the north-east.

The thing with the tourist dollar is that they have to stay overnight to really get a return; if you buy your coffee on the way through it is no real return for our community. We can build it if we could get them and give them a reason to stay. Peter has always alluded to the natural beauty but unless people have reasons to stay they will not venture out.

Tasmania has some wonderful natural attractions. Different to a lot of places in the world, you can pick them around the corner in most places and we believe we have a lot of untapped natural assets. The idea of a mountain bike trail and maybe a rail trail from Launceston we are pretty big on, so some of the efforts we will be doing with the state government is along those lines. We have missed out with the rail trail application with the forestry money but we certainly will take that up. Peter and his group with Rotary have been very strong on the rail from when they started out at Tonganah and trying to get into Legerwood, and I know we had a couple of issues there at the end.

CHAIR - Wasn't that one of the ones that came out of the working group recommendations?

Mr JARVIS - Bike trails, and Rotary picked that up. Rotary ran that as a group and -

Mr PARTRIDGE - We had some funding from the Tasmania Community Fund.

Mr JARVIS - Yes, and we can get that back into Scottsdale as having two bookends to it - because it will be a reasonable ride, a four or five-hour return ride with great scenery - but the economic benefit will only come once we get the towns onside. Starting where it is we have to help Rotary or whoever wants to take it up get it finished to Legerwood and get it back into Scottsdale.

Mr GUTWEIN - What has been the response from TasRail in regard to coming back into Scottsdale?

Mr JARVIS - My understanding is they have changed their opinion in the last two months. Jeremy Ball and I tried to get this off the ground 18 months ago and they told us to go away but now they don't believe they will ever use the rail out there for any significant thing so if we can come up with a reasonable plan and an argument to them I think we

PUBLIC

may be successful. We will certainly try and get some state help to get that back into Scottsdale and help Rotary to get it through to Legerwood.

CHAIR - That would be without the rail?

Mr JARVIS - Yes, just the original surface.

Mr GUTWEIN - How many columns still have rail on it?

Mr PARTRIDGE - From Launceston to Auspine.

Mr GUTWEIN - It has been pulled up past that already?

Mr PARTRIDGE - There are other smaller issues such as access to the Mount Stronach walking track. The other day I had some people come to me and say, 'We used to be able to go up Cuckoo Falls'. Visitors used to love walking up those tracks but they are now virtually impassable. Forestry Tasmania used to maintain them but nothing is happening anymore. Even at the visitor information centre where we have that information to give to the visitors saying, 'You can walk here and there', you can't do it any more because there is no access. It is like the mountain biking and rail trail; they are things that will attract people to the area and get them to stay overnight or a couple of nights.

Mr GUTWEIN - With the rail trail project, once you can get back to Scottsdale and you provide a base with accommodation around it, it becomes an economic driver. That is the challenge, I think.

Mr PARTRIDGE - The other thing is it produces more industries. I know a couple of people who are interested in having a small business with a bus, a trailer and half a dozen mountain bikes, taking people up to the end of the trails.

Mr GUTWEIN - It would be nice to get to a point where you have somebody with a decent bike shop, not a sports shop but a specialist bike shop.

Mr PARTRIDGE - We have a specialist bike shop now.

Mr JARVIS - Maxie Rainsford's opened up there. He has moved into the area and set up his shop.

CHAIR - In response to the branding issue, you mentioned you thought it was a statewide issue. Do you mean it should be a state responsibility or that the brand should be Tasmanian? Do you have any thoughts on a regional branding idea that would wrap up all those things - adventure tourism, general amenity, the forest industry, vegetables, et cetera?

Mr JARVIS - We did talk about branding prior to our tourism document. There are a lot of components to branding and whether we were mature enough to have a discussion in the community and understanding where we were going. Brand Tasmania is a fantastic brand, but all the products lift off Tasmania. Tasmania is the overarching brand. As a region, most people know the Tamar wine routes, which is on our border, but there is no real brand within Dorset that identifies high-quality product. We probably have a

PUBLIC

captured market in the sense that if we could get some reasonable product, Barnbougles is a good vehicle to showcase to a lot of eastern seaboard people. They do mushrooms and things out of Winnaleah and we should highlight that fact.

Mr GUTWEIN - Your strongest brand there at the moment would be Barnbougles, wouldn't it?

Mr JARVIS - It has to leverage off that, to get them to come outside the golf course and see what Dorset has to offer. In answer to your question, my belief is that whatever it is as a Dorset brand is very important to niche marketing. I have been a supporter of SenseT and we believe there is some advantage of the paddock-to-plate idea when you can get down to how it is done - communication, electronics - but we would need to have a brand to sell. You can't just say, 'This is a good product'. For example, with the oysters everyone tries to identify the area and we really haven't done that as a region. It is certainly an area that has a lot of potential.

CHAIR - I guess you don't have anything you can provide in that regard other than your thoughts on it? There is no strategy in place yet.

Mr JARVIS - As a council we have talked about developing a branding but we haven't moved into that area. It has been a discussion but the strategy is not there. It was something to move to once we got a few other things in place and obviously some of these local economic issues with the timber industry and so forth has probably taken our view away from that. Underlying, there is still a belief within the council that some sort of branding strategy needs to be done to go to the community and producers. But it is overarching and it will be a big job.

CHAIR - Yes. But it would encompass everything in the Dorset area, for example?

Mr JARVIS - Most certainly.

CHAIR - Have members any other question you would like to ask? Is there anything else you would like to say in summary or conclusion?

Mr PARTRIDGE - No, thank you. It has been said and said - we need action.

Mr FERGUSON - There is one quick comment I will make, Chair, which is just to assure you gentlemen that I have picked in particular on your earlier comment about the committee recommendation from 2007. I assure you that we will have a good look at that comment because I think that is something we haven't discussed more recently.

CHAIR - I'm certain that something that hasn't happened as a result of that. Often these inquiries do go nowhere, in that sense. You make a recommendation and nothing happens. We will try to make sure that is not the case.

