

Annexure "B"

Gunns Release Deed



Deed

Dated

**The Crown in Right of Tasmania
(Crown)**

and

**Gunns Limited
(Gunns)**

The Crown Solicitor of Tasmania

Executive Building
15 Murray Street Hobart Tasmania 7000
GPO Box 825 Hobart Tasmania 7001
Telephone: (03) 6233 3922
Facsimile: (03) 6233 2874
File Ref: DPAC | 38146
Doc Ref: lp026978

Contents

1	Definitions and interpretation	4
1.1	Definitions	4
1.2	Interpretation.....	5
1.3	No contra proferentum.....	6
1.4	Headings.....	6
2	Condition	7
2.1	Condition.....	7
2.2	Termination.....	7
3	Payment.....	7
4	Excluded Claims	8
5	Assignment	8
6	GST	8
7	Representation and warranties	9
7.1	Gunns' warranties	9
8	Notices.....	9
8.1	Method of giving Notices	9
8.2	Time of receipt of Notices	10
8.3	Address for Notices	10
9	Law and jurisdiction	10
9.1	Governing Law.....	10
9.2	Submission to jurisdiction	10
10	General	10
10.1	Waiver	10
10.2	Amendment	11
10.3	Severability	11
10.4	Further assurance.....	11
10.5	Counterparts	11
	Annexure "A"	13
	Tasmanian Forests Intergovernmental Agreement.....	13

Deed

Details

Parties	Crown, Gunns	
Crown	Name	The Crown in Right of Tasmania represented by the Department of Treasury and Finance
	Short form name	The Crown
	Address	21 Murray Street HOBART Tasmania 7000
	Facsimile	(03) 6223 2755
	Attention	Secretary
Gunns	Name	Gunns Limited
	ACN	009 478 148
	Short form name	Gunns
	Address	78 Lindsay Street LAUNCESTON Tasmania 7250
	Facsimile	(03) 6335 5498
	Attention	Managing Director
Recitals	A	Forestry Tasmania and Gunns are parties to the Wood Supply Agreements and the China Sale Agreement.
	B	Forestry Tasmania and Gunns are in dispute with respect to each party's obligations arising out of the Wood Supply Agreements and the China Sale Agreement and the continued existence of the Wood Supply Agreements themselves.
	C	Particularly Forestry Tasmania claims: <ul style="list-style-type: none"> (i) that Gunns by letter dated the 18th day of April 2011 terminated the Wood Supply Agreements with that termination to take effect on the 15th day of October 2011; (ii) that Gunns is in breach of the terms of the Wood Supply Agreements and the China Sale Agreement by virtue of its failure to pay all sums of money accruing and due in accordance with the terms of those Agreements.
	D	Particularly Gunns claims:

- (i) that its letter dated the 18th day of April 2011 was not legally effective to terminate the Wood Supply Agreements;
 - (ii) that Forestry Tasmania is in breach of the terms of the Wood Supply Agreements and the China Sale Agreement and as a consequence Gunns has incurred loss and damage which is claimed from Forestry Tasmania.
- E Forestry Tasmania and Gunns each deny the other's claims.
- F Forestry Tasmania and Gunns are agreed that in the event that the letter of the 18th day of April 2011 was legally effective to terminate the Wood Supply Agreements then Forestry Tasmania is legally obliged to enter into good faith negotiations with Gunns about the terms of new agreements for the supply of Pulpwood (as defined in Wood Supply Agreement 917) and Supply Products (as defined in Wood Supply Agreement 918).
- G Gunns has indicated that it wishes to exit native forest logging operations in Tasmania.
- H The Crown has entered into the Tasmanian Forests Intergovernmental Agreement with the Commonwealth.
- I Under the Tasmanian Forests Intergovernmental Agreement the Commonwealth has agreed to provide funding to the Crown for the purposes of enabling the creation of the Reserves.
- J The Reserves cannot be created unless:
 - (i) there is certainty that Forestry Tasmania is not legally obligated to make any further supplies of wood to Gunns pursuant to the Wood Supply Agreements and the China Sale Agreement; or
 - (ii) if the Wood Supply Agreements have been terminated, there is legal certainty that Forestry Tasmania is not under a legal obligation to enter into good faith negotiations with Gunns about the terms of new agreements for the supply of pulpwood (as defined in Wood Supply Agreement 917) and the Supply Products (as defined in Wood Supply Agreement 918).
- K By virtue of clause 22 of the Tasmanian Forests Intergovernmental Agreement the Crown is obliged to ensure that a sufficient volume of native forest sawlog supply is retired to achieve the objects set out in clauses 17 and 29 of that Agreement.
- L The parties have entered into this Deed to facilitate the requirements of the Tasmanian Forests Intergovernmental Agreement by ensuring the termination of the Wood Supply

Agreements and the China Sale Agreement and, except for Excluded Claims, to resolve all claims Gunns has against Forestry Tasmania arising out of the Wood Supply Agreements and the China Sale Agreement.

Date

See signing page

Operative provisions

1 Definitions and interpretation

1.1 Definitions

In this Deed, unless the context otherwise requires:

China Sale Agreement means the agreement known as 'the China Sale Agreement' constituted by the letter dated 9 June 2010 from Forestry Tasmania to Gunns, and countersigned by Greg L'Estrange as an authorised representative of Gunns.

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature however arising and whether present or future, fixed or unascertained, actual or contingent, and whether at law, in equity, under statute or otherwise including without limitation anything that arises out of Schedule 12 of the Wood Supply Agreements or the China Sale Agreement.

Commonwealth means the Commonwealth of Australia.

this Deed means this deed of release.

Excluded Claims means the following claims or rights:

- (a) a claim under the indemnity in clause 8 of Schedule 13 of Wood Supply Agreement 917;
- (b) a claim under the indemnity in clause 8 of Schedule 13 of Wood Supply Agreement 918;
- (c) a claim under any indemnity in the China Sale Agreement; or
- (d) rights arising out of clause 16 of Schedule 13 of each of the Wood Supply Agreements.

Forestry Tasmania means Forestry Tasmania ABN 91 628 769 359.

Reserves means the reserves which are to be created pursuant to the Tasmanian Forests Intergovernmental Agreement.

Rights includes a right, a power, a remedy, a discretion or an authority.

Settlement Date means the 23rd day of September 2011 or such other date agreed to in writing by both parties.

Tasmanian Forests Intergovernmental Agreement means the agreement made between the Commonwealth and the Crown on the 7th day of August 2011, a copy of which is annexed to this Deed marked "A".

Tasmanian Forests Statement of Principles means the principles agreed by forest industries stakeholders as a basis for agreement on the restructure of the

Tasmanian forest industry as presented to the Tasmanian Government in October 2010.

Triabunna Agreement means the Agreement for Sale dated around mid-July 2011 whereby Gunns and others agreed to sell the Triabunna Mill to Jan Cameron and Graeme Wood (or a company or companies associated with or controlled by them).

Triabunna Mill means the woodchip mill including the freehold real estate, plant and equipment and other assets necessary for its continued operation at 555 Freestone Road, Triabunna.

Triabunna Wharf Lease means the lease between the Hobart Ports Corporation Pty Ltd and Gunns for the Triabunna Wharf commencing 1 November 2002.

Wood Supply Agreements mean Wood Supply Agreement 917 and Wood Supply Agreement 918.

Wood Supply Agreement 917 means contract for sale No. 917 dated 20 December 2007 made between Forestry Tasmania and Gunns and titled 'LONG TERM PULPWOOD SUPPLY AGREEMENT'.

Wood Supply Agreement 918 means contract for sale No. 918 dated 20 December 2007 made between Forestry Tasmania and Gunns and titled 'SAWLOG AND OTHER PRODUCTS SUPPLY AGREEMENT'.

1.2 Interpretation

In this Deed, unless the context otherwise requires:

- (a) a reference to this Deed, or any document referred to in this Deed or another document, includes any variation or replacement of any of them;
- (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;
- (d) **person** includes a firm, a body corporate, an unincorporated association, a responsible authority, or other entity, as constituted from time to time;
- (e) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes and permitted assigns;
- (f) a reference to writing includes a reference to printing, typing and each other method of producing words, figures or symbols in visible form;
- (g) a reference to a body (other than a party to this Deed) whether or not it is a statutory body:
 - (i) which ceases to exist; or

- (ii) whose powers or functions are transferred to any other body,
refers to the body which replaces it or which substantially succeeds to its powers or functions;
- (h) an agreement, representation or warranty on the part of, or in favour of, two or more persons binds, or is for the benefit of them, jointly and severally;
- (i) words importing any gender include all other genders, as applicable;
- (j) a reference to any thing (including any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them;
- (k) a covenant prohibiting a person from doing anything also prohibits that person from authorising it to be done by another person;
- (l) a reference to a clause, schedule or appendix is to a clause, schedule or appendix in or to this Deed;
- (m) mentioning any thing after the words **include, included or including** does not limit the meaning of any thing mentioned before those words;
- (n) a reference to a day must be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (o) reference to a time and date in connection with the performance of an obligation by a party is a reference to the time and date in Hobart, Tasmania, even if the obligation is to be performed elsewhere;
- (p) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning; and
- (q) references to '\$' and 'dollars' are to Australian dollars.

1.3 No contra proferentum

In the interpretation of this Deed, no rule of construction will apply to disadvantage a party because that party proposed a provision of this Deed or the Deed itself.

1.4 Headings

Headings are included for convenience only and do not affect the construction or interpretation of this Deed.

1.5 Defined terms

Terms used in this Deed and not defined herein and which are defined in the Tasmanian Forests Intergovernmental Agreement have the meaning given to them in the Tasmanian Forests Intergovernmental Agreement.

2 Condition

2.1 Condition

Each party's obligations under clauses 3 and 5 of this Deed are subject to the conditions precedent that on or before the Settlement Date the Crown enters into a deed with Forestry Tasmania whereby:

- (a) Forestry Tasmania releases Gunns in the same terms as clause 3(a) of this Deed;
- (b) Forestry Tasmania agrees to the termination of and to treat as terminated the Wood Supply Agreements and the China Sale Agreement in the terms of clause 3(b) of this Deed;
- (c) Forestry Tasmania releases Gunns from all its obligations and liabilities under the Wood Supply Agreements and the China Sale Agreement in the terms of clause 3(c) of this Deed; and
- (d) Forestry Tasmania agrees to assign the residual rights and obligations under the Wood Supply Agreements and the China Sale Agreement in the same terms as clause 5 of this Deed.

2.2 Termination

- (a) Either party may elect to terminate this Deed by notice in writing to the other if the condition in clause 2.1 is not satisfied on or before the Settlement Date.
- (b) If this Deed is terminated pursuant to clause 2.2(a) then:
 - (i) each party will have the same Rights and obligations that it would have had as if the parties had never entered into this Deed; and
 - (ii) neither party will have a Claim against the other in respect of the subject matter of this Deed.

3 Payment

In consideration of the payment on the Settlement Date by the Crown to Gunns of the sum of \$25,300,000.00 (GST inclusive):

- (a) Gunns agrees to release Forestry Tasmania from all Claims, except for the Excluded Claims, that Gunns now has, or may in the future have, against Forestry Tasmania in connection with or arising out of the Wood Supply Agreements and the China Sale Agreement including any breach of the same by Forestry Tasmania;
- (b) Gunns agrees to the termination of and to treat as terminated the Wood Supply Agreements and the China Sale Agreement as at the Settlement Date;

- (c) Gunns agrees to release Forestry Tasmania from its obligations and liabilities under the Wood Supply Agreements and the China Sale Agreement whether arising before on or after the Settlement Date;
- (d) Subject to the Tasmanian Ports Corporation Pty Ltd consenting to an assignment of the Triabunna Wharf Lease from Gunns to Triabunna Investments Pty Ltd Gunns must waive or confirm as satisfied, effective as at the Settlement Date, all conditions in the Triabunna Agreement which currently preclude or might preclude in the future the reopening and continued operation of the Triabunna Mill particularly but without limitation any condition regarding implementation of the Tasmanian Forests Statement of Principles or like condition;
- (e) Subject to the Tasmanian Ports Corporation Pty Ltd consenting to an assignment of the Triabunna Wharf Lease from Gunns to Triabunna Investments Pty Ltd, Gunns must do everything and anything reasonably required of it under the Triabunna Agreement to enable the reopening and continued operation of the Triabunna Mill; and
- (f) Subject to Tasmanian Ports Corporation Pty Ltd consenting to an assignment of the Triabunna Wharf Lease from Gunns to Triabunna Investments Pty Ltd, Gunns must cause any related party of it to, as may be required under the Triabunna Agreement, also waive or confirm as satisfied any condition in the terms of clause 3(d) and to do anything reasonably required of it to enable the reopening and continued operation of the Triabunna Mill.

4 Excluded Claims

Nothing in this Deed affects any Rights of a party (including any Rights of that party against the other party) in connection with any Excluded Claims.

5 Assignment

- (a) Subject to clause 4, to the extent that the Wood Supply Agreements and the China Sale Agreement may subsist or that there are continuing Rights and obligations of Gunns arising out of those Agreements after the Settlement Date then Gunns assigns to the Crown absolutely the benefit of those Agreements.
- (b) Gunns consents to the assignment of the Wood Supply Agreements and the China Sale Agreement by Forestry Tasmania to the Crown.

6 GST

- (a) The consideration payable by the Crown to Gunns as expressed in this Deed is GST inclusive.
- (b) On the Settlement Date Gunns must provide to the Crown a valid tax invoice for the consideration.

- (c) In this clause 6 unless the context otherwise requires:
 - (i) **GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth) and the related imposition Acts of the Commonwealth; and
 - (ii) expressions defined in the GST Act have the same meaning when used in this clause 6.

7 Representation and warranties

7.1 Gunns' warranties

Gunns represents and warrants to the Crown that:

- (a) **(incorporation)**: Gunns is a corporation duly incorporated and existing under the law of its place of incorporation and has the corporate power to enter into and perform its obligations;
- (b) **(legal disability)**: Gunns is not an externally administered body corporate (within the meaning of section 9 of the *Corporations Act 2001* (Cwlth));
- (c) **(controllers)**: no controller (within the meaning of section 9 of the *Corporations Act 2001* (Cwlth)) has been appointed over any of Gunns assets and no such appointment has been threatened;
- (d) **(solvency)**: Gunns is solvent (within the meaning of section 9 of the *Corporations Act 2001* (Cwlth));
- (e) **(authorisations)**: all necessary action has been taken by Gunns to authorise the execution and performance of its obligations under this Deed;
- (f) **(transaction permitted)**: the performance by Gunns of its obligations under this Deed will not breach in any respect any provision of:
 - (i) any applicable law or an order or ruling of a Government Body;
 - (ii) any agreement binding on Gunns; or
 - (iii) the Gunns' constitution.

8 Notices

8.1 Method of giving Notices

A notice, consent, approval, application or other communication (each a **Notice**) under this Deed must be in writing, signed by or on behalf of the person giving it, addressed to the person to whom it is to be given and:

- (a) delivered;
- (a) sent by pre-paid mail; or

(b) sent by facsimile,

to that person's address or facsimile number (as applicable).

For the avoidance of doubt, no Notice may be given either orally or by email.

8.2 Time of receipt of Notices

A Notice given to a person is treated as having been given and received:

- (a) if delivered, on the day of delivery if delivered after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day;
- (b) if sent by pre-paid mail, on the day of actual delivery if delivered after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day; and
- (c) if sent by facsimile and the transmission report states that it was sent in full and without error, on the day of transmission if that report states that the transmission was completed after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day.

8.3 Address for Notices

For the purposes of this clause 8, a person (the **sender**) may take the address and facsimile number of another person (the **recipient**) to be:

- (a) the address and number set out in the Details above; or
- (b) if the recipient has notified the sender of another address or facsimile number, the last address or facsimile number so notified to the sender.

9 Law and jurisdiction

9.1 Governing Law

This Deed is governed by the Law of Tasmania.

9.2 Submission to jurisdiction

The parties submit to the non-exclusive jurisdiction of the courts of Tasmania and any courts that may hear appeals from those courts in respect of any proceedings in connection with this Deed.

10 General

10.1 Waiver

The non-exercise of or delay in exercising any power or right of a party does not operate as a waiver of that power or right, nor does any single exercise of a power or right preclude any other exercise of it or the exercise of any other power or right. A power or right may only be waived in writing, signed by the party to be

bound by the waiver and such a waiver is effective only in the specific instance and for the specific purpose for which it was given.

10.2 Amendment

This Deed may only be amended or supplemented in writing signed by the parties.

10.3 Severability

If any provision of this Deed is or at any time becomes illegal, prohibited, void or unenforceable for any reason in any jurisdiction then, as to that jurisdiction, that provision is severed from this Deed and the remaining provisions of this Deed:

- (a) continue to be enforceable; and
- (b) are to be construed with such additions, deletions and modifications of language as are necessary to give effect to the remaining provisions of this Deed.

10.4 Further assurance

Each party must do, sign, execute and deliver and must procure that each of its employees and agents does, signs, executes and delivers, all deeds, documents, instruments and acts as reasonably required of it or them and must carry out and give full effect to this Deed and the Rights and obligations of the parties under it.

10.5 Counterparts

- (a) This Deed may be executed in any number of counterparts.
- (b) A party may execute this Deed by signing any counterpart.
- (c) All counterparts, taken together, constitute one instrument.