Mr JARVIS - To me, that would be a good outcome because, once again, communities and our community in particular, if they are affected negatively from a GBE, the GBE is not doing its job. It's very easy to blame a GBE but if a minister is in charge of it, we have to understand. If they've put their hand up and they've made a decision, they can cop it

PUBLIC

politically. But don't push it off to a GBE when we underwrite them. Thank you for the time.

THE WITNESSES WITHDREW.

PUBLIC

Mr MICHAEL BRILL, DIRECTOR, STRONACH TIMBER INDUSTRIES AND **Mrs JILLENE BRILL**, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thank you and obviously you know Michael and Peter, do you?

Mr BRILL - Yes.

CHAIR - Thank you for coming down and perhaps we should let you launch into what you have to say because we are keen to hear it.

Mr BRILL - Thank you. I have a few notes here and I'm coming in response to the opportunity to give evidence in relation to the loss of resource, out of the Scottsdale-Dorset area to Bell Bay. More importantly, from my viewpoint as a sawmiller in the area and specifically how that loss of resource has affected my business directly and indirectly, how it has imposed on other businesses that I have and also how it has imposed on the community as a whole.

I am not really sure where to start except to say that my background is that I started in the timber industry with Auspine, coming from a trade background. I worked with Auspine in QA and I had the opportunity to understand the Auspine mentality and I also pretty much mingled with people from the Frenchpine site and knew Kevin French personally. After leaving Auspine I bought an old sawmill site and started in a very small and humble way making lattice strips and selling them into the Tasmanian market, as well as manufacturing panels. That's where I began. We purchased that site in 1998, after working with Auspine for about five years prior to that.

CHAIR - That's the one where you are at the moment, is it, opposite the old French's mill?

Mr BRILL - Yes, we are Stronach Timber. Frenches owned it and closed it down.

We had an opportunity then to value-add. Our vision statement was we were keen to value-add low-grade product and put it into the market. We started working for Auspine shortly after that. We were a bit of a Steptoe and Son, we were value-adding outsourced sawmill, which historically happens with the bigger sawmills, where they have a smaller operator doing some of those things that are messier and harder. We began with Auspine and, whilst working with Auspine, we also started doing some work with Frenchpine. The work we did for Frenchpine entailed some manufacturing of lattice, so we stepped back from the market in our own business and decided our niche really was being a manufacturer for the bigger sawmill, so we were working for Auspine and Frenchpine.

Mr GUTWEIN - How many people did you have employed at that time, Mike?

Mr BRILL - We really started in 1999. From 2000 to 2006 we started to ramp up the business. Prior to that it was just a one or two-man show.

Mrs BRILL - I think we had about 15 employees at that stage.

PUBLIC

Mr BRILL - It was about 15 employees for quite a time working for Auspine and Frenchpine, then working for FEA while FEA was value-adding plantation hardwood at Bell Bay.

CHAIR - On that eco-ash stuff or whatever they were calling it at the time?

Mr BRILL - Yes, we were involved in the racking of the eco-ash and we also purchased eco-ash off FEA and split it into rack sticks and sent that off to Mount Gambier, to the south-east, and supplied rack sticks for Carter Holt Harvey.

We were there to see Auspine buy French's, understanding there was a shortage of resource, that somewhere along the line FT had taken its eye off the ball for a short time and there weren't enough pine trees coming on line to meet the market demand. There was a miscalculation and there was an understanding there would need to be some sort of rationalisation between the mills in order for both or one party to survive.

CHAIR - In terms of the shortfall of supply and FT taking its eye off the ball, was that prior to the corporatisation of Forestry Tasmania; was it the commission had done that? From memory, I think it was in 1996 they started that and in 1998 finally corporatised it and sold it to the joint venture. Was it the joint venture that didn't plant enough or the commission before that?

Mr BRILL - The shortfall was obvious and there was a seven-year shortfall where there wasn't going to be enough trees. If you look at the time line, it would suggest the miscalculation was made by FT prior to the joint venture, I would suggest. That might have been exacerbated by the onslaught of the demand for nitens and the overheated chip market, perhaps during the early stages of the joint venture where perhaps energies were put into K.D. Moore - I am not really sure. From my perspective, I suspect that might have been the case.

CHAIR - What about log exports, because in 1998 there were significant volumes of radiata pine, fairly large diameter ones going out which did not suit the smaller log lines of the bigger mills, but that sort of product? With the appropriate gear, would you have had access to that, or be able to build later on - you were breaking out bigger logs or intending to?

Mr BRILL - I need to make it clear at this point that what we had been doing right up until that time and still is feeding off the larger mills. We weren't actually breaking log down so indirectly, we were resawing. Pretty much, we were dependent on value-adding the flitch and the billet from the larger mills.

As far as the export is concerned, I don't know the detail of what was exported, why it was exported and whether it really needed to be exported. I don't understand whether there was a pecuniary interest or an advantage to somebody in doing that as opposed to value-adding the log in Scottsdale. I would suggest that there wasn't and I've always been of the opinion, as I think most millers are, that the people of Tasmania need to get the best return for the log, not the best price for the log. I would suspect that by selling it with the bark still on it and exporting it is not taking full advantage of the resource.

PUBLIC

Mr GUTWEIN - Michael, Auspine used to cut around 200 000 cubic metres and French Pine was between 150 000 and 180 000 normally, depending on where they were at. Then there was this issue of whether or not we had enough resource and that all that we could supply for a period of time was going to be the 300 000 cubic metres and then the contract went to FEA. There was significantly more pine that was found, though, wasn't there? There was Furneaux Pine as well and some other local pine. From the industry's point of view, was it a valid concern, going back six or seven years ago now, when the view was taken by FT that there was not going to be enough of the pine resource to provide to those two mills and that rationalisation needed to occur? Was that a valid concern or not?

Mr BRILL - Of course it was a valid concern; it is obviously a valid concern. I'm not quite sure when people were made aware of the anomalies in volume because I know that when we started talking about the west coast resource, when there was going to be a shortage of resource - and particularly when there was the loss of resource to Dorset, much later on - Kevin French and Adrian de Bruin had already decided that there was going to be a shortage of resource and to their understanding that was quite valid. Kevin had been in the business for 75 years.

Mr GUTWEIN - I am not discounting that concern being raised was not a valid issue. As a result of the changes that were made, all of a sudden we were finding resource in different pockets all around the state that had not previously either been mapped or counted. Whilst the concerns of the individuals were certainly valid - not enough resource, and you have to do something with the mills - was it a miscalculation in regard to the total resource that was available at the time?

Mr BRILL - I'd ask the question, whether it was a miscalculation or ignorance or a calculated miscalculation of the resource. That information first came to me not from a Forestry employee or a government employee, but from a private forester being an employee of Auspine, Gary Harper, who worked as a forester and had intimate knowledge. He didn't have purpose to do the west coast because he was pulling timber from the north mainly to feed his mill. But it became apparent to him in further negotiations when it looked like there was going to be the lost resource to Bell Bay and flagged by a private forester that instead of 350 000 tonnes on the west coast there was more likely to be 700 000 or 750 000 tonnes of log down there. That is a significant miscalculation that would flag ignorance or calculated miscalculation.

CHAIR - The other thing, just for clarity, is that the joint venture had no access. That was 100 per cent owned by the crown, Forestry Tasmania - the Furneaux and Strahan stuff - because the JV people GMO at the time didn't want that because it was too expensive to transport, so there was no value. The problem initially is planting in the wrong spot, isn't it?

Mr BRILL - Yes, and that is fine. If that was a reason why it was calculated for a different volume, so be it. I would have thought that the calculation of the volume should have been accurate and available, not available or not attractive.

CHAIR - At least a reason why it was not attractive if it was transported any distance or whatever.

PUBLIC

Mr BRILL - Yes. It was important for us, from our perspective as a small and growing business, because we grew reasonably rapidly and were able to work between Auspine, French Pine and FEA. We were able to find our middle ground and be a service provider processor for all parties and that worked. During the course of the rationalisation of the timber industry when Auspine bought French Pine firstly, that had the potential to compromise our business, so we needed to revisit our business plan and reaffirm our strengths and weaknesses. That is why we were happy to work with FEA. We maintained another player and were working with plantation hardwood out of its operation. When FEA secured the resource and a big part of it was going to be lost to Dorset, we again went back to our business plan and looked for our strengths and weaknesses. We had people knocking on the door because they were going to lose their jobs and some had already lost jobs, wanting jobs, and that is when we moved into labour hire. We thought we could perhaps supplement some loss of processing with the service part of the industry, which we did.

CHAIR - To maintain your own critical mass?

Mr BRILL - Yes. All the way along we were always anxious to supplement and complement what the bigger sawmill was doing. As everybody knows, the model in the early days was that the Auspine mill tended to be a beam and framing mill and Kevin French's was a whole sawmill and had been for quite a few years. They put quite a bit of energy into the value-added mouldings and finished products - decorative products - as well as framing and beam.

CHAIR - French also had contracts and access to higher-grade logs, the pruned logs, et cetera, that Auspine didn't and there was some complaint about that for years.

Mr BRILL - That's correct, and also chased that resource.

CHAIR - Or interested in doing it.

Mr BRILL - Yes, that was their forte and he targeted that. Today there is a lot of pruned log being sacrificed and going through the sausage machine now. It could be value-added and used in a better format but it is just used as decking and framing and not fully utilised.

CHAIR - They are not getting wide boards out of like they should?

Mr BRILL - No, and that's a bit of an issue with me. I feel a bit saddened by that because with the rationalisation of the industry and also the resource, it has tended to provide an efficient sawmill, supposedly - the bigger the better. It has the capacity for the unit cost to be cheaper to run and become more competitive and yet they tend to walk away from other products because it tends to hold up the system, so what you find now is that a lot of the mouldings that were previously produced by Auspine, French Pine and FEA and put into the Bunnings of the world have been walked away from and we have imported mouldings from New Zealand and Asia. We are heading down the track of getting closer to it being more attractive to just put the log on the boat rather than worrying about sawing it at all.

PUBLIC

CHAIR - To get back to the amalgamation of the two mills in Scottsdale, the total resource at that point in time remained within those two mills and the concept ultimately would have been to make them efficient enough to compete internationally to earn money from those mills. Is that a fair comment?

Mr BRILL - Absolutely.

CHAIR - It is the unit cost of production at the end of the day that will tell you whether you are going to survive or not.

Mr BRILL - I can make a comment on this because I have run Ling Siding mill for a short period of time - three parts of a year. Of course what happened in the process of shutting down Ling Siding is that it became apparent to the management that FEA, the Bell Bay sawmill, didn't have the capacity to do all the things that even the French Pine mill did. It was really a beam and framing mill and it hadn't been put together that well. They had pieces of equipment from all over the world and one piece of machinery didn't talk to the other piece of machinery.

CHAIR - That is the FEA mill at Bell Bay?

Mr BRILL - That is the FEA mill. As well, it didn't have the capacity to do those value-added and decorative mouldings that Ling Siding or Auspine mill had previously been able to. It also didn't have kiln or treatment capacity to handle the volume. Without going into the management decisions made by Gunns, basically there had been a miscalculation or an urgency to relocate and shut down the Ling Siding mill to get to the Bell Bay sawmill. Having been able to do that they found they couldn't do everything they needed to do.

The obvious thing would have been to have kept a presence at Ling Siding and employ a skeleton staff to run that operation for their own advantage. I am not really sure and can only presume that it might have been egg-on-face; it could have been political; it could have been shareholders they were trying to convince. They had to convince them that the reason they purchased the Bell Bay sawmill was that the other ones were not capable of being profitable. That is the decision they made and it probably worked out as a costly decision.