Executed as a deed

Signing page

Dated:

Signed for and on behalf of The Crown in Right of Tasmania by The Honourable Larissa Tahireh Giddings MP, Premier of Tasmania
in the presence of:

Signature ←

Signature of witness ←

Name of witness (print)

Address of witness

Occupation

The common seal of Gunns Limited
was hereunto affixed in accordance with section 127 of the *Corporations Act 2001* (Cwlth):

Signature of director ←

Signature of director/company secretary
(Please delete as applicable) ←

Name of director (print)

Name of director/company secretary (print)

Annexure "A"

Tasmanian Forests Intergovernmental Agreement



Australian Government

**Tasmanian Forests Intergovernmental Agreement
between**

**the Commonwealth of Australia
and
the State of Tasmania**

7 August 2011



**Tasmanian
Government**

This agreement is made on the 7th day of August 2011 between the
State of Tasmania (the **State**) and
the Commonwealth of Australia (the **Commonwealth**)
(together the **Governments**)

1. The Tasmanian forestry Industry is going through a process of structural transformation brought about by changing markets and community values. The catalyst for a sudden structural shift is the decision of Gunns Ltd, the State's major processor of both native forest sawlog and pulpwood products, to exit native forestry and to focus on its plantation based pulp mill at Bell Bay.
2. While other businesses could take up that part of the statutory minimum production of native forest sawlog currently used by Gunns Ltd, the Governments recognise that there would be ongoing market pressures. The issue of the balance between commercial use and environmental protection could also continue to divide the community, with reputational consequences for investment and economic growth.
3. As recognised in the community-driven Statement of Principles process, Gunns Ltd's exit offers a unique opportunity for the Governments to support the restructuring of the Industry towards future sustainability based on both public and private resource, create a significant conservation benefit by reserving and protecting High Conservation Value forest areas, and strengthen the partnership between the two Governments and other stakeholders to develop and diversify the Tasmanian economy, creating new sources of prosperity and opportunity for all Tasmanians. However, this opportunity also brings unique challenges ranging from getting the balance right, to mitigating the economic and social consequences on affected workers, their families and regional communities during a period of transition and economic diversification for Tasmania.
4. The Governments recognise the opportunities afforded through the community-driven Tasmanian Forests Statement of Principles developed by the Signatories (**the Signatories**) to:
 - minimise state-wide economic and regional community impacts of a rapid decline in the native forest industry;
 - enable structured transition to a long term sustainable forest industry and diversification of the economic base;
 - ensure consequential conservation benefits; and
 - reduce the long term divisive community debate over native forests, including through seeking annual confirmation of the Signatories support for the implementation of all elements of this Agreement.
5. The Governments agree to work together to support the forest industry to progressively transition to a more sustainable and diversified footing and to build regional economic diversity and community resilience.
6. The Governments further agree that, through entering into this Agreement, they are seeking to achieve the following outcomes:
 - i. Forest workers, their families, communities and harvest and haulage contractors experiencing hardship as a result of the restructuring of the Tasmanian forest industry are provided with immediate support;
 - ii. Regional economies in Tasmania broaden their economic base and

- improve the productivity and income earning capacity of the Tasmanian economy;
 - iii. Native forest with high conservation values is further protected through expansion of the National Reserve System and possible World Heritage listing of appropriate areas;
 - iv. The Tasmanian forest industry has a sustainable and guaranteed wood supply; and
 - v. Signatories to the Statement of Principles and other stakeholders including affected communities and local governments are committed to and appropriately engaged in delivering the above.
7. The Governments recognise that the above outcomes are interrelated and no one outcome takes precedence over another.
 8. To give effect to this common policy intent, the Governments agree to the following three Streams of activity all of which will commence now:
 - i. Stream One: Support for Workers, Contractors and Communities;
 - ii. Stream Two: Protecting High Conservation Forests and Ensuring Sustainable Wood Supply; and
 - iii. Stream Three: Economic Diversification.
 9. The Governments will design and deliver the various components of these Streams to ensure complementarity and to maximise efficiency and positive outcomes.
 10. Implementation of this Agreement will be overseen by an Intergovernmental Taskforce supported by a Reference Group of Signatories, and in consultation with community members and other relevant parties on matters such as:
 - i. the modelling of options and outcomes under the independent verification process (Clause 20 refers); and
 - ii. further work and the transition plan required for successful delivery of the wood supply and conservation commitments set out in this Agreement.

STREAM ONE: SUPPORT FOR WORKERS, CONTRACTORS AND COMMUNITIES

Support for forest industry workers

11. The Commonwealth will work with State and local stakeholders to maximise employment and training opportunities at the regional and local level, including by working in partnership with ForestWorks and Skills Tasmania. This may include developing industry and community partnerships to identify and deliver appropriate solutions for displaced workers.
12. The Commonwealth will fund at least \$14 million and up to \$25 million (subject to demand) to provide immediate employment and training support

for redundant forest workers in Tasmania. This will include intensive support through Job Services Australia and other providers, for workers made redundant from eligible businesses in the forestry industry in Tasmania. In addition, support will include accelerated access to the Commonwealth's "Connecting People with Jobs" program, which will provide relocation support for redundant Tasmanian forestry workers.

13. The State will provide funding of \$15 million to ForestWorks Ltd to administer and provide transition support payments, subject to equity and efficiency criteria approved by the State, to workers directly impacted by the industry restructuring, including employees of contractors who are made redundant, as a result of Gunns Ltd's exit from native forest processing.
14. The Governments will provide funding of \$1 million over two years (\$0.5 million each) to support Rural Alive and Well Inc. mental health counselling and community well-being services for forest workers and contractors, their families and associated businesses adversely affected by the current forestry industry changes.
15. The Governments will work with major employers to identify sustainable employment opportunities.

Voluntary Exits for Native Forest Haulage, Harvest and Silvicultural Contractors

16. Following compliance by the State with Clause 22, the Commonwealth will provide and manage the allocation of \$45 million subject to demand in assistance for voluntary exits from public native forest operations for haulage, harvest and silvicultural contractors. The Commonwealth will consult with the State and, where appropriate, the forest contractors' associations during the design and delivery of this exit assistance mechanism.

STREAM TWO: PROTECTING HIGH CONSERVATION VALUE FORESTS AND ENSURING SUSTAINABLE WOOD SUPPLY

Legislated sustainable timber supply/Sustainable forestry industry

17. Wood supply for the remaining industry will be guaranteed:

- At least 155 000 thousand cubic metres per year of high quality sawlog, by regulation.
- 265 000 metres per year of peeler billets.
- A speciality timber supply, noting that the industry claim is 12,500 cubic metres per year, subject to verification.

18. Contracts for native wood supply that are in existence at the time of this Agreement will be honoured. The Governments recognise the importance of this commitment for the successful implementation of the whole Agreement,

particularly in relation to the guaranteed supply of peeler billets under their current contract, including the option to extend that contract. In providing this commitment, the Governments also have a clear expectation that Signatories to the Statement of Principles will continue to respect those contracts and the associated need for guaranteed supply to meet them.

19. The Independent verification group established under Clause 20 will advise Governments, Signatories and other relevant stakeholders on any further legislative requirements that will be needed to underpin guaranteed industry supply, conservation outcomes and an effective transition plan.
20. The Governments will establish and support an Independent Verification Group, to be led by Professor Jonathan West, to provide advice by the end of 2011 to the Prime Minister and the Tasmanian Premier. The Independent Verification Group will consult with the Governments (through the Intergovernmental Taskforce), Signatory organisations (through the Reference Group of Signatory representatives), experts and other stakeholders in undertaking its work. This Independent Verification Group will design and implement an independent and transparent verification process that will assess and verify stakeholder claims relating to sustainable timber supply requirements (including at the regional level), available native forest and plantation volumes, and areas and boundaries of reserves from within the ENGO-nominated 572,000 hectares of High Conservation Value native forest. This Group will also make recommendations on appropriate forms of land tenure for the purposes of Clause 29. The Independent Verification Group will seek the agreement of the Signatories within one month of the date of this Agreement on the process for conducting independent verification, and their agreement to accept its results. If they agree, both Governments agree to be bound by the results of the verification process for the purposes of Clause 29.
21. The Commonwealth Government will provide funding to support the verification process. The Governments will ensure timely access to all relevant data, including that held by Forestry Tasmania, to the independent verification process.
22. Pursuant to outcome (iii) in Clause 6, the State will enter into a process with Gunns Ltd to ensure that a sufficient volume of native forest sawlog supply is retired to achieve the objects of Clauses 17 and 29.
23. The State will establish under terms to be agreed with the Commonwealth, and the Commonwealth will fund, a voluntary sawlog contract buy-back program for additional sawmillers wishing to exit the industry. Buy-backs under this voluntary exit program will be completed by end of June 2012.
24. In accordance with the terms agreed by the Governments, and informed by the results of the independent verification process, the Governments will increase high conservation value areas of the National Reserve System as native wood supply capacity is retired under this voluntary exit program and when suitable plantation wood supply is available.

Conservation

25. The State will immediately place the 430,000 hectares of native forest identified in Attachment A (other than any areas that are not State forest), from the 572,000 hectares nominated by ENGOs through the Statement of Principles process, into Informal Reserves. The boundaries of this 430,000 hectares were verified through an independent verification process.
26. The State will ensure that, until the further independent verification process required under Clause 20 is completed, wood supply required under Clause 17 will be sourced from outside the 572,000 hectares of ENGO-nominated High Conservation Value forest area unless the remaining State Forest area is insufficient to meet the contractually specified quality and quantity of wood supply. Where this is the case, the Tasmanian Government will ensure that wood supplies are sourced outside the 430,000 hectares placed in Informal Reserves. The Tasmanian Government will ensure that the 430,000 hectares of State Forest identified in Attachment A is not accessed. Where harvesting work has already begun in coupes within the nominated 430,000 hectares, rescheduling will occur as soon as practical and a list of coupes that will be harvested will be agreed by the Governments and the signatories, advised by the Independent Verification Group, within two weeks of the signing of this agreement. If sourcing of wood supply from within the 572,000 hectares is considered to be necessary under any circumstances, the Governments will immediately consult with the Reference Group of Signatories and the Independent Verification Group in order to inform them of the basis for sourcing wood supply in those areas, and with the intention of providing this supply in a way that minimises impacts on conservation values.
27. During the independent verification process, in the event that Forestry Tasmania reports that it cannot meet contractual requirements from production resources outside the nominated 430,000 hectares, the Governments will undertake the following steps. First, an independent expert will be jointly appointed by the Governments to review scheduling and other relevant data and attempt to reschedule harvesting activities so as to meet the requirements of contracts and maintain the interim protection of the 430,000 hectares. In the event that the independent expert concludes that it is impossible to achieve this through rescheduling on a reasonable commercial basis or through sourcing alternative supplies, the Commonwealth will compensate the contract holder for the value of lost profits and unavoidable costs. Any such costs will be met, in the first instance, from within the \$7 million payment in financial year 2011-12 referred to in Clause 35.
28. Following completion of the independent verification process under Clause 20, and until their formal protection in accordance with Clause 29, the State will ensure that all areas determined by the independent verification process as being of High Conservation Value and compatible with the guaranteed wood supply in Clause 17 are placed or remain in Informal Reserves and are not used for wood supply.
29. The State will ensure legislative protection of the areas of reserve (from the ENGO-nominated 572,000 hectares) determined by the independent

verification process referred to in Clause 20 above as compatible with the guaranteed timber supply. This protection will be achieved through appropriate forms of land tenure, informed by the Independent Verification Group and compatible with other economic development opportunities, including National Parks and other Formal Reserves in the National Reserve System, and possible nomination of appropriate areas for inclusion in the Tasmanian Wilderness World Heritage Area.

30. The Tasmanian Government will introduce legislation no later than 30 June 2012 into the Parliament to formally protect the areas of reserve in Clause 29 with appropriate land tenure.
31. The Governments expect that Signatories to the Statement of Principles will support the provision of Forest Stewardship Council and/or Australian Forest Standard certification for appropriate remaining forestry activity in Tasmania. Progress towards agreement by Signatories to a process for achieving certification will be considered under Clause 45.
32. The Governments expect that the Triabunna mill will reopen and be operated in accordance with the Statement of Principles. If this does not occur, either Government may request a review of the terms of this Agreement, with a review to occur only if both Governments agree.
33. If legislation to give effect to Clauses 17 and 29 is not in place within three months of its introduction, either Government may request a review of the future funding under this Agreement.
34. The Commonwealth will provide \$43 million to the Tasmanian Government to assist the State to facilitate the implementation of this Agreement. At least \$15 million of this funding will be used by the State to support voluntary compensable exits by saw-millers wishing to exit the industry (as set out in Clause 23), and \$5 million is to be used in accordance with purposes and conditions to be agreed with the Commonwealth to support provision of information and consultation with affected communities.
35. The Commonwealth Government will provide an immediate payment of \$7 million to the Tasmanian Government in financial year 2011-12 to support management of the additional reserves. Following formal legislative protection by the Tasmanian Government of the areas of reserve identified in Clause 29, the Commonwealth will provide \$7 million per financial year, indexed to CPI, with a review of the base funding after 5 years.
36. Prior to formal legislative protection of the areas of reserve identified in Clause 29, and until completion of the independent verification process in accordance with Clause 20, the 430,000 hectares referred to in Clause 25 will be protected under a Conservation Agreement between the State, Forestry Tasmania and the Commonwealth under the *Environment Protection and Biodiversity Conservation Act*, with management of these new areas of reserve by the Forestry Tasmania. Following the completion of the independent verification process in accordance with Clause 20, this initial Conservation Agreement will lapse and all areas determined by the independent verification process for the purposes of Clause 29 will be

protected under a new Conservation Agreement between the State, Forestry Tasmania and the Commonwealth under the *Environment Protection and Biodiversity Conservation Act*, with management of these new areas of reserve by the Forestry Tasmania. This second Conservation Agreement will lapse when these areas of reserve are given formal legislative protection in accordance with Clause 29.

STREAM 3: ECONOMIC DIVERSIFICATION

37. The Regional Development Ministerial Advisory Council recently established by the Hon Simon Crean MP, Minister for Regional Australia, Regional Development and Local Government, and chaired by Mr Bill Kelty AC will assist in the identification and development of regional development opportunities in Tasmania. The initial stages of this process will include consultation with the community and stakeholders to identify the further work and the transition plan required for the successful delivery of the supply and protection commitments formalised through the operation of this agreement, and the identification of other opportunities for regional development. A detailed socio-economic study by Professor Jonathon West will also be undertaken to support the Governments in identifying opportunities.
38. The Commonwealth Government will work in partnership with the Tasmanian Government through a Memorandum of Understanding to be agreed between the Hon Simon Crean MP, Commonwealth Minister for Regional Australia, Regional Development and Local Government and the Hon David O'Byrne MP, Tasmanian Minister for Economic Development to analyse options for economic diversification to support transition to a sustainable Tasmanian economy including through state-wide, place-based support for economic diversification, consistent with the Tasmanian Economic Development Plan, to be released by the end of August 2011.
39. The Governments will develop a process to identify by mid 2012:
 - a. the impacts of forestry adjustment on affected regions, including the scope for alternative sectors and jobs to support regional adjustment;
 - b. progress in implementing Commonwealth and Tasmanian adjustment measures; and
 - c. the need for further regional development assistance.
40. The regional opportunities identified through the processes in Clauses 37 to 39 above will support development by the Governments of options for economic diversification which will include a focus on:
 - a. Skills—to develop and retain specialised skills required to support innovation and future skills needs of a strengthened economic base that builds on national opportunities and supports career paths;
 - b. Business development services—to provide support for businesses to improve innovation and competitiveness;
 - c. The potential for increased value-adding and greater use of plantation timber by the forestry industry;
 - d. Infrastructure investment—to transform supply chains or minor infrastructure investment to support connectivity for selected sectors;

- e. Facilitation, research and collaboration – to support improved innovation, competitiveness and productivity.

41. Subject to formal legislative protection by the Tasmanian Government of the areas of reserve identified in Clause 29, the Commonwealth Government will provide \$120 million over a period of 15 years, including an initial payment of \$20 million in 2011-12, to fund regional development projects which meet rigorous criteria for improving the productivity and income-earning capacity of the Tasmanian economy. Any funding provided under this Clause will be repaid by the State to the Commonwealth in the event that the Tasmanian Parliament does not pass legislation to provide the protection referred to in Clause 29. The Governments will work collaboratively and agree on the design, criteria, joint assessment procedures, and monitoring and evaluation of the \$120 million package. Major regional development projects under this fund will be agreed by a joint Ministerial council, comprising the Tasmanian minister responsible for economic development and the Commonwealth minister for regional Australia before funding is provided.

42. The Commonwealth's position is that no Commonwealth funds will be paid to progress the Bell Bay pulp mill project.

Nature of Obligations under this Agreement and relationship to other agreements

43. This Agreement is not intended to create legally enforceable rights and obligations. In the event that any clause of this Agreement exceeds the power of either Government or is unenforceable for any other reason, that clause is to be read as not intending to create legally enforceable rights and obligations.

44. Where Governments have agreed to ensure that certain things occur, this means they will do everything within their legal and other powers to ensure that these things occur.

45. The Governments will ask the Signatories to report annually to both Governments on the durability of, and the Signatories ongoing commitment to, the Agreement. The first report will be required by 30 June 2012. If the report demonstrates that the Agreement is no longer durable, then both Governments will review the terms of the Agreement.

46. This Agreement between the Commonwealth and the State is not expected to have direct implications with respect to the ongoing administration of the Environment Protection and Biodiversity Conservation Act 1999, with the exception of flow on implications that may occur in relation to any amendments required to the Tasmanian Regional Forest Agreement. The State will ensure that Informal Reserves created under Clause 25 of this Agreement are treated consistently with the treatment of Informal Reserves covered by attachment 6 to the Tasmanian Regional Forest Agreement. The governments will consult on the amendments that should be made to the Regional Forest Agreement either during or following the independent verification process, to reflect the terms of this Agreement.

47. The Governments will continue to discuss issues around the treatment of any potential carbon offset opportunities that may arise for Tasmania from the creation of new formal reserves and/or the reduction in annual native forest sawlog production as a result of this Agreement. In particular, the Governments will work together to examine potential opportunities under the Biodiversity Fund arising from increased formal forest reserves.

Reporting

48. The Governments will work together to ensure that there are appropriate mechanisms in place to monitor and publicly report on the implementation of the commitments in this Agreement in consultation with the Signatories to the Statement of Principles.