That is where we stepped in. We were already an outsource contractor for Gunns at that time and employing around 26 people on our site. We had taken the piling processing from Tonganah, which was the last production centre operating there. We took over the Ling Siding mill in April 2011 and employed 34 extra people at that site.

We could see there were a few issues because obviously that side had been run down. I guess that is understandable that they had their eye on another operation, so they would run it down. But we were making \$96 000 a month on average in profit at that site.

I believe, and this is my personal opinion, that people get carried away about innovation and new equipment. Innovation is a little different but new equipment is basically an old piece of machinery with a new bearing and paint job on it. The Scottsdale mill had been run down and probably did not have the maintenance on it. It had the capacity with good systems and good people and good maintenance to be a lot more efficient than it had

PUBLIC

previously been. I believe that if it had money spent on it, it would have taken it to somewhere near where the Bell Bay sawmill would have been, and it would have been cost effective in doing that.

CHAIR - There is a lot of sunk capital in it so it is a pretty cheap production facility with the site - licences, sheds and all that sort of stuff.

Mr BRILL - Yes. When you look at a sawmill and the areas of inefficiency, it is not usually every part of the operation; it is usually specific parts. The issue with Ling Siding was that its green-milling operation was a thorn in its side. That was the bottleneck; that was the main area. They already had a new moulder so I suggest their moulding operations were as good as they are now - or not quite as good as they are now. It didn't need a lot of money spent in their dry-milling area. In their kiln capacity they had trouble with a boiler so they needed a bit of money on that but they had more kiln capacity at Ling Siding than currently at Bell Bay. Their treatment operation was pretty much new. They had the capacity to put in another tandem cylinder or a longer cylinder if required.

When we start talking about what would be required, sorter and greenling operation was the main issue at Lings Siding and so potentially there could have been money spent on that side, but let us face it that there was a Tonganah sawmill estimated at somewhere around \$35 million worth in those days, if Kevin got about \$27 million for his. You have \$60 million or \$70 million worth of asset that has been sacrificed. Up until recently the receivers have got less than \$500 000 for the infrastructure that has been sold off Lings Siding.

Mr GUTWEIN - What is left out there now?

Mr BRILL - There are some buildings. There is a treatment plant; a few thousand dollars would have that running. The power has been scuttled on the rest of the site, so the transformers and power supply have been scuttled. There is a green-mill building there, and the green mill has been gutted. The boiler has been robbed and the kilns have been robbed of bits and pieces of equipment that could be reinstated. The dry mill has been gutted. We would have to spend a lot of money on power, and that is about it.

Mr FERGUSON - When you say 'gutted' and 'scuttled' what do you mean? Do you mean copper has been thieved or what?

Mr BRILL - Not only have transformers been pulled out but the wire has been pulled out of the ground between where the power reaches the site and went to the transformers.

Mr FERGUSON - Is this vandalism or decommissioning or theft?

Mr BRILL - This is selling off. People have bought a right to the copper.

CHAIR - They auctioned it off recently, Michael; both of the mills were gutted.

Mr GUTWEIN - Where has this left your business?

Mr BRILL - The loss of resource to Scottsdale indirectly jeopardised our business and set our business for a demise. We have been working with that ever since that day, ducking

PUBLIC

and weaving and trying to find a place in the sun. Our business has always been diverse. We have been in manufacturing; we made presentation wine boxes, pallets and bins right down to moulding, and in recent times moulding for Neville Smith - moulding hardwood as well as pine. We have entered the labour market and we have been able to facilitate the movement of skilled timber workers as well as other skills as well, but specifically went into labour hire out of the timber industry for the timber industry and then expanded into other areas. We have been able to facilitate the movement of labour between mills. There are not many mills to move them to nowadays.

We went and managed the mill for Gunns at Ling Siding. It has been painful going through that process because, for all those contractors who worked for Gunns towards the end, everybody was getting stretched and a lot of them were left without money. We were out there for \$1.5 million with monthly sales of about \$350 000, so we were hanging out there a fair way at one time. We provided credit for them; we put treatment in their cylinders when they did not have credit to buy chemicals -

CHAIR - For Gunns you did that?

Mr BRILL - I am talking about Gunns. We freighted timber to Hobart and around the state -

Mr GUTWEIN - This is in the days leading up to their going into receivership?

Mr BRILL - We were a very loyal contractor. Fortunately, or unfortunately, we ended up losing \$520 000 at the end of the day. That was twice bitten because back with the FEA days we lost \$160 000 and we had invested \$600 000 of capital into a log breaking-down facility, into a carriage line, which to this day has not been completed. We have not had a reason to complete that because the oversized logs we were going to cut for FEA, and which potentially we could have cut for Gunns, were outsourced in other places. It was outsourced to Western Junction and to Harvey Scott and most recently to John Gay's mill at Somerset.

Mrs BRILL - If you were able to establish the green mill it would have given you security if the resource was contained in the area. You would have been able to operate independently of the other pine timber mills. I thought that was a very important issue in why you wanted to develop the green mill from 2007. We looked down that track that we needed to be independent of the two larger sawmills and the establishment of a green mill gave you that independence and security of your future operation on your site. That's why we invested over \$650 000 into that project. That has been left idle because of the FEA liquidation and the Auspine liquidation.

CHAIR - Would that have been dependent of you getting your own log supply as part of the joint venture supply that was being provided to Scottsdale at that time or an outside supply of that?

Mr BRILL - Either/or. What it would have done, as Jillene pointed out, is give us another option. We were able to buy resource because we were resawing, we were able to buy a billet from Gunns or from French Pine and then from FEA. Then, all of a sudden, all the eggs were in one basket and there was only one person we could buy resource off. As it is today, we can only buy billets off Timberlink.

PUBLIC

CHAIR - You are just buying boxed-in half flitch that you resaw?

Mr BRILL - Yes and resawing it. We knew that there was around 35 000 tonnes of private resource available out there. Also, there was the opportunity to buy or perhaps negotiate with a joint venture to buy some logs from there as well, but we weren't in a position to do that.

CHAIR - What about the stuff that was still owned by Forestry Tasmania, the Strahan pine, for example, would that have provided a viable supply for him and do you think he could have made a business of that in 2008 or something like that?

Mr BRILL - I'm not sure that we would have, back in those days, unless we had the capacity to buy it at the 50 per cent subsidised rate that was available to the Ling Siding sawmill.

CHAIR - Part of the reason that the Ling Siding site kept open was because they had this subsidised wood flow from Strahan that was only available to that site, is that the case? Did it have to come to there before it went to Bell Bay?

Mr BRILL - I'm not really sure of the detail of what that conditional arrangement was. I understood that resource needed to go to the Ling Siding site to be processed in some description. But the fact of the matter was that there was not log ever processed at Scottsdale from the west coast. The most that had ever happened and it happened for quite a long time is where B-doubles would bring resource from the west coast and unload it with a log loader in the yard at Ling Siding and within an hour another truck would come in and load it back on and take it to Bell Bay.

CHAIR - Was that their processing to meet the -

Mr BRILL - That was processing. That was weighing it on the weighbridge and loading and unloading it. If that constitutes processing, I would suggest that was no large volumes of log either, it was only an indicative amount. I'm not sure where the rest of the log went.

CHAIR - Are you saying they didn't even bother to pretend they were coming to put a face on it or anything like that?

Mr BRILL - No. There was an opportunity there and even the employees of Gunns, the people who worked at Auspine and Ling Siding, everybody agreed that there should have been a skeleton staff left there, even it was just on a day shift or three days a week or whatever. They were paying for power. They paid for power even during the time that we operated there. They were paying a power bill which was rated at their highest production. They didn't even have the sense of going back to Aurora and renegotiating the power charge. They were paying \$50 000 a month for electricity when we were only using \$25 000.

Mr GUTWEIN - Was that towards the end of - ?

Mr BRILL - That was in 2011. They would have been doing that for 12-18 months.

Mr GUTWEIN - Where does that leave you now?

PUBLIC

Mr BRILL - We are on very fragile ground. What happened, going back a little bit, the fact that Ling Siding went, we were phytosanitary, we were the first ISPM 15-accredited manufacturer in the state and may be still. I'm not sure, there are plenty of accredited fumigators but we had the capacity to treat timber for export and then cut it up and manufacture with it, whereas -

CHAIR - That was on your site, at Stronach's?

Mr BRILL - That was on our site but we were using heat treatment, too, and we negotiated with French's to have accreditation for their kiln, so they were accredited and audited as well. We lost access to accredited kilns, so it was a combination of losing that that made it less profitable for us to remain in that industry. That also was compounded by the problem with the dollar, lack of export and unscrupulous players. The phytosanitary accreditation, the ISPM 15, became not a profitable part of our business. In our SWAT analysis, having a reciprocal customer, somebody we were doing work for and also buying material off all the way down to Bell Bay, had an impost on our business. We had increased freight charges to do that.

What has happened now with the new owner - we have a green mill that needs another \$300 000 spent before we can cut a log, so we are not quite in a position to source resource. I flagged a little while ago that we would like to buy some resource off FT and in between my showing an interest I had to make a decision of liquidating our company. That's another story, but I've had to liquidate the company. You look at the tender document and understand the due diligence that is required and it was a waste of time trying to put in an application.

CHAIR - Because your company was liquidated at that stage?

Mr BRILL - We are trading under a new entity now and trading profitably. From the new company we have been able to pay back all our small trade creditors that we had prior to receivership, even though the old company is still in the hands of the liquidator as we speak and going through the process of transitioning to the new entity. It precluded us from being able to go down the track of securing resource. That's not going to happen again. There are little windows of opportunity that crop up in life and that was a little window of opportunity that we may have had. It's not that we can't ever get resource again, we can work through private resources and we can also go to Timberlands. We have had conversations with Timberlands to secure some resource down the track. In the back of our minds, that is where we'd like to be.

CHAIR - Michael, you still have the site and the capacity to set up a primary mill?

Mr BRILL - Yes.

CHAIR - Is that the objective in the long term? The reason I am asking - and if you don't want to detail your business -

Mr BRILL - A primary mill?

PUBLIC

CHAIR - Yes, a primary mill to be able to break down round logs effectively and do the whole thing. Is that something you would contemplate doing if you could get the log resource?

Mr BRILL - Absolutely.

CHAIR - How many cubic metres a year would you need to make the business viable, if you could get some logs?

Mr BRILL - We'd like about 40 000 cubic metres, but somewhere between 30 000 and 40 000. Currently what we are processing is 2 000 cubic metres per month.

CHAIR - That's a billet, isn't it?

Mr BRILL - Yes. We are looking at around 4 000 tonnes - 2:1. That's what we'd like. We have bought the chipper canter out of the Ling Siding mill. The chipper canter has the capacity to basically chip a couple of sides. At the moment we are looking at either building or buying a Scragg saw so we can take a couple of wings off, so we have the capacity to chip the sides of a very small log and then billet it and value-add it. For the slightly bigger logs it will take off wing boards and recover the inch and process the billet.

CHAIR - And build kilns and so forth?

Mr BRILL - We have an old kiln there so all we'd need to do is retrofit the boiler and the gear.

CHAIR - You would do that all on your current site?

Mr BRILL - We could do that on our site. I'm a director of DRI - Dorset Renewable Industries - and as part of that we have also provided a letter of offer, as has Branxholm, that where possible we would be quite happy to network with an operation on the Ling Siding site. I'm not sure if this is as attractive as it was. Week by week that site becomes less attractive but, providing nothing else happens down there, it still has significant value, particularly a treatment plant.

Mr GUTWEIN - Was it DRI who dropped the \$2.8 million just announced?

Mr BRILL - Yes.

Mr GUTWEIN - Is that site still attractive as it currently stands? I imagine there will be negotiations with the receiver with regard to that at some stage so if you don't want to discuss it today that's fine.