Data Use and Access

49. The Governments recognise that the implementation and monitoring of this Agreement depends on appropriate mutual access to and accreditation of relevant information, including from Forestry Tasmania, and agree to provide such access and accreditation for the term of this Agreement.

Funding

50. A National Partnership Agreement will be created in addition to this Agreement to facilitate funding from the Commonwealth to the Tasmanian Government for those components of the forestry package that are classified as a payment to the States by the Department of Finance and Deregulation.

Treatment of Funding by the Commonwealth Grants Commission

51. The Commonwealth Government will:
- a. Instruct the Commonwealth Grants Commission to prepare its assessment of per capita relativities for the distribution of the GST revenue pool without reference to the Funding under this Agreement (that is, the Funding will be quarantined); and
 - b. Not reduce funding provided to Tasmania under any other current or future funding agreements, such as Specific Purpose Payments, as a result of the Funding. In agreeing future financial arrangements between the Commonwealth and Tasmania for any purpose, no regard shall be had to the Funding.

Termination

52. With the exception of Clause 53, this Agreement may only be terminated by the Commonwealth with the consent of the State; or by the State with the consent of the Commonwealth; or where the dispute resolution clauses have been observed.

53. This Agreement may be terminated by the Commonwealth, where the State has been given a 30 day period of notice on:
- i. a failure to proclaim the new Formal Reserves in accordance with Clause 30; or

- ii. a failure to use money for the purpose for which it was allocated by the Commonwealth.

54. The provisions of this Clause do not apply if the failure is of a minor nature or rectification is possible and has occurred before the end of the 30 day period.

Duration and Extension of Agreement

55. This Agreement will commence on the date of its execution, and remain in force for 15 years or until its codification within a further agreement under the Tasmanian Regional Forest Agreement.

Cooperation and Response to Requests

56. The Governments agree to work cooperatively to address any matters raised in writing by either of them relating to the interpretation or implementation of this Agreement and undertake to respond to any request within 20 days of its receipt.

Dispute Resolution

57. The Governments agree that if a dispute arises between the Governments it must be resolved expeditiously in accordance with the following:

- When a dispute arises, either Government may serve a notice on the other specifying the nature and substance of the matter or issue in dispute.
- Within 7 days of the notice being served the Governments must attempt to settle the dispute.
- Each of the Governments agrees to use its best endeavours to resolve the dispute.

Notices

58. Any notice or other communication to be given or made pursuant to this Agreement shall be in writing and addressed as follows:

The Commonwealth

The Secretary
Department of the Prime Minister and Cabinet
One National Circuit
BARTON ACT 2600

The State

The Secretary
Department of Premier and Cabinet
Level 7
15 Murray Street
HOBART TAS 7000

or in accordance with any other mode of service which may agreed in writing between the Governments.

All other terminology in this agreement is to be interpreted subject to the definitions specified in the Tasmanian Regional Forest Agreement.

.....
Julia Gillard MP
Prime Minister

.....
Lara Giddings
Premier

Launceston
7 August 2011

Definitions:

In this Agreement unless the contrary intention appears:

"Agreement" means all parts of this Agreement between the Commonwealth and the State and includes the Attachments to this Agreement.

"Eligible business" for the purposes of Clause 12 means a business operating in the forestry industry in Tasmania which has made workers redundant as a result of the decline in the native forest industry. A business is eligible once it has been confirmed by the Commonwealth Department of Education, Employment and Workplace Relations.

"ENGOS" means environment non government organisations which are signatories to the Statement of Principles, being The Wilderness Society, Australian Conservation Foundation, and Environment Tasmania; unless otherwise specified.

"Formal Reserve System" means the system of Formal Reserves in Tasmania which are equivalent to IUCN protected area management categories I, II, III, IV or VI, and as further defined in the Tasmanian Regional Forest Agreement.

"High Conservation Value (HCV) Forests" means those forest areas identified as High Conservation value by the Signatories to the Statement of Principles.

"Independent Verification Group" means a group of experts (including an expert on geology/mineralogy) jointly nominated by, but independent of, both Governments and all other stakeholders and led by Professor Jonathan West to provide advice to the Prime Minister and the Tasmanian Premier on the results of an independent verification process to be undertaken in accordance with Terms of Reference jointly agreed by the Governments.

"Intergovernmental Taskforce" means a high level group of senior officials nominated by each government to oversee implementation of this Agreement.

"Native Forest Industry Workers" means individuals employed predominantly in the harvest, haulage or processing of wood from Tasmanian native forests.

"Reference Group of Signatories" means a group of representatives nominated by the Signatories which will be consulted by the Intergovernmental Taskforce on matters including the modelling of options and outcomes under the independent verification process, and the transition plan required for successful delivery of the wood supply and conservation commitment set out in the Agreement.

"Regional Forest Agreement" means the Tasmanian Regional Forest Agreement signed by the Commonwealth and the State in 1997, and as varied on 19 July 2001 and 23 February 2007, and the Supplementary Agreement signed on 13 May 2005.

E-mail Message

From: Penni Wakefield [NOTES:CN=Penni Wakefield/OU=RGD/O=TreasFin]
To: Jason O'Neill [NOTES:CN=Jason O'Neill/OU=FSq/O=TreasFin@DTF]
Cc:
Sent: 20/9/2011 at 10:40 AM
Received: 20/9/2011 at 10:40 AM
Subject: Probity Report

Attachments: Presentation.pdf
Letter#2.pdf
Letter#1.pdf

Regards,

Penni Wakefield
Assistant Research Officer
Shareholder Policy and Markets Branch
Department of Treasury and Finance

Phone: 6233 5997
Email: penni.wakefield@treasury.tas.gov.au

13 September 2011

Wise Lord & Ferguson



advice to advantage
Chartered Accountants

Mr T Ferrall
Deputy Secretary
Department of Treasury and Finance
21 Murray Street
Hobart TAS 7000

Dear Sir

I refer to your emails of 12 September 2011 in which you updated me regarding the most recent events in relation to the Government's offer to Gunns Limited and you instructed me to conduct a further probity review.

I have reviewed the following documents:

- Letter to Gunns Ltd from the Premier dated 26 August 2011 making an offer to settle.
- Letter to Forestry Tasmania from the Premier dated 26 August 2011 making an offer to settle.
- Meeting notes dated 30 August 2011 reflecting a meeting of representatives of the State with representatives of Gunns Ltd to discuss the State's offer.
- Letter from the Assistant Crown Solicitor dated 1 September 2011 to yourself commenting on requests from Forestry Tasmania to amend the settlement deed.
- Letter dated 2 September 2011 from Gunns Limited rejecting the State's offer.
- File note dated 6 September 2011 made by Mr G Swain of a telephone conversation between Mr G L'Estrange of Gunns Ltd and Mr M Sayer of the Premier's office.
- Letter from Tony Burke faxed from the office of the PM on 5 September 2011 indicating support for the process.
- Letter dated 7 September 2011 from Gunns Ltd returning marked up copies of the draft deed and stating that they would accept an offer of \$23M.
- Letter to yourself dated 8 September 2011 from the Assistant Crown Solicitor advising regarding the marked up deed provided by Gunns Ltd.
- Undated letter from the Premier to Tony Burke, the Federal Minister for Sustainability, Environment, Water, Population and Communities advising the current status of the negotiations and requesting his agreement.
- Letter dated 9 September 2011 from Tony Burke confirming the agreement of the Commonwealth to the proposals of the Premier in her letter.
- Undated letter to Forestry Tasmania advising that the offer of the State to Forestry Tasmania was conditional on Gunns Ltd accepting the offer made to them.
- Undated letter from the Premier to Gunns Ltd making a further offer.
- Various copies of the three Deeds of Settlement.



1st Floor 160 Collins Street Hobart TAS 7000 GPO Box 1083 Hobart TAS 7001
Tel: (03) 6223 6165 Fax: (03) 6223 8993 Email: email@wlf.com.au Internet: www.wlf.com.au

Partners: Peter Baven, Harvey Gibson, Danny McCarthy, Douglas Thomson,
Joanne Doyle, Stuart Clutterbuck, Ian Wheeler, Dean Johnson, Marg Marshall
Managers: Alicia Lela, Melanie Richardson, Nick Carter, Paul Lyons,
Simon Jones, Shaun Evans, Trent Queen

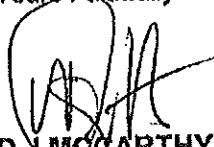
- 2 -

It is our view that the process reflected in the documents reviewed is a continuation of the process considered in my previous report. We therefore conclude that it is consistent with the:

- Heads of Agreement,
- Intergovernmental Agreement; and
- Legal advice provided by the Crown Solicitor and the Solicitor-General.

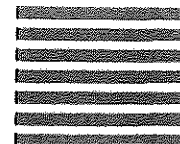
I would be pleased to discuss any of the above with you.

Yours Faithfully



D.J. MCCARTHY
PARTNER
WISE LORD & FERGUSON
CHARTERED ACCOUNTANTS

19 September 2011



Wise Lord & Ferguson



advice to advantage
Chartered Accountants

Mr T Ferrall
Deputy Secretary
Department of Treasury and Finance
21 Murray Street
HOBART TAS 7000

Dear Sir

Further to your email of 15 September 2011 in which you confirmed that Gunns Limited and Forestry Tasmania had accepted the offer made by the State in respect of the negotiated settlement I advise as follows.

I have reviewed the following signed documents:

- Deed between The Crown in Right of Tasmania and Gunns Limited.
- Deed between The Crown in Right of Tasmania and Forestry Tasmania. And
- Deed between Forestry Tasmania and Gunns Limited.

These documents are essentially the same as draft documents previously provided to me and accurately reflect the outcomes referred to in my letter of 13 September 2011.

I would be pleased to discuss any of the above with you.

Yours faithfully

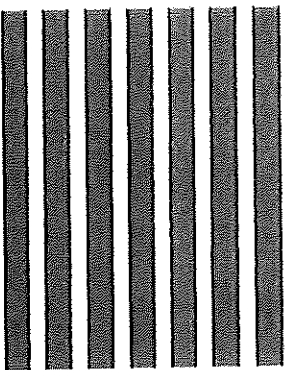
D J MCCARTHY
PARTNER
WISE LORD & FERGUSON
CHARTERED ACCOUNTANTS



1st Floor 160 Collins Street Hobart TAS 7000 GPO Box 1083 Hobart TAS 7001
Tel: (03) 6223 6166 Fax: (03) 6223 8993 Email: email@wlf.com.au Internet: www.wlf.com.au

Partners: Peter Baven, Harvey Gibson, Danny McCarthy, Douglas Thomson,
Joanne Doyle, Stuart Clutterbuck, Ian Wheeler, Dean Johnson, Marg Marshall
Managers: Alicia Lels, Melanie Richardson, Nick Carter, Paul Lyons,
Skimon Jones, Shaun Evans, Trent Queen

Review of the process for determining the recommended position of the State and Settlements to be made to Gunns Limited and Forestry Tasmania Under the Tasmanian Forests Intergovernmental Agreement.



Wise Lord & Ferguson

advice to advantage



Chartered Accountants

Introduction

We have been appointed by way of letter dated 17 August 2011 to conduct a review of the process for determining the recommended position of the State and settlements to be put to Gunns Limited and Forestry Tasmania under the Tasmanian Forests Intergovernmental Agreement.



Introduction (Cont'd)

Terms of Reference - Background

The Commonwealth and Tasmanian Governments signed the Tasmanian Forests Intergovernmental Agreement on 7 August 2011. The Agreement is designed to support the State's forest industry to transition to a more sustainable and diversified setting and to build regional economic diversification.

Clauses 22 and 34 of the Intergovernmental Agreement refer to the actions necessary and compensation payable in order to achieve key objectives as set out in clauses 19, 20 and 29 of the Agreement. These clauses make clear the requirement to extinguish wood supply contracts to the extent required to create reserved areas as referred to in clause 29.

Clause 22 of the agreement states that:

...the State will enter a process with Gunns Ltd to ensure that a sufficient volume of native forest sawlog supply is retired to achieve the objects of clauses 17 and 29."



Introduction (Cont'd)

Terms of Reference – Background (Cont'd)

Clause 34 states that:

“The Commonwealth will provide \$43 million to the Tasmanian Government to assist the State to facilitate the implementation of this Agreement. At least \$15 million of this funding will be used by the State to support voluntary compensable exits by saw-millers wishing to exit the industry (as set out in clause 23), and \$5 million is to be used in accordance with purposes and conditions to be agreed with the Commonwealth to support provision of information and consultation with affected parties”.

Given these prescribed allocations, there is a maximum of \$23 million available from the \$43 million to facilitate the Agreement through the extinguishment of specific wood supply contracts. The Government has agreed to give effect to the Intergovernmental Agreement by resolving the uncertainty surrounding the contract issues in relation to wood supply contracts WS917 and WS918 between Gunns Limited and Forestry Tasmania.



Introduction (Cont'd)

Terms of Reference – Background (Cont'd)

To support this process the Government has agreed to appoint a suitably qualified and registered Probity Auditor to provide advice on the process undertaken in determining a preferred State position and the appropriateness of that position in relation to resolving the complex commercial settlement of outstanding matters between Gunns Limited and Forestry Tasmania.



Introduction (Cont'd)

Terms of Reference – Scope

1. The requirements to give effect to the Intergovernmental Agreement, particularly clauses 22, 29 and 34.
2. The advice provided by the Department of Treasury and Finance on options resolving these issues.
3. The legal advice provided by the Crown Solicitor and the Solicitor-General in relation to these matters.
4. The appropriateness of the Government's proposed offer to both Gunns Limited and Forestry Tasmania.
5. In the event that an offer is subsequently made to both parties and following any negotiation, accepted by Gunns Limited and Forestry Tasmania, the appropriateness of the final executed agreement(s). Any agreement between the State and either party against the other, in relation to the relevant wood supply contracts.



Background

Through an eight month process independent of Government but funded by the Commonwealth Government, Bill Kelty facilitated a statement of principles signed by the stakeholders in Tasmanian Forestry invited to participate in the process who elected to do so. Significantly the two key operational stakeholders in forestry in Tasmania being Gunns Limited and Forestry Tasmania were not involved in that process.

The report from that process was submitted to Government in early July 2011.

On 24 July 2011 a Tasmanian Forest Agreement Heads of Agreement was signed by the Prime Minister and the Minister for the Environment on behalf of the Commonwealth of Australia and by the Premier and Deputy Premier on behalf of the State of Tasmania.

Subsequently on the 7 August 2011 the Tasmanian Forests Intergovernmental Agreement between the Commonwealth of Australia and the State of Tasmania was signed .



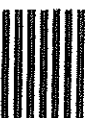
Background (cont'd)

The following paragraphs of that Agreement are germane to this report.

Paragraph 8 of the Intergovernmental Agreement states:

"To give effect to this common policy intent, the Governments agree to the following three Streams of activity all of which will commence now:

- i. Stream One: Support for Workers Contractors and Communities;*
- ii. Stream Two: Protecting High Conservation Forests and Ensuring Sustainable Wood Supply; and*
- iii. Stream Three: Economic Diversification."*



Background (Cont'd)

Paragraph 22 of the Intergovernmental Agreement states:

"Pursuant to outcome (iii) to clause 6, the State will enter into a process with Gunns Ltd to ensure that a sufficient volume of native forest sawlog supply is retired to achieve the objectives of clauses 17 and 29."

Paragraph 29 of the Intergovernmental Agreement states:

"The State will ensure legislative protection of the areas of reserve (from the ENGO-nominated 572,000 hectares) determined by the independent verification process referred to in clause 20 above as compatible with the guaranteed timber supply."

This protection will be achieved through appropriate forms of land tenure, informed by the Independent Verification Group and compatible with other economic development opportunities, including National Parks and other Formal Reserves in the National reserve System, and possible nomination of appropriate areas for inclusion in the Tasmanian Wilderness World Heritage Area."



Background (Cont'd)

Paragraph 34 of the Intergovernmental Agreement states

"The Commonwealth will provide \$43 million to the Tasmanian Government to assist the State to facilitate the implementation of this agreement.

At least \$15 million of this funding will be used by the State to support voluntary compensable exits by saw-millers wishing to exit the industry (as set out in clause 23), and \$5 million is to be used in accordance with purposes and conditions to be agreed with the Commonwealth to support provision of information and consultation with affected communities."



The Review Process

Documents Reviewed

Correspondence

- Gunns to Forestry Tasmania 1 December 2010
- Forestry Tasmania to Gunns 9 February 2011
- Gunns to Forestry Tasmania 18 April 2011
- Forestry Tasmania To Gunns 4 May 2011
- Gunns to Treasury 23 June 2011
- Forestry to Bill Kelty 29 June 2011
- Memorandum Lipman Karam to Gunns re Contracts 917 and 918 dated 28 June 2011.
- Gunns to Forestry Tasmania 30 June 2011
- Briefing note Forestry Tasmania to Minister for Energy and Resources 30 June 2011
- Gunns to the Premier of Tasmania 12 July 2011
- Briefing note Forestry Tasmania to the Treasurer and the Minister for Energy and Resources 29 July 2011



The Review Process (Cont'd)

Documents Reviewed

Correspondence

- Letter of request for advice from the Crown Solicitor to the Solicitor-General of 29 July 2011 regarding the status of Wood Supply Agreements between Gunns and Forestry Tasmania
- Advice from the Solicitor-General dated 5 August 2011 regarding the Wood Supply Contracts
- Advice from the Solicitor-General to DIER of 5 August 2011 regarding specific questions concerning the relationship of Forestry Tasmania to the Portfolio Ministers
- Email of 8 August 2011 from the Solicitor General to Mark Sayer
- Gunns to ASX of 8 August 2011 re suspension of trading
- Email from the Solicitor-General to the Crown solicitor re legal advice dated 8 August 2011



The Review Process (Cont'd)

Documents Reviewed

Correspondence

- Email to Forestry Tasmania from the Crown solicitor dated 11 August 2011
- Email from the Crown Solicitor to Secretary of the Treasury of 11 August 2011
- File note from Forestry Tasmania re the draft agreement dated 12 August 2011



The Review Process (Cont'd)

Advice and Agreements

- Tasmanian Forest Agreement – Heads of Agreement 24 July 2011.
- Tasmanian Forests Intergovernmental Agreement 7 August 2011.
- Minute to the Treasurer of recommendations with respect to the Intergovernmental Agreement Payments under clause 34 of 11 August 2011.

Draft Agreements

Draft deed between the Crown and Forestry Tasmania.

Draft deed between the Crown and Gunns.



The Review Process (Cont'd)

Parties Interviewed

- Mr Martin Wallace, Secretary of the Department of Treasury and Finance
- Mr Tony Ferrall, Deputy Secretary of the Department of Treasury and Finance
- Mr Leigh Sealy, Solicitor General
- Mr Grant Kench, Acting Crown Solicitor
- Mr Greg Johannes, Deputy Secretary of the Department of Premier and Cabinet
- Mr Rhys Edwards, Secretary of the Department of Premier and Cabinet

The Review Process (Cont'd)

Process

In completing this review I have taken the following steps.

1. Read all of the documents provided so as to understand the transaction and also the process by which the transaction was conducted.
2. Interviewed each of the parties above regarding the transaction and in particular regarding the process by which the transaction was completed.
3. In the context of 1 and 2 above I have considered in particular the issues detailed at 1 to 4 of the Scope. i.e.
 - The requirements to give effect to the Intergovernmental Agreement, particularly clauses 22, 29 and 34.
 - The advice provided by the Department of Treasury and Finance on options resolving these issues.
 - The legal advice provided by the Crown solicitor and the Solicitor-General in relation to these matters.
 - The appropriateness of the Government's proposed offer to both Gunns Limited and Forestry Tasmania.



Chronology of the Transaction

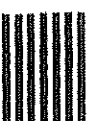
The Cogent Facts of the Transaction

1. Heads of Agreement.

The Heads of Agreement is the foundation stone of the restructure process providing the necessary support for the transaction.

2. Legal Opinions.

The legal opinions define that there is a real legal dispute and its scope. The essence of the advice is that if a negotiated settlement is not arrived at through the current process, but left to Gunns and Forestry Tasmania to resolve, there will be protracted and expensive legal action which will be resolved long after this opportunity for restructure has passed. Without resolution of the legal dispute streams one, two and three of paragraph 8 of the Intergovernmental Agreement cannot proceed.



Chronology of the Transaction

The Cogent Facts of the Transaction

3. Intergovernmental Agreement.

This confirms the agreement between the State and the Commonwealth as to what is to be achieved and how it is to be funded. The pathway provided by clauses 6 (iii), 22, 29 and 34 provides the mechanism for removal of the legacy issues between Gunns and Forestry Tasmania.

4. Implementation of the Intergovernmental Agreement.

The advice of Treasury to the Treasurer of 11 August 2011 is a succinct summary of the possible ways to implement the agreement.



Treasury Options Paper

I will not attempt to summarise the Treasury options paper here. I will deal with it in the context of the four issues included in the scope.

1. The requirements to give effect to the Intergovernmental Agreement , particularly clauses 22,29 and 34.

The Treasury advice concludes that to give effect to the Intergovernmental Agreement the existing contractual arrangements between Gunns and Forestry Tasmania needs to be extinguished before the Agreement can proceed.

2. The advice provided by the Department of Treasury and Finance on options resolving these issues.

The Treasury advice provides four options available. They recommend option 2 as the only option which would see an immediate extinguishment of the existing contractual arrangements between Gunns and Forestry Tasmania.



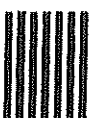
Treasury Options Paper (cont'd)

3. The legal advice provided by the Crown Solicitor and the Solicitor-General in relation to these matters.

The legal advice confirms that there are disputed contractual arrangements between Gunns and Forestry Tasmania and these need to be extinguished if the Agreement is to proceed in a timely manner. Paragraph 8 requires streams one, two and three to commence now. This cannot happen if the legal dispute between Gunns and Forestry Tasmania has not been extinguished.

4. The appropriateness of the Government's proposed offer to both Gunns Limited and Forestry Tasmania.

The Treasury advice concludes that there is no right answer with respect to what is required to extinguish the existing contractual arrangements. They have recommended to split the available money equally between the parties.



Conclusion

It is our view that the process through which the Secretaries of the Departments of Treasury and Finance and Premier and Cabinet reviewed and concluded on the transaction is guided by and is consistent with the:

- Heads of Agreement,
- Intergovernmental Agreement ;and
- Legal advice provided by the Crown Solicitor and the Solicitor-General.

The recommendation in the minute to the Treasurer is the only one which will give finality to the matter and enable Government to proceed with its other objectives and the timeframe set out in paragraph 8.





"The Premier (DPaC)"
 <Premier.The@dpac.tas.gov.au>
 23/09/2011 10:38 AM

To "Tony.Ferrall@treasury.tas.gov.au"
 <Tony.Ferrall@treasury.tas.gov.au>
 cc "ministers.correspondence@treasury.tas.gov.au"
 <ministers.correspondence@treasury.tas.gov.au>
 bcc
 Subject FW: Letter from Minister Burke to Premier Giddings
 [SEC=UNCLASSIFIED]

Hi Tony

Mark asked me to forward this letter from Tony Burke on to you.

I have also forwarded to DPAC.

Cheers

Maddy

From: McPherson, Naomi [mailto:Naomi.McPherson@environment.gov.au]
Sent: Friday, 23 September 2011 9:55 AM
To: Plaister, Maddy (DPaC)
Subject: Letter from Minister Burke to Premier Giddings [SEC=UNCLASSIFIED]
Importance: High

Good morning Maddy

Please find attached an urgent letter for the Premier from Minister Burke. A hardcopy will be sent in the post from our office today.

Many thanks

Regards

Naomi

Naomi McPherson

Departmental Liaison Officer | Office of the Hon Tony Burke MP
 Minister for Sustainability, Environment, Water, Population and Communities

Ph: 02 6277 7640

naomi.mcpherson@environment.gov.au | Parliament House, Canberra, ACT 2600



Please consider our environment before printing this email

If you have received this transmission in error please notify us immediately by return e-mail and delete all copies. If this e-mail or any attachments have been sent to you in error, that error does not constitute waiver of any confidentiality, privilege or copyright in respect of

information in the e-mail or attachments. Please consider the environment before printing this email.

CONFIDENTIALITY NOTICE AND DISCLAIMER

The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please immediately contact this office by telephone, fax or email, to inform us of the error and to enable arrangements to be made for the destruction of the transmission, or its return at our cost. No liability is accepted for any unauthorised use of the information contained in this



transmission. Letter to Hon Lara Giddings MP - Intergovernmental Agreement - 110923.pdf



The Hon Tony Burke MP

Minister for Sustainability, Environment, Water, Population and Communities

The Hon Lara Giddings MP
Premier of Tasmania
Executive Building, Level 11
15 Murray Street
HOBART TAS 7000

23 SEP 2011

Dear Premier *Lara*

Thank you for your letter of 21 September 2011 proposing the sources of funding within the Tasmanian Forests Intergovernmental Agreement that could be used to ensure that a sufficient volume of native forest sawlog contracts is retired to achieve the Agreement's objectives and the specific requirements of Clause 22.

I note that you have proposed that the \$50 million funding available under clauses 34 and 35 of the Intergovernmental Agreement now be allocated as follows:

- \$23 million to Gunns to remove residual rights over native forest;
- \$11.5 million to Forestry Tasmania to settle its dispute with Gunns and ensure retirement of appropriate native forest into conservation; and
- the balance to be allocated to support voluntary compensable exits by saw-millers (up to \$15 million subject to demand) and to provide information to and consult with affected communities.

On the understanding that up to \$15 million of the funding will be available for voluntary compensable exits by saw-millers, and that any funding not required for this purpose will be redirected to the provision of information and consultation with affected communities, I can confirm that the Australian Government agrees to your proposal.

I understand that resolution of this matter clears up the last remaining issue to enable finalisation of the Tasmanian Forests National Partnership Agreement to facilitate transfer of agreed funding to Tasmania under the Intergovernmental Agreement. I will therefore now arrange for the necessary processes to occur to seek formal approval by the Prime Minister, the Hon Julia Gillard MP, and the earliest possible provision of the National Partnership Agreement to you for signature.

Yours sincerely

Tony Burke
Tony Burke

Premier

Level 11, Executive Building, 15 Murray Street, Hobart TAS
GPO Box 123, Hobart, TAS 7001 Australia
Ph +61 3 6233 3464 Fax +61 3 6234 1572
Email Premier@dpac.tas.gov.au Web www.premier.tas.gov.au



Tasmania

04 OCT 2011

Adrian Kloeden
Chairman
Forestry Tasmania
GPO Box 207
HOBART TAS 7001

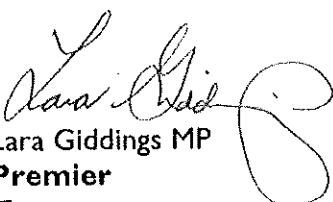
Dear Mr Kloeden *Adrian*,

I refer to your letter of 13 September 2011 returning the signed original Deeds of Release between Forestry Tasmania and the Crown in right of Tasmania, and Forestry Tasmania and Gunns Limited.

I thank you for your expedient response to the Government's offer and your commitment to do and facilitate all that is reasonably and practically necessary to further the requirements of the Tasmanian Forests Agreement.

Your letter indicates that Forestry Tasmania is of the view that it will receive an additional payment of \$7 million (\$7.7 million including GST) under Clause 35 of the TFA. As you would be aware, under Clause 35 of the Commonwealth Government will provide an immediate payment of \$7 million to the Tasmanian Government in financial year 2011-12 to support management of additional reserves and following formal legislative protection by the Tasmanian Government of the areas of reserve identified in Clause 29, the Commonwealth will provide a further \$7 million per financial year, indexed to CPI. The funding provided under this Clause is not specifically directed to Forestry Tasmania. In the circumstances I believe it would not be prudent for Forestry Tasmania to assume that payments, in addition to the \$11.5 million paid under the Deed of release, would be made to Forestry Tasmania under this Clause.

Yours sincerely


Lara Giddings MP
Premier
Treasurer



To: Tony Ferrall/FSq/TreasFin@DTF
 cc: Richard Sulikowski/FSq/TreasFin@DTF, Sarah Christopher/FSq/TreasFin@DTF
 From: Nick Merse/FSq/TreasFin
 Date: 22/09/2011 02:57:39 PM
 Subject: Fw: EFT account details

Tony

FT requested that I provide you with a copy of the \$11.5m invoice (attached below).

Original is in the mail.

Nick

----- Forwarded by Nick Merse/FSq/TreasFin on 22/09/2011 02:56 PM -----

"Tony Attwood"

<Tony.Attwood@forestrytas.
com.au>

22/09/2011 02:44 PM

To <Nick.Merse@treasury.tas.gov.au>

cc

Subject Re: EFT account details

Nick,

Side tracked.

here is a copy of the invoice, original in mail.

cheers

tony

Tony Attwood
 Chief Finance Manager
 Forestry Tasmania
 Phone: 62 35 8349
 Mobile: 0419 234 636
 email: tony.attwood@forestrytas.com.au

Real jobs for Real people.

<http://www.youtube.com/watch?v=LfUIeIHZauk>

>>> <Nick.Merse@treasury.tas.gov.au> 14:31 22/09/11 >>>

Hi Tony - were you planning on sending me a scanned version of this?

Otherwise, are you ok with this coming through the mail to Tony?

cheers

Nick

"Tony Attwood"

<Tony.Attwood@forestrytas.com.au>
 To
 <Nick.Merse@treasury.tas.gov.au>
 22/09/2011 10:20 AM
 cc
 Subject
 Re: EFT account details

Hi Nick,
 Bob asked for a copy of the invoice to be forwarded Tony Farrall for his information - can you fix from your end?

cheers
 tony

Tony Attwood
 Chief Finance Manager
 Forestry Tasmania
 Phone: 62 35 8349
 Mobile: 0419 234 636
 email: tony.attwood@forestrytas.com.au

Real jobs for Real people.
<http://www.youtube.com/watch?v=LfUleIHZauk>

>>> Tony Attwood 17:35 21/09/11 >>>

Hi,
 BSB - 067000
 Account 28057110

cheers
 tony

Tony Attwood
 Chief Finance Manager
 Forestry Tasmania

Phone: 62 35 8349
 Mobile: 0419 234 636
 email: tony.attwood@forestrytas.com.au

Real jobs for Real people.
<http://www.youtube.com/watch?v=LfUIeIHZauk>

>>> <Nick.Merse@treasury.tas.gov.au> 16:27 21/09/11 >>>
 Hi Sue/Tony

Could you please send me your account details so that Treasury can transfer the \$11.5 million later this week.

I understand that there is some urgency attached to the request, so if you could get back to me asap that would be appreciated.

Thanks

Nick

Nick Merse
 Specialist Business Analyst
 Department of Treasury and Finance
 21 Murray Street, HOBART, 7000
 Ph: (+61 3) 6233 5996
 Fax: (+61 3) 6233 2492

 CONFIDENTIALITY NOTICE AND DISCLAIMER - The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please advise this Office and delete all copies of the transmission from your records. No liability is accepted for any unauthorised use of the information contained in this transmission.

(Embedded image moved to file: pic63343.gif)International Year of Forests
 2011

This transmission is intended solely for the person or organisation to whom it is addressed.

It is confidential and may contain legally privileged information.

If you have received this transmission in error, you may not use, copy or distribute it.

Please advise us by return e-mail or by phoning 61 3 6235 8333 and immediately delete the transmission in its entirety.

We will meet your reasonable expenses of notifying us.

Despite our use of anti-virus software, Forestry Tasmania cannot guarantee that this transmission is virus-free.

CONFIDENTIALITY NOTICE AND DISCLAIMER - The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please advise this Office and delete all copies of the transmission from your records. No liability is accepted for any unauthorised use of the information contained in this transmission.



This transmission is intended solely for the person or organisation to whom it is addressed.

It is confidential and may contain legally privileged information.

If you have received this transmission in error, you may not use, copy or distribute it.

Please advise us by return e-mail or by phoning 61 3 6235 8333 and immediately delete the transmission in its entirety.

We will meet your reasonable expenses of notifying us.

Despite our use of anti-virus software, Forestry Tasmania cannot guarantee that this transmission is virus-free.



20110922154036684_0001.pdf



Forestry Tasmania

GPO Box 207
Hobart TAS 7001

ABN: 91 628 769 359

TAX INVOICE

831

Issued To

DEPT TREASURY & FINANCE
GPO BOX 147B
HOBART TAS 7001

Invoice No.: DI022200

Date: 16/09/2011

Debtor Id.: TREAF01M

Due Date: 23/09/2011

ATTN:

Particulars	Quantity	Incl. Rate	Excl. Amount
Period of service / Date of service: SEPT 2011 AMOUNT DUE PURSUANT TO DEED DATED 13/9/11 BETWEEN THE CROWN IN RIGHT OF TASMANIA AND FORESTRY TASMANIA	1.00	11,500,000.00 EACH	11,500,000.00
TERMS - PLEASE PAY BY THE DUE DATE. INTEREST WILL BE CHARGED ON OVERDUE ACCOUNTS			

Exclusive Amount 11,500,000.00

GST 1,150,000.00

Total Incl. GST \$ 12,650,000.00

Enquiries to :
FORESTRY TASMANIA CONTACT NAME: VICKY KIRITSIS
PHONE No.: 6235 8130

Issued on behalf of Forestry Tasmania, 79 Melville St, Hobart, 7000. Fax: 03 62338444.

Please view our OHS and SFM Policies at www.forestrytas.com.au

Please detach and return with your remittance to: FORESTRY TASMANIA, GPO BOX 207, HOBART, TAS. 7001

FORESTRY TASMANIA CONTACT NAME: VICKY KIRITSIS

Debtor Id: AR.GEN TREAF01M
Account Name: DEPT TREASURY & FINANCE

Invoice No.: DI022200

Date: 16/09/2011

Amount Due: \$ 12,650,000.00

To: Tony.Ferrall@treasury.tas.gov.au
 cc:
 From: Wayne Chapman <Wayne.Chapman@gunns.com.au>
 Date: 23/09/2011 07:50:30 AM
 Subject: Re: Settlement

Tony,

Can you provide the date of the deed (for reference on the invoice)

Regards

Wayne

Wayne Chapman
Company Secretary
 78 Lindsay Street
 LAUNCESTON Tas 7250 ☎ 03 6335 5491
 ☎ 03 6335 5201 switch ☎ wayne.chapman@gunns.com.au
 ☎ 03 6335 5224 direct ☎ www.gunns.com.au

Making Sustainability Our Business

Gunns
 LIMITED



From: Tony.Ferrall@treasury.tas.gov.au
 To: "Chapman Wayne" <wayne.chapman@gunns.com.au>
 Date: 23/09/2011 06:24 AM
 Subject: Settlement

Wayne

Sorry I didn't return your call yesterday. Would you please email me a tax invoice to enable the settlement to proceed today.

Thank you

Tony

Tony Ferrall
 Deputy Secretary
 Department of Treasury & Finance
 Phone 03 6233 2132
 Mobile 0419 329 862

Tony Ferrall
Deputy Secretary
Department of Treasury and Finance

Telephone (03) 6233 2132
Facsimile (03) 6233 5699
Mobile 0419 329 862

Note:

This message is for the named person's use only. It may contain confidential, proprietary or legally privileged information. No confidentiality or privilege is waived or lost by any mistransmission. If you receive this message in error, please immediately delete it and all copies of it from your system, destroy any hard copies of it and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this message if you are not the intended recipient. The Company and any of its subsidiaries each reserve the right to monitor all e-mail communications through its networks.