Mr BRILL - No, I think for the purpose of the question, the option is to buy a greenfield site as opposed to a brownfield site. The money DRI is looking at negotiating to buy that site would make it advantageous to the company to secure that site. For example -

Mr GUTWEIN - That is like anything; if you get it for the right price it stacks up, doesn't it?

PUBLIC

Mr BRILL - It has the environmental licence and -

CHAIR - What about contaminated site issues there? It is quite difficult to transfer property anyway in that sense.

Mr BRILL - It is, but you can look at contamination for the positives and negatives. The negatives are that if you need to clean it up straight away or are not confident that you can maintain it as an industrial site it becomes a big cost. It is not going to kill or hurt anybody as it is right at the moment and I have looked at the levels over the last 10 years and they are diminishing and there has not been the nasties like ACQ or CCA used there for a long, long time, so a spillage of oils and the remnants and residues of the CCA when it was first operated there still remain. My philosophy is that if you are confident about maintaining it as an industrial site and can secure the site and those areas that are contaminated can be reappropriated or rehabilitated over time, it is not going to be an impost on the business if something can be done quite well. If you tried to do it tomorrow you'd probably be looking at \$1.5 million or something like that. If you try to do it over a period of time it will be less of an impost to the business and you will probably find it will be less costly.

CHAIR - As you say, if you can use it then it is almost an advantage for the liquidator, if you like, to pay you to take it because it is a big liability.

Mr BRILL - I am sure a lot of people have thought that. We made an offer to Gunns before we left before we left the site; we wanted to buy the site as it was and they virtually giggled at us. As I said, they have sold a lot of the infrastructure there for less than \$500 000, as we speak, and there is not a lot left to sell. I would suggest that somebody needs to be responsible for that environmental problem and it is not KordaMentha because they are only contracted by ANZ. I would suggest that ANZ holds the title deeds to the property and the EPA should hunt them down to make sure the site is not left without being rehabilitated.

CHAIR - Getting back to the sawlog availability, because that is really something this committee has very directly within its terms of reference given it is about the withdrawal of that log supply, is there something you could suggest to the committee that would enable your business to get that security by the provision of a log volume to the site other than from private ground? Do you have a business case that would have a volume attached to it that would sustain what you want to do, and how many people would you employ as a result of that in that part of the business?

Mr BRILL - I can answer that because we have the prospect of having a lot of our processing work for Timberlink in-sourced by Timberlink and they gave us the challenge some time ago to look at other opportunities and have offered to work with us to supplement any loss, so we have been working diligently at that.

The first thing you start looking at are the things you already do. We're tooled up to do pallets and to mould things, but we're not tooled up to dry things or treat things, so a treatment plant would be very handy for us. Certainly fence-grade products is something that we do very well. We have been working on that now and believe we have found markets in Tasmania and Victoria that would absorb up to 40 000 tonnes of log per annum. We have markets for that and we can make money out of that. We

PUBLIC

believe that if we are able to operate and retain some contracting with Timberlink of somewhere around about 25 000-28 000 tonnes of log per annum we could sustain our business by processing that amount of log and continuing to do work for Timberlink. I am talking about at our current level, where we are employing 26 people at our operation there now.

CHAIR - Yes, and those jobs are outside of the labour hire stuff that is directly in the timber processing.

Mr FERGUSON - Chair, to be helpful, I observed that it appears that Michael has put a fair bit of effect into preparing some notes, as has Jillene.

Mrs BRILL - They're very rushed and summarised at the end but mainly it talks about how we brought that resource back to the area and what was taken away to the Bell Bay site. We have put infrastructure in place, like buying semitrailers, bringing that product back and maintaining employment in our area. We've maintained a timber presence of that resource that was taken away, continually, from the resource - from 2007 to current - and still maintained the workforce as well as employed others. Before Gunns went into administration in the 2012 financial year, we had over 110 employees - 55 directly employed in the timber industry - and if we were able to keep operating in that capacity with the resource we were handling -

Mr GUTWEIN - Can I say to the two of you that you guys have done a fantastic job.

Mr FERGUSON - Hear, hear.

Mr GUTWEIN - I still think back to the Christmas before last when you did the Christmas parade with the YMCA.

Mrs BRILL - Yes.

Mr GUTWEIN - Not only in doing the work that you have done to try to keep people employed there, but you play such a strong part in the community and you should be commended for that because I know it has been tough for you.

Mr BRILL - Going on from what Jillene says, you can't get involved in the emotional side of this - and you and I have talked about this before as far as the timber industry and the emotion of it as opposed to the dollars and cents of it - but I think the miscalculation a lot of politicians, economists and accountants make is the fact that they do not involve the triple bottom line when they do their calculation. We have shown that we have had the loyalty of suppliers, customers and employees in the operations that we have run and have been able to survive the test of time.

Kevin French, who I have a lot of time for, was there for 75 years in that business but we have seen French and Auspine go and we have seen Gunns and FEA disappear all during that time. There is a part to play for small operators. We have been diverse. We have moved into the labour area and have trained people. Back in 2007 we received the Prime Minister's award as runner-up for small employer of the year which was a massive recognition and very humbling. We have a guy who has worked for us who was from a single-parent family and never went to school. He came and worked for us on work

PUBLIC

experience; they sent him out to us to try to give him a bit of a work ethic. That guy started paying off his own home at 18 and last week received his certificate 4 in OH&S. That guy would have been in jail if he hadn't been with us.

For us, I believe sincerely that we can compete with China on palings and fence rails. I know that our governments now believe that free trade is the panacea. We don't want to back to Hooverism but I think they've got it really wrong. Part of that issue is coming all the way back, right down the chain and affecting what is happening in manufacturing in Tasmania. People also believe that bigger is better but I'm not quite sure. Down the track I will write a paper, but I believe that probably inefficiency is the most efficient way to run a country. A little bit of inefficiency provides for jobs. As long as people are able to live and we do not have to compete with the other side of the world, as long as our benchmarks are within our own realm, then I think most of the things we have been doing for the last 20 or 30 years can continue to happen.