Any views expressed in this message are those of the individual sender, except where the message states otherwise and the sender is authorised to state them to be the views of any such entity.

Thank You.

To: Tony.Ferrall@treasury.tas.gov.au
 cc:
 From: Wayne Chapman <Wayne.Chapman@gunns.com.au>
 Date: 23/09/2011 09:25:49 AM
 Subject: Re: Settlement

Tony,

Invoice attached.

Thanks

Wayne

Wayne Chapman
Company Secretary

78 Lindsay Street
 LAUNCESTON Tas 7250 ☎ 03 6335 5491
 ☎ 03 6335 5201 switch ☎ wayne.chapman@gunns.com.au
 ☎ 03 6335 5224 direct ☎ www.gunns.com.au

Making Sustainability Our Business



Note:

This message is for the named person's use only. It may contain confidential, proprietary or legally privileged information. No confidentiality or privilege is waived or lost by any mistransmission. If you receive this message in error, please immediately delete it and all copies of it from your system, destroy any hard copies of it and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this message if you are not the intended recipient. The Company and any of its subsidiaries each reserve the right to monitor all e-mail communications through its networks.

Any views expressed in this message are those of the individual sender, except where the message states otherwise and the sender is authorised to state them to be the views of any such entity.

Thank You.



Gunns Invoice Crown.xls

To: "Sayer, Mark (DPaC)" <Mark.Sayer@dpac.tas.gov.au>, "Stedman, Michael (DPaC)" <Michael.Stedman@dpac.tas.gov.au>, "Edwards, Rhys (DPaC)" <Rhys.Edwards@dpac.tas.gov.au>, Martin Wallace/FSq/TreasFin <Martin.Wallace@treasury.tas.gov.au>, "Giddings, Lara (DPaC)" <l.g@dpac.tas.gov.au>, "Swain, Gary (DPaC)" <Gary.Swain@dpac.tas.gov.au>
cc:
From: "Crawford, Cam (DPaC)" <Cam.Crawford@dpac.tas.gov.au>
Date: 18/08/2011 05:30:18 PM
Subject:

From ASX site this afternoon

CONFIDENTIALITY NOTICE AND DISCLAIMER

The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please immediately contact this office by telephone, fax or email, to inform us of the error and to enable arrangements to be made for the destruction of the transmission, or its return at our cost. No liability is accepted for any unauthorised use of the information contained in this



transmission. gunns release 18 August 2011.pdf



18 August 2011

Company Announcements Platform
Australian Securities Exchange

Forest Agreement Negotiations

Please find attached a media release regarding the Triabunna mill sale.

Yours sincerely

A handwritten signature in black ink, appearing to read "Wayne Chapman".

Wayne Chapman
Company Secretary



MEDIA RELEASE

18 August 2011

FOREST AGREEMENT NEGOTIATIONS

Gunns Limited Managing Director, Mr Greg L'Estrange, today welcomed the Tasmanian Government's decision to appoint a probity auditor to review Gunns' contracts but sought assurances that the process would be expedited to end the onerous uncertainty the decision has created.

Mr L'Estrange said the transparency that an audit process should bring was welcomed but was concerned with recent comments made about Gunns involvement in the Forest Agreements process.

"We feel misled. We were asked to take part in a process to end the 30 year conflict over Tasmania's native forestry," Mr L'Estrange said.

"When we made a decision early in 2010 that we would exit the native forest industry to focus on our plantation strategy, there were two plain choices: sell our businesses as going concerns for material value, or seek to assist in the restructure of the native forest industry through the Forest Principles process," he said.

"Gunns decided in good faith to go through what we expected to be a transparent process to bring to an end what was essentially an ongoing battle over native forests, to provide the balance for a continuing industry and a conservation outcome."

"Having been at the epicentre of that conflict for many years, we decided that it wasn't in the best interests of Tasmania to hand the poison chalice to someone else. We could have easily sold those native forest businesses and gotten on with building a pulp mill."

"But we were encouraged by all of the parties to stay in there with the explicit understanding of funding for a smooth transition out of native forestry."

"Our position from the start was that we were happy to be party to the process, and we have said from day one that we would stay the course if our employees, contractors and shareholders were fairly compensated."

"There are precedents in most other states where this has been done in a fair and objective manner."

"We chose to stick with an open, collaborative process and now it appears that we are being punished for that," he said.

Mr L'Estrange urged the Premier and the Government to stick to commitments made, especially in relation to timing.

"When the Inter-Governmental Agreement was announced, Ms Giddings said it would take seven days to resolve the financial outcomes. It has now taken two weeks to reach what is still essentially a non-decision," he said.

"We have contractors out there waiting for a decision on this, workers waiting to see if Tasmania is going to be mature enough to manage the restructure of the native forest industry and to develop a world scale plantation business."

"There has been a reference to forest workers being angry about Gunns' decision. It is my understanding that the union poll earlier this year around the forest agreement found overwhelming support for action."

Mr L'Estrange said he would also like to remind the Government that a decision to exit the native forest industry was directly linked to Gunns' ability to bring the Bell Bay pulp mill project to a reality.

"The pulp mill is the largest single private investment in Tasmania, a venture whose success is dependent on a plantation-only environment. Tasmania's global reputation needs a plantation industry, not a continuation of the conflict," he said.

Gunns is giving up over 3,500 kilometres of forest roads, which Gunns has constructed on public land, licences for over 210,000 cubic metres of high quality sawlog per annum and two million green metric tonnes of pulp wood per annum.

Given this background, to characterise Gunns involvement in this process as a "grab for cash", as propounded by some participants in the debate, is both misleading and offensive.

Contact

Company: Greg L'Estrange – 03 6335 5211

Media: Matthew Horan – 0403 934 958

Office of Lara Giddings MP
Premier
Treasurer
Minister for the Arts

840

Adviser:	Cam
Ministerial No:	
File No:	
Officer:	

Ministerial Correspondence Request Form Department of Treasury and Finance

MIN NUMBER: 34857

Correspondence from the general public 10 working days

Correspondence from Parliamentarians 7 working days

Correspondence from the Premier's Office 5 working days

<input checked="checked" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

DUE DATE: 28/10/11

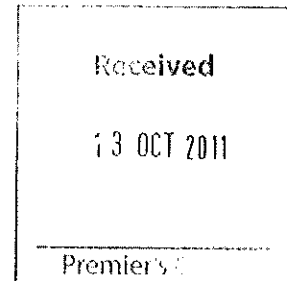
This correspondence has ☒ has not been acknowledged

<input checked="checked" type="checkbox"/>	Prepared Reply
<input type="checkbox"/>	Refer for Direct Reply with a copy to this office
<input type="checkbox"/>	Refer for Draft Reply
<input type="checkbox"/>	Issues Brief
<input type="checkbox"/>	Speech Notes and Media Release
<input type="checkbox"/>	Question Time Brief
<input type="checkbox"/>	For information only
<input type="checkbox"/>	Other

COMMENTS:

13 October 2011

The Hon. David O'Byrne
Minister for Infrastructure
Executive Building
Level 9, 15 Murray Street
HOBART TAS 7000



Dear Minister

Tasports has been requested by Gunns Ltd (Gunns) to consent to the assignment of the Triabunna wharf lease between Tasports and Gunn's to Triabunna Investments Pty. Ltd (Triabunna Investments).

In considering the request Tasports sought to understand the following commercial information in relation to the future mill operations:

- When and if the mill will recommence operations;
- Who will be the operator and their financial bona fides;
- The tenure of operations; and
- Annual export volumes

Unfortunately, Triabunna Investments was unwilling or unable to provide the required information which, in turn frustrated our deliberations on the assignment consent request. We sought legal advice with respect to our position both from Senior Counsel and Page Seager Lawyers that clearly supports our approach to this matter. In an effort to break the impasse, Tasports convened a tripartite meeting of the parties and invited Triabunna Investments to enter into a new lease and offered to consider any alternative commercial arrangements suggested by Triabunna Investments. Despite several meetings and follow up requests we are yet to receive a satisfactory response.

The lease between Tasports and Gunns is a "throughput lease" with wharfage revenue based upon woodchip export volumes. If the lease was assigned and the mill did not reopen then the lessee would not have a wharfage liability and Tasports would earn no revenue.



Head Office

48 Formby Road, Devonport
PO Box 478
Devonport Tasmania 7310
F 03 6421 4988
E secretary@tasports.com.au



Port of Bell Bay

Mobil Road, Bell Bay
Locked Bag 4
George Town Tasmania 7253
F 03 6382 1695
E bellbay@tasports.com.au



Port of Burnie

Port Road, Burnie
PO Box 216
Burnie Tasmania 7320
F 03 6434 7373
E burnie@tasports.com.au



Port of Hobart

1 Franklin Wharf, Hobart
GPO Box 202
Hobart Tasmania 7001
F 03 6231 0693
E hobart@tasports.com.au

The lease requires Tasports to maintain the wharf in a suitable "fit for purpose" state for woodchip exports. To meet this obligation Tasports will incur a minimum maintenance liability over the next 4 years of \$2.164 million as follows

Year 1	\$554,000
Year 2	\$515,000
Year 3	\$720,000
Year 4	\$375,000

This is the minimum maintenance liability to maintain the wharf in a state so that it can be used for woodchip exports. Should exports recommence then some of the year 2 and 3 expenditure will need to be brought forward.

Tasports has sound legal and commercial grounds not to consent to the assignment of the lease without gaining clarification of the issues raised with Triabunna Investments. However we acknowledge the broader State interests and the potential impact any delay may have on the reopening of the mill and therefore the State's forest industry.

Accordingly, and having regard for the Governments broader interests in this sector, Tasports is prepared to consent to the assignment of the lease to Triabunna Investments but requests the following:

- The shareholders acknowledge the process conducted by Tasports in considering a potential assignment of the lease has been reasonable; and
- Should the mill not recommence operations and Tasports does not receive wharfage revenue the shareholders will consider reimbursing Tasports for the wharf maintenance costs.

We would forward to your response and can with you meet to discuss this matter in further detail.

Yours sincerely



Paul Weedon
Chief Executive Officer

cc. The Hon. Lara Giddings
Treasurer
L11 15 Murray Street
HOBART TAS 7000

Premier

Level 11, Executive Building, 25 Macquarie Street, Hobart
 GPO Box 127, Hobart, Tas 7001 Australia
 Phone 61 6 522 3333, 400 00 00 61 6 522 3333
 Email Premier@tas.gov.au
 Website www.premier.tas.gov.au



Tasmanian
Government

Hon David O'Byrne MP
MINISTER FOR INFRASTRUCTURE

26 OCT 2011

ASSIGNMENT OF TRIABUNNA WHARF LEASE BY TASPORTS

I refer to the letter sent to you by the Chief Executive Officer of Tasports, Mr Paul Weedon, to inform the Government of an issue with the assignment of the lease over the Triabunna wharf from Gunns Ltd to Triabunna Investments Pty Ltd.

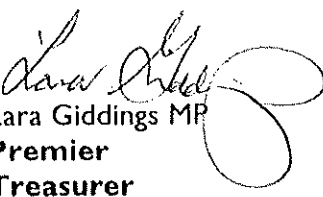
Gunns holds a lease over the wharf at the woodchip mill at Triabunna, and has requested that Tasports assign the lease to Triabunna Investments as the new owner of the woodchip mill. Tasports has advised that the lease is a "throughput" (ad valorem) arrangement, which means that wharfage revenue payable to Tasports is linked to woodchip export volumes. Unless the wharf is used for shipping (export) of woodchips from the mill, Tasports would earn no revenue from the lease.

Given the ad valorem nature of the current lease, Tasports is currently receiving no income from Gunns – because no woodchips are being shipped from Triabunna. Tasports has existing maintenance obligations under the current lease, which will not change if the lease is assigned from Gunns to Triabunna Investments. Therefore, regardless of whether or not Triabunna Investments recommences woodchip production and exports from the Triabunna mill facility, it is difficult to see how Tasports could be worse off financially than the current situation.

In view of the Government's commitment to having the Triabunna woodchip facilities reopened, it would be appropriate for us as the Shareholding Ministers to indicate to Tasports that the Company should assign the lease to Triabunna Investments, as long as Tasports can reasonably expect to be no worse off than the current situation (ie no revenue stream from Gunns, but continuing maintenance obligations).

To provide some comfort to Tasports, we could offer an undertaking to consider any issues raised by the Company on a case by case basis, if Tasports subsequently believes that assignment of the lease ultimately has led to the Company being worse off financially than the status quo.

I have enclosed a joint letter of response to Tasports for your signature, which outlines the Government's position on this matter.


 Lara Giddings MP
Premier
Treasurer

Encl



To: "Sarah.Christopher@treasury.tas.gov.au" <Sarah.Christopher@treasury.tas.gov.au>
 cc:
 From: "Blake, Martin (DIER)" <Martin.Blake@dier.tas.gov.au>
 Date: 07/10/2011 03:08:44 PM
 Subject: FW: exchange of letters between Premier Giddings and Minister Burke - Forestry
 Tasmania, Gunns and funding under the Tasmanian Forests Intergovernmental
 Agreement

From: Johannes, Greg (DPaC)
Sent: Monday, 26 September 2011 3:10 PM
To: Blake, Martin (DIER)
Subject: Fwd: exchange of letters between Premier Giddings and Minister Burke - Forestry
 Tasmania, Gunns and funding under the Tasmanian Forests Intergovernmental Agreement

Sent from my iPhone

Begin forwarded message:

From: "Shepherd, Sally (DPaC)" <Sally.Shepherd@dpac.tas.gov.au>
To: "Johannes, Greg (DPaC)" <Greg.Johannes@dpac.tas.gov.au>
Subject: FW: exchange of letters between Premier Giddings and Minister Burke
 - Forestry Tasmania, Gunns and funding under the Tasmanian Forests
 Intergovernmental Agreement
 Here it is – I will print off a copy and bring it round to you.

Sally Shepherd
 Portfolio Services Manager
 Department of Premier and Cabinet
 (Ph 6270 5637, Mobile 0457 525 806)

CONFIDENTIALITY NOTICE AND DISCLAIMER

The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please immediately contact this office by telephone, fax or email, to inform us of the error and to enable arrangements to be made for the destruction of the transmission, or its return at our cost. No liability is accepted for any unauthorised use of the information contained in this



transmission. SKMBT_C55211092112280.pdf ATT00001.htm

Premier

Level 11, Executive Building, 15 Murray Street, Hobart Tas
 GPO Box 123, Hobart, Tas 7001 Australia
 Ph +61 3 6233 3464 Fax +61 3 6234 1572
 Email Premier@dpac.tas.gov.au
 Web www.premiertas.gov.au



**Tasmanian
Government**

21 SEP 2011

The Hon Tony Burke MP
 Minister for Sustainability, Environment, Water, Population and Communities
 Parliament House
 CANBERRA ACT 2600

Dear Minister Burke 

As you know, the Tasmanian Government announced on Wednesday, 14 September 2011 that Gunns Pty Ltd had formally accepted an offer of \$23 million to remove its residual rights over native forest contracts as part of the Tasmanian Forests Intergovernmental Agreement (IGA) process. The Government also announced that the settlement process includes a payment of \$11.5 million to Forestry Tasmania to achieve the objectives of settling a dispute with Gunns over outstanding debts and ensuring that native forest contracts are retired into conservation, subject to the Independent Verification Process.

Our two Governments have previously agreed that funding to achieve these settlements with the parties will be found from within the overall umbrella provided by the IGA. I write now to clarify the specific means to achieve this, noting that Clause 56 of the IGA makes provision for both Governments to work cooperatively to address matters relating to the implementation of the Agreement.

The draft National Partnership Agreement on the Implementation of the IGA that has been developed by our officials provides for a level of flexibility in Clauses 25 and 26 in relation to the allocation of \$50 million of expenditure specified under Clauses 34 and 35 in the IGA. In my view, this is the most appropriate source of funds within the IGA through which to achieve a range of objectives. Accordingly, I propose that funding under these clauses now be allocated as follows:

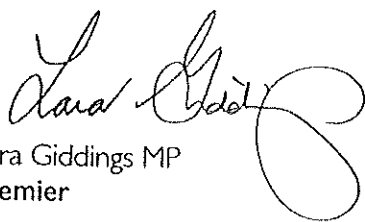
- \$23 million to Gunns to remove residual rights over native forest;
- \$11.5 million to Forestry Tasmania to settle its dispute with Gunns and ensure retirement of appropriate native forest into conservation; and
- the balance to be allocated to support voluntary compensable exits by saw-millers (up to \$15 million and subject to demand) and to provide information to and consult with affected communities.

It is difficult in advance to determine the full extent of demand for the \$15 million of funding for compensable exits. I believe that if there is any shortfall in demand by the end of the financial year, then any residual funding still available should be redirected to the provision of information and consultation with our communities.



As I am sure you would agree, it is essential that funding starts flowing under the IGA as soon as possible. To this end, I would appreciate your response to this letter as soon as possible, confirming that you support my proposed allocation of funding, to enable Tasmania to sign the National Partnership.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lara Giddings', with a large, stylized flourish extending from the end of the signature.