What has happened in Dorset is that we position ourselves between the two biggest pine mills, the only pine mills in the state, and because of personality clashes and arrogance and ignorance the resource has been taken away. Also we have a company that owns the resource in Tasmania, in a joint venture, and has a person manage it and they also own the sawmill that cuts the pine.

CHAIR - Nowhere to go.

Mr BRILL - That is close to a monopoly but you have to be very careful what you are saying; but that worries me. We have had negotiations with Timberlink and we have had assistance in that negotiation from people around the table. At the moment, to be politically correct, big companies need to be modern and they need to have in their vision statement that they have regard for communities and for small business and all those other fluffy words. To date, we have had dialogue with Timberlink but I sense that down the track it is going to get harder and harder. Rightly so; we need to find another path. All our eggs are in one basket at the moment.

We have great skills; we have a great place to live, a very liveable place, and we have nearly all the infrastructure to be able to continue doing what we are. There are a couple of little paths in there that we do not have and we are not far away from being able to make that happen. The resource is probably the string in our bow that we do not have.

CHAIR - In regard to that, you mentioned that you would like to have about 40 000 tonnes per year. How volatile is your business case to the dollar at the moment with the terms of trade and the reality of imports, plus the mill down the road being a major producer? Are you confident that if you were able to get a permanent supply of logs that you will be able to construct a viable business in that niche market you have talked about?

Mr BRILL - I do. The pressure coming on the sawmilling business generally is that product is coming in from overseas - from New Zealand, Europe and Asia. It is being resawn and put back in here in the way of mouldings, prime products, finger-jointed products and all the rest of the products. On the bigger sawmills, the Carter Holt Harveys of this world are putting pressure on. They have closed their moulder mill in Mount Gambier simply because it is all too hard. We cannot compete; that is the common word. I know that we are not going to pull up our cricket pitches next week because we did not

PUBLIC

compete in England too well, and we believe we can compete again. However, we are cutting up our sawmills all around the country because we have suddenly decided we cannot compete. That is rubbish.

There are issues why we cannot compete and we need to resolve those issues. I am at the blunt end of the timber industry, away from the mouldings, and the only people I have to compete with are the existing sawmills because they have pressure on them not to do moulding, like Auspine was towards the end; they turn it into a paling mill. Instead of value-adding, it goes back to being a beam mill, a framing mill and a fence-grade mill.

We are more cost-effective when we get right down to that little part of it; we have the capacity of being more productive than the big sawmills. We are running palings at 50 metres a minute; Timberlink are going to run them at 28 metres a minute through a band line. They cannot currently produce. They cannot compete. The only thing they can compete with is that they have the resource and the billet. In the concept of scale they are able to introduce the feedstock to that operation more cost-effectively than we can. We have gone to the marketplace and taken all those things into consideration, knowing their sale price and their profitability. We know what we can buy the log for, what recovery we can get out of the log and what the marketplace will accept. We can go out there and complete.

CHAIR - Do you think you can do that without access to crown wood? Will you be able to get enough out of private, do you think?

Mr BRILL - Yes and no. You have to have consistency of supply and that is where private becomes awkward. Tom Brown has a coupe up the paddock and you can't get there in the winter but can in the summer. Somebody else has some resource but it is a certain size and quality. You need to have consistency of supply. We are talking to Norske at the moment. We have a chipper canter. We are also talking to Scott Arnold on Monday. There is an opportunity for some of the pulp material. We have gone into trucking now; we have to cart logs to supplement our income. We are carting logs, that we could cut, down to the boat and exporting them. I would say we could cut timber out of 80 per cent of that product being exported.

CHAIR - Is there something this committee could consider in the need of logs back to Scottsdale? Is there any committee recommendation that would be helpful for your business and your community?

Mr BRILL - From my point of view, for the benefit of Tasmania and the community of Dorset there should be an opportunity to value-add log - that is already being otherwise sold overseas - in an operation in the Dorset area to give a better return from that log to the community.

Mr FERGUSON - Not just price.

CHAIR - No. That would be current logs from Strahan or somewhere that would be exported because most of the old joint-venture wood is owned by New Forests now. Your logs presumably have to come from other private growers and New Forests presumably won't sell you wood. Do they have some pulpwood material?

PUBLIC

Mr BRILL - I have a meeting with Craig Arkley next week. He hasn't promised me anything but after I mentioned we have been talking to New Forests and Timberlink it seems they are anxious to try to supplement our loss of work. It would be in his interests to talk to me to see whether there is some space. I made the statement that we're not out to compete directly with Timberlink, but we are out to supplement and complement what they are doing and value-add the log in the state. He has agreed to meet with me but I am not sure where that is going to go. Norske is an opportunity, and to make that work we would place our chipper canter on their site. We believe the chipper canter should be close to the chip pile, so they chip it and use it for pulp themselves. They are looking at cutting back their volumes by 25 per cent; that 25 per cent could be coming to us. They can chip the sides off the log and just pack the billet on a truck that is backloading to Scottsdale. There is talk of a train coming up and maybe that might be a cost-effective way of getting it up there. We network with Padgett's and that might be an opportunity to do something with them perhaps.

CHAIR - What about logs from the crown?

Mr BRILL - From Forestry?

CHAIR - Yes. Forestry Tasmania owns the other significant amounts of bits and pieces.

Mr BRILL - I understood that the rest of that has been tendered off as we speak. I got in touch with Doug Massey and explained that, due to our circumstances, I probably would not meet the due diligence in offering a tender, so he took that on face value. I did not see the point of wasting people's time. Unfortunately in our circumstances, something we hope we will get over -

CHAIR - How long would you need? When do you think you will be in a position, setting aside the due diligence issue and the corporate requirements?