Lara Giddings MP
Premier

Office of Lara Giddings MP
Premier
Treasurer
Minister for the Arts

Adviser:	Cam
Ministerial No:	
File No:	
Officer:	

Ministerial Correspondence Request Form

Department of Treasury and Finance

E-MAILED
11 NOV 2011

MIN NUMBER: 31403-6



Correspondence from the general public 10 working days

Correspondence from Parliamentarians 7 working days

Correspondence from the Premier's Office 5 working days

DUE DATE: ASAP

This correspondence has / has not been acknowledged

<input checked="" type="checkbox"/>	Prepared Reply
<input type="checkbox"/>	Refer for Direct Reply with a copy to this office
<input type="checkbox"/>	Refer for Draft Reply
<input type="checkbox"/>	Issues Brief
<input type="checkbox"/>	Speech Notes and Media Release
<input type="checkbox"/>	Question Time Brief
<input type="checkbox"/>	For information only
<input type="checkbox"/>	Other

COMMENTS:

Phone: 6235 8225

Your Ref:

Our File:

Received

10 NOV 2011

Premier's Office



9 November 2011

Hon Lara Giddings MP
Premier and Treasurer
Level 11, Executive Building
15 Murray Street
HOBART TAS 7001

Dear Premier

I refer to your letter of 4 October 2011, in which you advise that it would not be prudent for Forestry Tasmania to assume that payments, in addition to the \$11.5 million paid under the Deed of release, would be made to Forestry Tasmania under Clause 35 of the TFA.

Clause 36 of the TFA recognises that, prior to any formal legislative protection of new reserves, any of the relevant areas to be managed as reserves will be managed by Forestry Tasmania. This is the basis on which Forestry Tasmania has assumed that the \$7 million to be made available by the Australian Government to the Tasmanian Government under Clause 35 for the 2011/12 year would be passed on to Forestry Tasmania.

The \$11.5 million to which your letter refers was part of an agreement between the State government, Forestry Tasmania and Gunns Limited that represented a net loss to Forestry Tasmania's revenue of \$12.7 million. This is because the agreement also extinguished debts totaling \$24.2 million, owed to Forestry Tasmania by Gunns Limited.

In the circumstances, Forestry Tasmania has assumed:

- (i) that the \$11.5 million payment received from the State government on 23 September 2011 was a payment made in recognition of Forestry Tasmania's valid claim for the \$24.2 million owed to it by Gunns Limited at the time, with Forestry Tasmania agreeing to accept the payment in lieu of its rightful options to pursue in the courts recovery of the full amount owed and in the interests of facilitating the State government's objectives under Clause 22 of the TFA; and
- (ii) that the \$7 million to which Clause 35 refers would be passed to the organisation with responsibility for managing the relevant areas as reserves, i.e. for 2011/12, Forestry Tasmania.

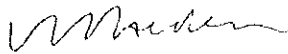


As previously advised, Forestry Tasmania remains committed to assisting the Commonwealth and State governments to implement the TFA process and its outcomes. However, a relative lack of formal engagement with Forestry Tasmania has resulted in a somewhat stilted conversation, driven by issues as they arise.

To facilitate the process, the Board of FT would welcome the opportunity to meet with you and the Minister for Energy & Resources to outline FT's future vision and how this complements the objectives of the TFA and the Government's Economic Development Plan. Our next Board meeting is scheduled for Monday, 21 November 2011. Bob Gordon and I are currently scheduled to meet with the Minister in his office at 3.30 pm for our post-Board meeting, and wondered whether you might be available at that time as well. Ideally, we would prefer the meeting to be held here, with all Board members present, however representatives of the Board would be happy to meet with you and the Minister on 21 November at a location and time that suits you both.

I look forward to your response.

Yours sincerely



Adrian Kloeden
Chairman

c.c. Hon Bryan Green MP, Minister for Energy & Resources

To: Tony Ferrall/FSq/TreasFin@DTF
cc: Richard Sulikowski/FSq/TreasFin@DTF
From: Sarah Christopher/FSq/TreasFin
Date: 07/10/2011 10:28:19 AM
Subject: \$1.1m payment to Forestry Tasmania

Hi Tony,

FYI

Martin Blake called to let us know that they are going to make a payment of \$1.1 million to Forestry Tasmania for log transport. The funds are going to be from the Forest Industry Support Program of which there is \$1.5m unallocated.

Sarah

Question number:**Asked by:** Hon Ruth Forrest MLC**Question:**

The Premier's announcement of 14 September 2011 stated that a settlement had been reached with Gunns Limited to remove its residual rights over native forest contracts.

The Premier stated that a payment of \$11.5 million would be made to Forestry Tasmania to achieve the joint objective of settling a dispute with Gunns over outstanding debts and ensuring that native forest contracts are retired into conservation subject to the Independent Verification Process, consistent with the Forestry Intergovernmental Agreement.

Note 34 in Forestry Tasmania's 2011 financial statements stated that receivables were \$38.925m at 30th June 2011 with \$11.66m being impaired.

1. How much of these 2 amounts, the \$38.925m in receivables and the \$11.66m impaired, are related to Gunns Limited?
2. If so, were any of the amounts owed by Gunns, related to the GMO/FT joint venture?
 - a. If so, what were these amounts?

Answered by: Hon Doug Parkinson MLC**Answer:**

1. Debtor management is the responsibility of Forestry Tasmania. The amount owed by an individual debtor and receivables impaired is commercially sensitive information that should not be publicly disclosed.

Notwithstanding this, it has been publicly reported that the Board of Forestry Tasmania has accepted a payment under the Tasmania Forests Intergovernmental Agreement of \$11.5 million for amounts in relation to wood supply agreements 917 and 918. This settles the amounts owing under these agreements only and include amounts that were in dispute and amounts related to multiple financial years.

2. No, these amounts do not relate to the GMO Joint Venture. Forestry Tasmania's share of the GMO Joint Venture receivables is separately disclosed in note 13 of the financial statements. As at 30 June 2011 Forestry Tasmania's share of the GMO Joint Venture receivables was \$5.4 million. The GMO Joint Venture is a separate entity and the settlement has no impact on any amounts owed to the GMO Joint Venture.

2a. Not Applicable

Approved/Not approved

Date: September 2011

To: "Brendan.Fletcher@treasury.tas.gov.au" <Brendan.Fletcher@treasury.tas.gov.au>
 cc: "glen.dean@development.tas.gov.au" <glen.dean@development.tas.gov.au>, "simon.arnold@development.tas.gov.au" <simon.arnold@development.tas.gov.au>, "Long, Stephen (DIER)" <Stephen.Long@dier.tas.gov.au>, "travis.boucher@development.tas.gov.au" <travis.boucher@development.tas.gov.au>, "jenny.willing@treasury.tas.gov.au" <jenny.willing@treasury.tas.gov.au>
 From: "Marriott, Wendy (DIER)" <Wendy.Marriott@dier.tas.gov.au>
 Date: 03/05/2011 03:50:48 PM
 Subject: FW: Glamorgan Spring Bay Council - Funding for Triabunna Port Studies (Transfer from DIER to DEDTA)

Hi Brendan

The emails below, attached files and variation refer to the transfer of \$100k from DIER to DED in relation to funding provided as an election commitment for East Coast – Triabunna Port.

Let me know if you have any questions.

cheers

Wendy Marriott

Budget Accountant

Resource Management Branch

Dept Infrastructure, Energy & Resources

Level 5, 10 Murray Street, Hobart, 7000

Ph: (03) 6233 3318 Fax: (03) 6233 6489

wendy.marriott@dier.tas.gov.au

From: Simon Arnold [mailto:Simon.Arnold@development.tas.gov.au]
Sent: Monday, 2 May 2011 4:03 PM
To: Marriott, Wendy (DIER)
Subject: FW: Glamorgan Spring Bay Council - Funding for Triabunna Port Studies (Transfer from DIER to DEDTA)

Hi Wendy

...try again (I'd misspelled your email address)!

From: Simon Arnold
Sent: Monday, 2 May 2011 3:58 PM
To: 'wendy.marriott@dier.tas.gov.au'
Cc: David Laskey (David.Laskey@development.tas.gov.au); 'glen.dean@dedta.tas.gov.au'; 'gary.hill@dier.tas.gov.au'
Subject: Glamorgan Spring Bay Council - Funding for Triabunna Port Studies (Transfer from DIER to DEDTA)

Hi Wendy

Further to our conversation today, please find attached a copy of the signed briefing and related correspondence for the Triabunna Port funding.

Our finance section will send an invoice to you shortly for the \$120,000 plus GST. In the meantime, we'll begin preparing the grant deed with Council, with the view to having this signed and the money transferred to Council by the end of May.

Any queries please give me a call.

Thanks

Simon

Simon Arnold
Manager Property and Land Use Development

Department of Economic Development, Tourism and the Arts

22 Elizabeth Street, Hobart

GPO Box 646 Hobart, TAS 7001 Australia

Ph (03) 6233 5903

Fax (03) 6233 5800

Mobile 0418 123 117

Email simon.arnold@development.tas.gov.au

CONFIDENTIALITY NOTICE AND DISCLAIMER

The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please immediately contact this Office by telephone, fax or email, to inform us of the error and to enable arrangements to be made for the destruction of the transmission, or its return at our cost. No liability is accepted for any unauthorised use of the information contained in this transmission.

If the transmission contains advice, the advice is based on instructions in relation to, and is provided to the addressee in connection with, the matter mentioned above. Responsibility is not accepted for reliance upon it by any other person or for any other purpose.

CONFIDENTIALITY NOTICE AND DISCLAIMER

The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please immediately contact this office by telephone, fax or email, to inform us of the error and to enable arrangements to be made for the destruction of the transmission, or its return at our cost. No liability is accepted for any unauthorised use of the information contained in this transmission.



Minute to Minister for Economic Development - Glamorgan Spring Bay Council - Project Funding - ~ allocation of funds in this year s state budget.PDF



Signed letter to David Metcalf.pdf Triabunna Port transfer.xlsx

Premier

Level 11, Executive Building, 15 Murray Street, Hobart TAS
GPO Box 123, Hobart, TAS 7001 Australia
Ph +61 3 6233 3464 Fax +61 3 6234 1572
Email Premier@dpac.tas.gov.au Web www.premier.tas.gov.au



Mr David Metcalf
General Manager
Glamorgan Spring Bay Council
PO Box 6
TRIABUNNA TAS 7190

27 APR 2011

Dear Mr Metcalf *David,*

Thank you for your letter of 8 February 2011 regarding the reallocation of state budget funds for projects in the Glamorgan Spring Bay municipality.

I am pleased to confirm that the funds remain available to Glamorgan Spring Bay Council for the purposes as generally outlined in your correspondence.

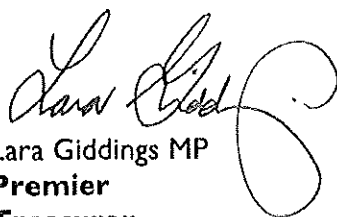
The Department of Economic Development Tourism and the Arts (DEDTA) has agreed to manage the transfer of the funds to Council. DEDTA will be responsible for liaising with council as to the specific projects to be undertaken and their respective priority, and all relevant conditions relating to the transfer. This will involve working closely with the Department of Infrastructure Energy and Resources (DEIR) in relation to the port and marine infrastructure projects in particular.

The funds will be made available subject to the signing of an appropriate grant agreement(s) between DEDTA and Glamorgan Spring Bay Council, with projects to be completed prior to 30 June 2011 unless otherwise agreed.

The Department of Economic Development Tourism and the Arts will be in contact with you shortly to arrange the grant deed.

Should you have any queries please contact Simon Arnold – Manager Land Use Planning and Development at DEDTA on telephone (03) 6233 5903 or email simon.arnold@development.tas.gov.au.

Yours sincerely


Lara Giddings MP
Premier
Treasurer

2010-11 TRANSFER: East Coast -Triabunna Port funding transfer to Dept of Economic Development.

As announced on 11 March 2010, the East Coast - Triabunna Ports Election Commitment provides one-
On 27 April 2011 the Premier advised the General Manager Glamorgan Spring Bay Council that the funi

2011	0 01	101 E	CP	2520000 00	CF01
------	------	-------	----	------------	------

off funding of \$100 000 in 2010-11, to investigate potential developments and improvements to the Trading is to be transferred to Department of Economic Development. This variation reflects that transfer.

A	C	N	D	-100
---	---	---	---	------

abunna Ports.

2010-11 TRANSFER: East Coast -Triabunna Port funding transfer to Dept of Economic Development.

As announced on 11 March 2010, the East Coast - Triabunna Ports Election Commitment provides one-
On 27 April 2011 the Premier advised the General Manager Glamorgan Spring Bay Council that the funi

2011	0 01	101 E	CP	2520000 00	CF01
------	------	-------	----	------------	------

off funding of \$100 000 in 2010-11, to investigate potential developments and improvements to the Tri: dng is to be transferred to Department of Economic Development. This vatiation reflects that transfer.

A	C	N	D	-100
---	---	---	---	------

abunna Ports.

(

(

VARIATION GRID

Variation: 2010-11 TRANSFER: East Coast Triabunna Port funding transfer from DIER
 Agency: Economic Development, Tourism & Arts
 Current Status: Variation Type: Normal
 PAA Section No:
 RAF Approved Date:

Variation Grid: SHOWS DETAILS IN THE WORK AREA

	Yes	No
Curri/Permanent correct and balanced?	✓	
Output Group 91 is Administered	✓	
Income (classification I) are trans code CR or AA	✓	
Expenses (classification E) are trans code CP or AA	✓	
Transfer payments (311...) equal transfer receipts (312...)	✓	
Correct trans types used	✓	
PAN has correct funding source	✓	
Y Items are administered	✓	
Y Item coded to appropriate Trans Type	✓	
Admin/Controlled balances (I - E = A - L)	✓	
SPP indicator correct?	✓	
Total SPP expenses equal SPP revenue	✓	

Period/ Expiry	Chart	Output Group	Output 002	Class E	Trans Code CP	Trans Type 2520000	Sub Type 00	PAN CF01	Fund Source A	Admin/ Cntrl C	SPP N	Incl/Dec I	#NAME? 100	#NAME?	#NAME?	Change TN	Trans Type Name Local Government Grants
Curr	1	01															

VARIATION IMPACT - Australian Government Funding

This page is used to identify the receipt and payment of Australian Government funding to Finance-General (SPPs & NPPs) and other Agencies (COPEs only). A copy must be provided to the AG funding Monitor

Agency: Economic Development, Tourism & Arts
 Variation ID: 2954
 Title: 2010-11 TRANSFER: East Coast Triabunna Port funding transfer from DIER

Supporting Information:

Will the Aust Govt Revenue be received by FG or Agency (please specify):

		2009-10	2010-11	2011-12	2012-13	2013-14
		\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE						
Australian Government Funding						
<Project>	SPP/NPP/COPE					
<Project>	SPP/NPP/COPE					
Total Movement		***	***	***	***	***
EXPENDITURE (RECURRENT)						
Australian Government Funding						
<Project>	SPP/NPP/COPE					
<Project>	SPP/NPP/COPE					
Total Movement		***	***	***	***	***
CAPITAL EXPENDITURE						
Australian Government Funding						
<Project>	SPP/NPP/COPE					
<Project>	SPP/NPP/COPE					
Total Movement		***	***	***	***	***
TOTAL EXPENDITURE		***	***	***	***	***
Net Impact		***	***	***	***	***

Department of Treasury and Finance

The Treasury Building
21 Murray Street, HOBART, Tas 7000
GPO Box 147, HOBART, Tas 7001 Australia
Telephone: (03) 6233 3100 Facsimile: (03) 6223 2755
Email: secretary@treasury.tas.gov.au Web: www.treasury.tas.gov.au



Mr M Kelleher
Secretary
DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND THE ARTS

Attention: Nic Waldron

PROPOSED LOAN ASSISTANCE TO FIBRE PLUS (TAS) PTY LTD

I refer to an electronic memorandum of 15 June 2011 from Mr Nic Waldron of your Department requesting Treasury's comments on a proposal to provide loan assistance of up to \$6 million to the above company under section 35 of the *Tasmanian Development Act 1983*. I note the very limited time available for Treasury to provide comment.

The proposed loan is being considered at a time of great uncertainty in the Tasmanian forestry industry.

Based on information provided in the Board paper, the industry has experienced a significant downturn in recent years. It appears that this downturn has been driven by a range of factors, including a decline in demand from Japan and the Australian dollar being at record levels. However, it is not yet clear whether the downturn is of a cyclical or structural nature.

Gunns Limited is currently undertaking a strategic review of its operations and the Government has announced that a similar review will be undertaken of Forestry Tasmania. Further, the Tasmanian Forests Statement of Principles process remains ongoing and is likely to have a significant impact on the future operation of the industry.

The paper to the Board states that the continuing operation of the Triabunna wood mill is crucial to the viability of the local economy of Triabunna and the southern Tasmanian native forest industry. However, this assertion is not robustly supported by rigorous evidence in the Board paper.

For example, potential alternative arrangements are outlined in the paper. One potential alternative, suggested by industry participants, is for in-field chipping operations to be established as a means of maintaining a viable southern native forest sawmilling industry. Another alternative is the routing of all sawmill residue and pulp logs from the southern forests to the woodchip facilities at Bell Bay.

Whilst these options would have some marginal increase in costs, the economic impacts of pursuing these alternatives have not been fully considered and it is therefore unclear whether the proposed option is the only viable alternative. In addition, it is not clear that the industry will be viable on an ongoing basis even if the mill is retained.

I note that prior to the acquisition, Gunns Limited temporarily closed the Triabunna mill in April 2011 due to a lack of market for native forest woodchips. Two other native-forest wood chipping facilities owned by Gunns, at Bell Bay and Hampshire, have also been closed. It is therefore not clear that a change of ownership, facilitated by the proposed loan, would enhance the sustainability of the industry.

The parent company, Aprin Group, has been the recipient of around \$2.6 million in financial assistance from the State and Australian Governments since 2007. It has also produced operating losses over the last four years and is highly geared.

The proposed Agreement between Forestry Tasmania and the company is critical to the capacity of the company to repay the proposed loan. It appears that the Agreement would effectively result in Forestry Tasmania underwriting the proposed loan by providing a guaranteed level of revenue to the company through the proposed tolling arrangements. That is, the risk of adverse fluctuations in production volume and international export markets would be fully borne by Forestry Tasmania.