Mr BRILL - I think September or October. Basically what I need and what the liquidator says is he doesn't believe that there has been any impropriety on the part of the director and that really it's circumstantial. I have had to do the right thing as a director and realise some solvency issues are imminent and so I have had to alert all my creditors and bring in a liquidator. He believes that will be fine but it's a process that we need to go through. We basically need to satisfy the bank, we are refinancing at the moment and we need to get all that cleaned up. We are not far away. I reckon it will be September or October and once Michael Slaven signs off on that, ASIC will then look at his report and he believes they will agree there is no impropriety and I will be clean, so to speak.

CHAIR - When would you be in a position then to have your mill working to the point where you could receive logs? You have a bit to do.

Mr GUTWEIN - You have an entity working now, haven't you?

Mr BRILL - Sorry?

Mr GUTWEIN - You have a mill working now, haven't you?

Mr BRILL - We are not cutting, we are not even breaking logs down.

PUBLIC

Mr GUTWEIN - That's not what I am saying. Is there any reason why you couldn't be breaking logs down?

Mr BRILL - No, we would need to spend some more money to break the log down. At the moment we have been trying to get this liquidation thing out of the road. We have also been looking at the outcomes from the sale of the Ling Siding site. We have our eye on the treatment plant - that would be a jewel in the crown for us because even with logs being able to value-add those logs and make a saleable product we are doing lattice and pickets. We make products that are very - particularly for pickets there is a picket market, paling market and a fence-grade market on the mainland. Ideally we could treat it before we send it there so that's an opportunity where, rather than having to go to Koppers or to Timberlink, we have been waiting to see what is going to happen with the treatment plant.

Mr GUTWEIN - Can I bring you back, because I have to go back up north?

CHAIR - Unfortunately we are left without a quorum when Peter goes and he does have to go.

Mr GUTWEIN - Michael is travelling with me.

CHAIR - There you go, we will be left without a quorum completely.

Mr GUTWEIN - In summing it up, what recommendation would you like to see out of this committee? That is really important. Is it about making certain that there is sufficient resource available for a small-scale mill - and by small-scale I'm talking about 50 000 or 100 000 or that sort of level of resource that would be available in the Scottsdale area to continue with the sawmilling culture that has been there, however we word it? What would you like to see out of this?

CHAIR - Peter, if I could interrupt there. Given the time and given that you have to go up to Launceston, if you are unable to answer that fully now, you could consider that and write to the committee if you want to. Talk to Jillene and think about it and send a really well-considered submission to us in writing.

Mr GUTWEIN - We can take it and it can be put into evidence exactly the same as the transcript today, if you want.

CHAIR - Would you like to do that? Would you like to have the opportunity? The other point is that I'm sure the committee would have to decide this but I think the committee would be happy to sit in Launceston at some stage again if there was further evidence we needed to hear from you if you wanted to. We don't want to cut you off at all, it is just unfortunate that the day is going to end and I don't think there is much point trying to pack it into the next couple of minutes, do you Peter?

Mr BRILL - I'd appreciate the opportunity. I didn't come down here with the understanding that I was coming down for a pecuniary interest -

CHAIR - No, no not at all.

PUBLIC

Mr BRILL - Or any advantage. The thing I would like to say to wrap up is: I would like to accept the opportunity to be able to submit a recommendation from Stronach Industries about what should happen with regard to the opportunity for resourcing in Dorset. I would welcome that and I also, as a positive outcome from this committee, hope that there would be never again a situation that has happened at this time where resources has been taken away. I believe that there has been some stubbornness and some arrogance that has taken place in the assignment of resource out of that area.

From where I sit I think there are some personality issues involved and I have certainly known Adrian de Bruin and the type of person he was - he wasn't well-liked in Tasmania. Unfortunately, the collateral damage that has come out of that poor decision-making for all concerned, including FEA, has been disastrous. What it does for Jillene and me, we stand to lose our underpants if we can't survive. It seems so disappointing, not just for ourselves but for the opportunity; we have an immense opportunity and I know that it will recycle some time. Whatever happens, there will be another opportunity for somebody to do something like we are doing if we don't manage to survive to continue to do it.

CHAIR - I certainly hope that you do. You have worked very hard and are well respected throughout the community, as far as I am aware, certainly in the industry.

Mrs BRILL - I think it is important - the proportion of grant funding, FEA receiving \$10 million to establish a pine mill when there were already existing mills in operation was detrimental to our business. It's like competing with existing businesses all in operation. If anything comes about for further investigation, so another repeat of that scenario cannot happen -

Mr BRILL - The other thing, just to touch on that and there may be another opportunity. The ACCC - nobody ever spoke to us with everything that was going on. We paid \$2 million worth of wages last year and in the process all these processes of the buying and selling of mills and the rationalising of sawmilling opportunity in the north-east of Tasmania, there was never anybody that came to our business and said, 'How is this going to impact on you?' I suspect, as far as we live in a free-trade economy, I think it's short-sighted to believe that you can, willy-nilly, go around selling off infrastructure and allowing people to monopolise an industry. Even though we are an island state, all of a sudden, everything was controlled by very few. We know from the hardwood industry, that brought a lot of heartache and it has happened again now, it's exactly the same in the pine industry.

Mrs BRILL - With wearing two hats, like controlling resource and doing the sawmilling also, I think that's the problem.

CHAIR - Jillene, we will draw this to a close now but with the commitment that I we will take their written submission and we will provide you with the transcript of what you have said today and you can consider that. If there is anything that you feel you have left out, you can write to us. Or if there is any evidence you want to give orally, we can talk to the committee. It would be simple for us to sit in Launceston or to come out to Scottsdale might be a possibility, understanding you have your business to run.

PUBLIC

Mr GUTWEIN - What would be interesting, now that they have been sworn in front of this committee, we could take evidence over the phone if we sought advice as a committee.

CHAIR - We will adjourn sine die at this stage. We will finish today and we will be in communication and I will make sure that you get a copy of the transcript of today's hearing so that you can make sure that everything you wanted to say is said. I very much appreciate you coming in and wish you the best of luck.

Mr BRILL - Thank you.

Mrs BRILL - Thanks for the hearing.

THE WITNESSES WITHDREW.