The Agreement has not yet been finalised and given its critical importance to the proposal, Treasury strongly supports DEDTA's proposed condition precedent, in the event that the proposal is recommended, that the proposed Agreement is reviewed by the Crown Solicitor to confirm that it is acceptable from a financing risk perspective and delivers to the company and, therefore the Department, the guaranteed revenue streams on the basis that has been described by the Department.

In the paper, DEDTA highlight the importance of this condition in providing adequate security to make the proposed loan acceptable. However, the draft conditions precedent and other conditions included in the recommendation do not appear to fully reflect the requirement that the agreement provides adequate cash flow through the tolling arrangements to repay the loan within the required timeframe. I therefore recommend that, should the Board agree to recommend the proposed loan to the Government, the conditions to the loan should reflect the intent outlined in the discussion in the Board paper.

I also note that in the event of default, very limited security is available to the Government to recoup its loan.


M J Wallace
SECRETARY

/6 June 2011

Contact: Andrew Rayner
Phone: 6233 6732
Our Ref: D/1053 JB/DR



23 June 2011

Martin Wallace
Department Treasury and Finance
Parliament House
Murray Street
HOBART TAS 7000

Dear Martin

Re – Gunns-Forestry Tasmania – Forestry Agreement

It is my understanding that the parties reached an understanding last night on the Tasmanian Forestry Agreement, subject to a positive response from the Tasmanian and Federal Governments.

This provides us with the opportunity to provide the mechanism for resolution through the retirement of a number of Gunns assets and for the sale of others to ensure that the Native Forest Industry move forward and at the same time for Gunns to focus on bringing the Bell Bay Pulp Mill into the construction phase.

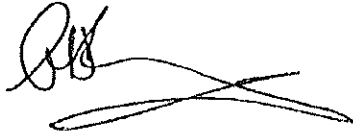
The Gunns Board has considered your proposal and whilst acknowledging that this is a positive move, it remains below what we previously stated was our minimum requirement.

In an effort to move this forward we would propose:

1. Licence surrender value would be \$18m, against your proposal of \$15m. This would reflect the value that should be achieved for the on sale of the Southwood Operations.
2. That Gunns would pay Forestry Tasmania \$7.5m in full settlement, with the cancellation of contracts 917 and 918. Our reconciliation attached provides for a Forestry Tasmania balance of \$17.029m owing by Gunns, whilst Gunns contends that this amount should be \$2.248m.
3. That Forestry Tasmania enters into 'good faith' negotiations with Gunns Limited and Diaio Limited to purchase our share of the PPT Joint Venture. Both Gunns and Diaio would like to terminate this venture, as it is more in keeping with Forestry Tasmania's solid wood strategy.
4. That Forestry Tasmania provides a second rotation lease option to Gunns for the land covered by the following agreement on "Land Agreement between Forestry Tasmania and Gunns Limited dated 6 Jan 2003". The second rotation would be dependant on Bell Bay Pulp Mill being constructed, Gunns being responsible for the planting and management of the estate and paying a commercial rental based on 5% of the land value (independently assessed).
5. That in recognition of Gunns surrendering the roads on Crown land that Gunns would receive a 50% rebate of road tolls on those roads surrendered until 2016.

Should this position be acceptable, Gunns would seek to defer the acceptance date on the contract for Triabunna from 24 June 2011 until 27 June 2011 to allow the Tasmanian and Federal Governments to respond on the Tasmanian Forest Agreement and for us to document this arrangement.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G. L'Estrange', with a long, sweeping horizontal line extending to the right.

Greg L'Estrange
Managing Director

Attachment

Attachment

		per FTos	China Sales Shortfall (incl GST)	Mitigation of Take or Pay (incl GST)	NETT
OWED	Pulpwood - March	\$ 3 754			
	Pulpwood / Sawlog - April	\$ 1 663			
	Pulpwood / Sawlog - May	\$ 487			
	Leases	\$ 1 560			
	other misc invoices	\$ 89			
	interest charges - calculations to be validated	\$ 214			
		<u>\$ 7,987</u>			
LESS	April log sales (to be deducted from next remittance)	\$ (285)			
	April road tolls	\$ (58)			
	May log sales	\$ (325)			
	May road tolls (estimated)	\$ (60)			
		<u>\$ (738)</u>			
ADD TAKE OR PAY	2009/2010				
	543 Ft	\$16.56 \$ 9 681			
		<u>\$ 9,881</u>			
TOTAL FTAS		<u>\$ 17,129</u>			
LESS GUNNS CLAIMS					
	China Sales		\$ (6 241)		
	Take or Pay claim 03/10 - Gunns mitigation of claim				
	Reduction in stumpage to 18% of actual FOB price achieved				
	543 Ft \$16.56 \$ 15.53 \$ (1 02)			\$ (608)	
	Reduction in Volume - per letter to MF Arrow 18/4/11				
	(441) Ft \$ 15.53 \$16.56			\$ (8 033)	
		$\times 18\% \times 552.26$			
NETT		<u>\$ 17,129</u>	<u>\$ (6 241)</u>	<u>\$ (8 641)</u>	<u>\$ 2,248</u>

Office of Lara Giddings MP
Premier
Treasurer
Minister for the Arts

Adviser:	CC
Ministerial No:	12/
File No:	D/160-10.
Officer:	R.S.S.

Ministerial Correspondence Request Form

Department of Treasury and Finance

MIN NUMBER: 52099

Correspondence from the general public 10 working days

Correspondence from Parliamentarians 7 working days

Correspondence from the Premier's Office 5 working days

DUE DATE: _____

This correspondence has / has not been acknowledged

<input type="checkbox"/>	Prepared Reply
<input type="checkbox"/>	Refer for Direct Reply with a copy to this office
<input type="checkbox"/>	Refer for Draft Reply
<input type="checkbox"/>	Issues Brief
<input type="checkbox"/>	Speech Notes and Media Release
<input type="checkbox"/>	Question Time Brief
<input checked="" type="checkbox"/>	For information only
<input type="checkbox"/>	Other

COMMENTS:



MIN52099

870

- 4 MAY 2012

xref 439093

The Hon Tony Burke MP

Minister for Sustainability, Environment, Water, Population and Communities

C12/919

The Hon Bryan Green MP
Deputy Premier
Level 10, Executive Building
10 Murray St
HOBART TAS 7000

Received

23 MAY 2012

Premier's Office

27 APR 2012

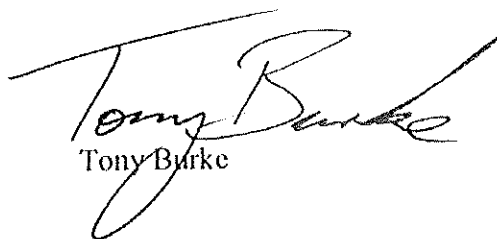
COPY

Dear Deputy Premier

Thank you for your advice on 17 October 2011 and 11 January 2012 confirming that Gunns Ltd and Forestry Tasmania have agreed to terminate Gunns' former contracts for supply of 165,000 cubic metres of high quality sawlogs and that Forestry Tasmania has confirmed that it has no intention of entering into new wood supply agreements to replace this volume.

The advice you have provided in accordance with Clause 22 of the Tasmanian Forests Intergovernmental Agreement fulfils the first milestone of the National Partnership Agreement (paragraphs 20(a) and 26). I have therefore instructed the Department of Sustainability, Environment, Water, Population and Communities to ensure processes are in place for the first milestone payment of \$7 million to be provided to the Tasmanian Treasury on the first available payment date.

Yours sincerely


Tony Burke

NOTED



MINISTER

From: Blake, Martin (DIER)
To: Christopher, Sarah
Subject: FW: Triabunna Mill
Date: Friday, 1 April 2011 3:35:30 PM

From: Blakesley, Andrew (DIER)
Sent: Friday, 1 April 2011 3:11 PM
To: Rutherford, Bob (DIER); Blake, Martin (DIER); Dawson, John (DIER); Riddell, Donald (DIER)
Subject: FW: Triabunna Mill

Triabunna Mill

Forestry Tasmania is reviewing the impact of Gunns decision to suspend operations at Triabunna and assessing options for securing alternative markets for pulpwood residues.

Managing Director Bob Gordon said the closure of the Triabunna mill for eight weeks from mid April, as advised to the ASX would cause considerable hardship in the forest sector.

"We are dealing with circumstances that are outside our control. The closure is a direct result of an oversupply of fibre on international markets as a result of the Japanese tsunami causing some of Japan's paper mills to close and the high Australian dollar.

Mr Gordon said the closure would materially affect Forestry Tasmania's harvesting operations.

"We will continue to harvest for high quality sawlog and solid wood for the rotary peeled veneer market, but the challenge is to find alternative markets for the residues from these operations."

ENDS

01 April 2011

Media inquiries:
 Corporate Relations
 Ph: 6235 8249



This transmission is intended solely for the person or organisation to whom it is addressed.

It is confidential and may contain legally privileged information.

If you have received this transmission in error, you may not use, copy or distribute it.

Please advise us by return e-mail or by phoning 61 3 6235 8333 and immediately delete the transmission in its entirety.

We will meet your reasonable expenses of notifying us.

Despite our use of anti-virus software, Forestry Tasmania cannot guarantee that this transmission is virus-free.

CONFIDENTIALITY NOTICE AND DISCLAIMER

The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please immediately contact this office by telephone, fax or email, to inform us of the error and to enable arrangements to be made for the destruction of the transmission, or its return at our cost. No liability is accepted for any unauthorised use of the information contained in this transmission.

From: Ferrall, Tony
To: Greg.L'Estrange@gunns.com.au
Subject: TRIM: Deeds forwarded by email 26/8/2011
Date: Thursday, 1 September 2011 5:10:17 PM
Attachments: [Deed of Release - Forestry & Gunns - 1.9.11 - Clean.DOC](#)
[Deed of Release - Crown & Forestry - 1.9.11 - Clean.DOC](#)
[Deed of Release - Crown & Gunns - 1.9.11 - Clean.DOC](#)

Dear Greg

Further to the email sent to you by Martin Wallace attaching an electronic copy of a letter and enclosing copies Deeds sent to you on that day by letter from the Premier, the Crown Solicitor has identified a number of very minor typographical errors in the Deeds which should be corrected prior to execution.

These corrections include:

1. In the definition of "Excluded Claims" in (d), inclusion of the reference to Schedule 13.
2. In the definition of "Gunns Release Deed" in the FT/Gunns Deed, changing the reference from FT to Gunns as required.
3. Again, in the FT/Gunns Deed, changing "the Crown" in the opening words of clause 7.1 to "Forestry Tasmania".

None of these change the substance of the Deeds.

I attach, for your attention an amended set of the relevant Deeds. If you have any queries regarding these corrections to the Deeds please feel free to call me.

Regards

Tony

<<Deed of Release - Forestry & Gunns - 1.9.11 - Clean.DOC>> <<Deed of Release - Crown & Forestry - 1.9.11 - Clean.DOC>> <<Deed of Release - Crown & Gunns - 1.9.11 - Clean.DOC>>

Tony Ferrall
 Deputy Secretary
 Department of Treasury and Finance

Telephone (03) 6233 2132
 Facsimile (03) 6233 5699
 Mobile 0419 329 862



Deed

Dated

Forestry Tasmania
(Forestry Tasmania)

and

Gunns Limited
(Gunns)

The Crown Solicitor of Tasmania

Executive Building
15 Murray Street Hobart Tasmania 7000
GPO Box 825 Hobart Tasmania 7001
Telephone: (03) 6233 3922
Facsimile: (03) 6233 2874
File Ref: DPAC | 38146
Doc Ref: Deed of Release - Forestry & Gunns -
1.9.11 - Clean.DOC

Contents

1	Definitions and interpretation	3
1.1	Definitions	3
1.2	Interpretation	4
1.3	No contra proferentum	5
1.4	Headings	5
2	Condition	5
2.1	Condition	5
2.2	Termination	5
3	Termination of Wood Supply Agreements.....	6
4	Releases.....	6
4.1	Release by Forestry Tasmania	6
4.2	Release by Gunns.....	6
5	Excluded Claims	6
6	Interdependent obligations	6
7	Representation and warranties	7
7.1	Gunns' warranties	7
8	Notices	7
8.1	Method of giving Notices	7
8.2	Time of receipt of Notices	8
8.3	Address for Notices.....	8
9	Law and jurisdiction	8
9.1	Governing Law	8
9.2	Submission to jurisdiction.....	8
10	General.....	8
10.1	Waiver.....	8
10.2	Amendment.....	9
10.3	Severability.....	9
10.4	Further assurance	9
10.5	Counterparts	9
	Annexure "A"	11
	Forestry Tasmania Release Deed	11
	Annexure "B"	12
	Gunns Release Deed	12

Deed

Details

Parties		Forestry Tasmania, Gunns
Forestry Tasmania	Name	Forestry Tasmania (being the body corporate established pursuant to section 6 of the <i>Forestry Act 1920</i> (Tas))
	ABN	91 628 769 359
	Short form name	Forestry Tasmania
	Address	79 Melville Street HOBART Tasmania 7000
	Facsimile	(03) 6235 8223
	Attention	
Gunns	Name	Gunns Limited
	ACN	009 478 148
	Short form name	Gunns
	Address	78 Lindsay Street LAUNCESTON Tasmania 7250
	Facsimile	(03) 6335 5498
	Attention	Managing Director
Recitals	A	Forestry Tasmania and Gunns are parties to the Wood Supply Agreements and the China Sale Agreement.
	B	Forestry Tasmania and Gunns are in dispute with respect to each party's obligations arising out of the Wood Supply Agreements and the China Sale Agreement and the continued existence of the Wood Supply Agreements themselves.
	C	Particularly Forestry Tasmania claims: <ul style="list-style-type: none"> (i) that Gunns by letter dated the 18th day of April 2011 terminated the Wood Supply Agreements with that termination to take effect on the 15th day of October 2011; (ii) that Gunns is in breach of the terms of the Wood Supply Agreements and the China Sale Agreement by virtue of its failure to pay all sums of money accruing and due in accordance with the terms of those Agreements.

- D** Particularly Gunns claims:
- (i) that its letter dated the 18th day of April 2011 was not legally effective to terminate the Wood Supply Agreements;
 - (ii) that Forestry Tasmania is in breach of the terms of the Wood Supply Agreements and the China Sale Agreement and as a consequence Gunns has incurred loss and damage which is claimed from Forestry Tasmania.
- E** Forestry Tasmania and Gunns each deny the other's claims.
- F** Forestry Tasmania and Gunns are agreed that in the event that the letter of the 18th day of April 2011 was legally effective to terminate the Wood Supply Agreements then Forestry Tasmania is legally obliged to enter into good faith negotiations with Gunns about the terms of new agreements for the supply of Pulpwood (as defined in Wood Supply Agreement 917) and Supply Products (as defined in Wood Supply Agreement 918).
- G** Gunns has indicated that it wishes to exit native forest logging operations in Tasmania.
- H** The parties have entered into this Deed for the purpose of:
- (i) except for the Excluded Claims extinguishing on and from the Settlement Date all Claims which each party has against the other in connection with the Wood Supply Agreements and the China Sale Agreement; and
 - (ii) terminating the Wood Supply Agreements and the China Sale Agreement on the Settlement Date.

Date See signing page

Operative provisions

1 Definitions and interpretation

1.1 Definitions

In this Deed, unless the context otherwise requires:

China Sale Agreement means the agreement known as 'the China Sale Agreement' constituted by the letter dated 9 June 2010 from Forestry Tasmania to Gunns, and countersigned by Greg L'Estrange as an authorised representative of Gunns.

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature however arising and whether present or future, fixed or unascertained, actual or contingent, and whether at law, in equity, under statute or otherwise.

this Deed means this deed of release.

Excluded Claims means the following claims or rights:

- (a) a claim under the indemnity in clause 8 of Schedule 13 of Wood Supply Agreement 917;
- (b) a claim under the indemnity in clause 8 of Schedule 13 of Wood Supply Agreement 918;
- (c) a claim under any indemnity in the China Sale Agreement; or
- (d) rights arising out of clause 16 of Schedule 13 of each of the Wood Supply Agreements.

Forestry Tasmania means Forestry Tasmania ABN 91 628 769 359.

Forestry Tasmania Release Deed means the Deed of Release to be entered into between the Crown and Forestry Tasmania in the form annexed to this Deed marked "A".

Gunns Release Deed means the Deed of Release to be entered into between the Crown and Gunns in the form annexed to this Deed marked "B".

Rights includes a right, a power, a remedy, a discretion or an authority.

Settlement Date means the day of 2011 or such other date agreed to in writing by both parties.

Wood Supply Agreements mean Wood Supply Agreement 917 and Wood Supply Agreement 918.

Wood Supply Agreement 917 means contract for sale No. 917 dated 20 December 2007 made between Forestry Tasmania and Gunns and titled 'LONG TERM PULPWOOD SUPPLY AGREEMENT'.

Wood Supply Agreement 918 means contract for sale No. 918 dated 20 December 2007 made between Forestry Tasmania and Gunns and titled 'SAWLOG AND OTHER PRODUCTS SUPPLY AGREEMENT'.

1.2 Interpretation

In this Deed, unless the context otherwise requires:

- (a) a reference to this Deed, or any document referred to in this Deed or another document, includes any variation or replacement of any of them;
- (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;
- (d) **person** includes a firm, a body corporate, an unincorporated association, a responsible authority, or other entity, as constituted from time to time;
- (e) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes and permitted assigns;
- (f) a reference to writing includes a reference to printing, typing and each other method of producing words, figures or symbols in visible form;
- (g) a reference to a body (other than a party to this Deed) whether or not it is a statutory body:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to any other body,
 refers to the body which replaces it or which substantially succeeds to its powers or functions;
- (h) an agreement, representation or warranty on the part of, or in favour of, two or more persons binds, or is for the benefit of them, jointly and severally;
- (i) words importing any gender include all other genders, as applicable;
- (j) a reference to any thing (including any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them;
- (k) a covenant prohibiting a person from doing anything also prohibits that person from authorising it to be done by another person;

- (l) a reference to a clause, schedule or appendix is to a clause, schedule or appendix in or to this Deed;
- (m) mentioning any thing after the words **include**, **included** or **including** does not limit the meaning of any thing mentioned before those words;
- (n) a reference to a day must be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (o) reference to a time and date in connection with the performance of an obligation by a party is a reference to the time and date in Hobart, Tasmania, even if the obligation is to be performed elsewhere;
- (p) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning; and
- (q) references to '\$' and 'dollars' are to Australian dollars.

1.3 No contra proferentum

In the interpretation of this Deed, no rule of construction will apply to disadvantage a party because that party proposed a provision of this Deed or the Deed itself.

1.4 Headings

Headings are included for convenience only and do not affect the construction or interpretation of this Deed.

2 Condition

2.1 Condition

Each party's obligations under clauses 3 and 4 of this Deed are subject to the conditions precedent that on or before the Settlement Date:

- (a) the Crown and Gunns enter into the Gunns Release Deed; and
- (b) the Crown and Forestry Tasmania enter into the Forestry Tasmania Release Deed.

2.2 Termination

- (a) Either party may elect to terminate this Deed by notice in writing to the other if either of the conditions in clause 2.1 is not satisfied on or before the Settlement Date.
- (b) If this Deed is terminated pursuant to clause 2.2(a) then:
 - (i) each party will have the same Rights and obligations that it would have had as if the parties had never entered into this Deed; and

- (ii) neither party will have a Claim against the other in respect of the subject matter of this Deed.

3 Termination of Wood Supply Agreements

Subject to satisfaction or waiver of the conditions precedent in clause 2.1, on the Settlement Date:

- (a) to the extent that each of the Wood Supply Agreements and the China Sale Agreement are otherwise subsisting as at that date, each of the Wood Supply Agreements and the China Sale Agreement are terminated; and
- (b) each party is released from its obligations and liabilities under each of the Wood Supply Agreements and the China Sale Agreement which relate to any period before, on or after the Settlement Date.

4 Releases

4.1 Release by Forestry Tasmania

Subject to satisfaction or waiver of the conditions precedent in clause 2.1, on the Settlement Date, except for the Excluded Claims, Forestry Tasmania releases Gunns from all Claims that Forestry Tasmania now has or may in the future have against Gunns in connection with or arising out of the Wood Supply Agreements and the China Sale Agreement and/or any breach of them by Gunns.

4.2 Release by Gunns

Subject to satisfaction or waiver of the conditions precedent in clause 2.1, on the Settlement Date, except for the Excluded Claims, Gunns releases Forestry Tasmania from all Claims that Gunns now has or may in the future have against Forestry Tasmania in connection with or arising out of the Wood Supply Agreements and the China Sale Agreement and/or any breach of them by Forestry Tasmania.

5 Excluded Claims

Nothing in this Deed affects any Rights of a party (including any Rights of that party against the other party) in connection with any Excluded Claims.

6 Interdependent obligations

The obligations of each party under clauses 3 and 4 are to be performed on the Settlement Date interdependent with the obligations of the other party under those clauses. Accordingly, a party (the First Party) is not required to perform its obligations under those clauses on the Settlement Date if the other party is unable or refuses to perform its obligations under those clauses on the Settlement Date and the inability or refusal is not attributable to any breach of this Deed by the First Party.

7 Representation and warranties

7.1 Gunns' warranties

Gunns represents and warrants to Forestry Tasmania that:

- (a) **(incorporation)**: Gunns is a corporation duly incorporated and existing under the law of its place of incorporation and has the corporate power to enter into and perform its obligations;
- (b) **(legal disability)**: Gunns is not an externally administered body corporate (within the meaning of section 9 of the *Corporations Act 2001* (Cwlth));
- (c) **(controllers)**: no controller (within the meaning of section 9 of the *Corporations Act 2001* (Cwlth)) has been appointed over any of Gunns assets and no such appointment has been threatened;
- (d) **(solvency)**: Gunns is solvent (within the meaning of section 9 of the *Corporations Act 2001* (Cwlth));
- (e) **(authorisations)**: all necessary action has been taken by Gunns to authorise the execution and performance of its obligations under this Deed;
- (f) **(transaction permitted)**: the performance by Gunns of its obligations under this Deed will not breach in any respect any provision of:
 - (i) any applicable law or an order or ruling of a Government Body;
 - (ii) any agreement binding on Gunns; or
 - (iii) the Gunns' constitution.

8 Notices

8.1 Method of giving Notices

A notice, consent, approval, application or other communication (each a **Notice**) under this Deed must be in writing, signed by or on behalf of the person giving it, addressed to the person to whom it is to be given and:

- (a) delivered;
 - (a) sent by pre-paid mail; or
 - (b) sent by facsimile,
- to that person's address or facsimile number (as applicable).

For the avoidance of doubt, no Notice may be given either orally or by email.

8.2 Time of receipt of Notices

A Notice given to a person is treated as having been given and received:

- (a) if delivered, on the day of delivery if delivered after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day;
- (b) if sent by pre-paid mail, on the day of actual delivery if delivered after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day; and
- (c) if sent by facsimile and the transmission report states that it was sent in full and without error, on the day of transmission if that report states that the transmission was completed after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day.

8.3 Address for Notices

For the purposes of this clause 8, a person (the **sender**) may take the address and facsimile number of another person (the **recipient**) to be:

- (a) the address and number set out in the Details above; or
- (b) if the recipient has notified the sender of another address or facsimile number, the last address or facsimile number so notified to the sender.

9 Law and jurisdiction

9.1 Governing Law

This Deed is governed by the Law of Tasmania.

9.2 Submission to jurisdiction

The parties submit to the non-exclusive jurisdiction of the courts of Tasmania and any courts that may hear appeals from those courts in respect of any proceedings in connection with this Deed.

10 General

10.1 Waiver

The non-exercise of or delay in exercising any power or right of a party does not operate as a waiver of that power or right, nor does any single exercise of a power or right preclude any other exercise of it or the exercise of any other power or right. A power or right may only be waived in writing, signed by the party to be bound by the waiver and such a waiver is effective only in the specific instance and for the specific purpose for which it was given.

10.2 Amendment

This Deed may only be amended or supplemented in writing signed by the parties.

10.3 Severability

If any provision of this Deed is or at any time becomes illegal, prohibited, void or unenforceable for any reason in any jurisdiction then, as to that jurisdiction, that provision is severed from this Deed and the remaining provisions of this Deed:

- (a) continue to be enforceable; and
- (b) are to be construed with such additions, deletions and modifications of language as are necessary to give effect to the remaining provisions of this Deed.

10.4 Further assurance

Each party must do, sign, execute and deliver and must procure that each of its employees and agents does, signs, executes and delivers, all deeds, documents, instruments and acts as reasonably required of it or them and must carry out and give full effect to this Deed and the Rights and obligations of the parties under it.

10.5 Counterparts

- (a) This Deed may be executed in any number of counterparts.
- (b) A party may execute this Deed by signing any counterpart.
- (c) All counterparts, taken together, constitute one instrument.

Executed as a deed

Signing page

Dated:

The common seal of
Forestry Tasmania
was hereunto affixed by the authority of
its Board in the presence of:

Signature ←

Name and position held (print)

Signature ←

Name and position held (print)

The common seal of
Gunns Limited
was hereunto affixed in accordance with
section 127 of the *Corporations Act*
2001 (Cwlth):

Signature of director ←

Name of director (print)

Signature of director/company secretary
(Please delete as applicable) ←

Name of director/company secretary (print)

Annexure "A"

Forestry Tasmania Release Deed

Annexure "B"

Gunns Release Deed



Deed

Dated

The Crown in Right of Tasmania
(Crown)

and

Forestry Tasmania
(Forestry Tasmania)

The Crown Solicitor of Tasmania

Executive Building
15 Murray Street Hobart Tasmania 7000
GPO Box 825 Hobart Tasmania 7001
Telephone: (03) 6233 3922
Facsimile: (03) 6233 2874
File Ref: DPAC | 38146
Doc Ref: Deed of Release - Crown & Forestry -
1.9.11 - Clean.DOC

Contents

1	Definitions and interpretation	4
1.1	Definitions	4
1.2	Interpretation	5
1.3	No contra proferentum	6
1.4	Headings	6
2	Condition	6
2.1	Condition	6
2.2	Termination	7
3	Payment	7
4	Excluded Claims	8
5	Assignment.....	8
6	GST.....	8
7	Notices	9
7.1	Method of giving Notices	9
7.2	Time of receipt of Notices	9
7.3	Address for Notices	9
8	Law and jurisdiction	9
8.1	Governing Law	9
8.2	Submission to jurisdiction.....	10
9	General.....	10
9.1	Waiver.....	10
9.2	Amendment.....	10
9.3	Severability.....	10
9.4	Further assurance	10
9.5	Counterparts	10
	Annexure "A"	12
	Tasmanian Forests Intergovernmental Agreement.....	12

Deed

Details

Parties	Crown, Forestry Tasmania	
Crown	Name	The Crown in Right of Tasmania represented by the Department of Treasury and Finance
	Short form name	The Crown
	Address	21 Murray Street HOBART Tasmania 7000
	Facsimile	(03) 6223 2755
	Attention	Secretary
Forestry Tasmania	Name	Forestry Tasmania (being the body corporate established pursuant to section 6 of the <i>Forestry Act 1920</i> (Tas))
	ABN	91 628 769 359
	Short form name	Forestry Tasmania
	Address	79 Melville Street HOBART Tasmania 7000
	Facsimile	(03) 6235 8223
	Attention	
Recitals	A	Forestry Tasmania and Gunns are parties to the Wood Supply Agreements and the China Sale Agreement.
	B	Forestry Tasmania and Gunns are in dispute with respect to each party's obligations arising out of the Wood Supply Agreements and the China Sale Agreement and the continued existence of the Wood Supply Agreements themselves.
	C	Particularly Forestry Tasmania claims: <ul style="list-style-type: none"> (i) that Gunns by letter dated the 18th day of April 2011 terminated the Wood Supply Agreements with that termination to take effect on the 15th day of October 2011; (ii) that Gunns is in breach of the terms of the Wood Supply Agreements and the China Sale Agreement by virtue of its failure to pay all sums of money accruing and due in accordance with the terms of those Agreements.
	D	Particularly Gunns claims:

- (i) that its letter dated the 18th day of April 2011 was not legally effective to terminate the Wood Supply Agreements;
 - (ii) that Forestry Tasmania is in breach of the terms of the Wood Supply Agreements and the China Sale Agreement and as a consequence Gunns has incurred loss and damage which is claimed from Forestry Tasmania.
- E Forestry Tasmania and Gunns each deny the other's claims.
- F Forestry Tasmania and Gunns are agreed that in the event that the letter of the 18th day of April 2011 was legally effective to terminate the Wood Supply Agreements then Forestry Tasmania is legally obliged to enter into good faith negotiations with Gunns about the terms of new agreements for the supply of Pulpwood (as defined in Wood Supply Agreement 917) and Supply Products (as defined in Wood Supply Agreement 918).
- G Gunns has indicated that it wishes to exit native forest logging operations in Tasmania.
- H The Crown has entered into the Tasmanian Forests Intergovernmental Agreement with the Commonwealth.
- I Under the Tasmanian Forests Intergovernmental Agreement the Commonwealth has agreed to provide funding to the Crown for the purposes of enabling the creation of the Reserves.
- J The Reserves cannot be created unless:
 - (i) there is certainty that Forestry Tasmania is not legally obligated to make any further supplies of wood to Gunns pursuant to the Wood Supply Agreements and the China Sale Agreement; or
 - (ii) if the Wood Supply Agreements have been terminated, there is legal certainty that Forestry Tasmania is not under a legal obligation to enter into good faith negotiations with Gunns about the terms of new agreements for the supply of pulpwood (as defined in Wood Supply Agreement 917) and the Supply Products (as defined in Wood Supply Agreement 918).
- K By virtue of clause 22 of the Tasmanian Forests Intergovernmental Agreement the Crown is obliged to ensure that a sufficient volume of native forest sawlog supply is retired to achieve the objects set out in clauses 17 and 29 of that Agreement.
- L The parties have entered into this Deed to facilitate the requirements of the Tasmanian Forests Intergovernmental Agreement by ensuring the termination of the Wood Supply Agreements and the China Sale Agreement and, except for

Excluded Claims, to resolve all claims Forestry Tasmania has against Gunns arising out of the Wood Supply Agreements and the China Sale Agreement.

Date	See signing page
-------------	------------------

Operative provisions

1 Definitions and interpretation

1.1 Definitions

In this Deed, unless the context otherwise requires:

China Sale Agreement means the agreement known as 'the China Sale Agreement' constituted by the letter dated 9 June 2010 from Forestry Tasmania to Gunns, and countersigned by Greg L'Estrange as an authorised representative of Gunns.

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature however arising and whether present or future, fixed or unascertained, actual or contingent, and whether at law, in equity, under statute or otherwise.

Commonwealth means the Commonwealth of Australia.

this Deed means this deed of release.

Excluded Claims means the following claims or rights:

- (a) a claim under the indemnity in clause 8 of Schedule 13 of Wood Supply Agreement 917;
- (b) a claim under the indemnity in clause 8 of Schedule 13 of Wood Supply Agreement 918;
- (c) a claim under any indemnity in the China Sale Agreement; or
- (d) rights arising out of clause 16 of Schedule 13 of each of the Wood Supply Agreements.

Gunns means Gunns Limited ABN 29 009 478 148.

Forestry Act means the *Forestry Act 1920* (Tas).

Reserves means the reserves which are to be created pursuant to the Tasmanian Forests Intergovernmental Agreement.

Rights includes a right, a power, a remedy, a discretion or an authority.

Settlement Date means the day of 2011 or such other date agreed to in writing by both parties.

Tasmanian Forests Intergovernmental Agreement means the agreement made between the Commonwealth and the Crown on the 7th day of August 2011, a copy of which is annexed to this Deed marked "A".

Wood Supply Agreements mean Wood Supply Agreement 917 and Wood Supply Agreement 918.

Wood Supply Agreement 917 means contract for sale No. 917 dated 20 December 2007 made between Forestry Tasmania and Gunns and titled 'LONG TERM PULPWOOD SUPPLY AGREEMENT'.

Wood Supply Agreement 918 means contract for sale No. 918 dated 20 December 2007 made between Forestry Tasmania and Gunns and titled 'SAWLOG AND OTHER PRODUCTS SUPPLY AGREEMENT'.

1.2 Interpretation

In this Deed, unless the context otherwise requires:

- (a) a reference to this Deed, or any document referred to in this Deed or another document, includes any variation or replacement of any of them;
- (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;
- (d) **person** includes a firm, a body corporate, an unincorporated association, a responsible authority, or other entity, as constituted from time to time;
- (e) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes and permitted assigns;
- (f) a reference to writing includes a reference to printing, typing and each other method of producing words, figures or symbols in visible form;
- (g) a reference to a body (other than a party to this Deed) whether or not it is a statutory body:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to any other body,
 refers to the body which replaces it or which substantially succeeds to its powers or functions;
- (h) an agreement, representation or warranty on the part of, or in favour of, two or more persons binds, or is for the benefit of them, jointly and severally;
- (i) words importing any gender include all other genders, as applicable;
- (j) a reference to any thing (including any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them;

- (k) a covenant prohibiting a person from doing anything also prohibits that person from authorising it to be done by another person;
- (l) a reference to a clause, schedule or appendix is to a clause, schedule or appendix in or to this Deed;
- (m) mentioning any thing after the words **include**, **included** or **including** does not limit the meaning of any thing mentioned before those words;
- (n) a reference to a day must be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (o) reference to a time and date in connection with the performance of an obligation by a party is a reference to the time and date in Hobart, Tasmania, even if the obligation is to be performed elsewhere;
- (p) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning; and
- (q) references to '\$' and 'dollars' are to Australian dollars.

1.3 No contra proferentum

In the interpretation of this Deed, no rule of construction will apply to disadvantage a party because that party proposed a provision of this Deed or the Deed itself.

1.4 Headings

Headings are included for convenience only and do not affect the construction or interpretation of this Deed.

1.5 Defined terms

Terms used in this Deed and not defined herein and which are defined in the Tasmanian Forests Intergovernmental Agreement have the meaning given to them in the Tasmanian Forests Intergovernmental Agreement.

2 Condition

2.1 Condition

Each party's obligations under clauses 3 and 5 of this Deed are subject to the conditions precedent that on or before the Settlement Date the Crown enter into a deed with Gunns whereby:

- (a) Gunns releases Forestry Tasmania in the same terms as clause 3(a) of this Deed;

- (b) Gunns agrees to the termination of and to treat as terminated the Wood Supply Agreements and the China Sale Agreement in the terms of clause 3(b) of this Deed;
- (c) Gunns releases Forestry Tasmania from all its obligations and liabilities under the Wood Supply Agreements and the China Sale Agreement in the terms of clause 3(c) of this Deed; and
- (d) Gunns agrees to assign the residual rights and obligations under the Wood Supply Agreements and the China Sale Agreement in the same terms as clause 5 of this Deed.

2.2 Termination

- (a) Either party may elect to terminate this Deed by notice in writing to the other if the condition in clause 2.1 is not satisfied on or before the Settlement Date.
- (b) If this Deed is terminated pursuant to clause 2.2(a) then:
 - (i) each party will have the same Rights and obligations that it would have had as if the parties had never entered into this Deed; and
 - (ii) neither party will have a Claim against the other in respect of the subject matter of this Deed.

3 Payment

In consideration of the payment on the Settlement Date by the Crown to Forestry Tasmania of the sum of \$12,650,000.00 (GST inclusive):

- (a) Forestry Tasmania agrees to release Gunns from all Claims, except for the Excluded Claims, that Forestry Tasmania now has, or may in the future have, against Gunns in connection with or arising out of the Wood Supply Agreements and the China Sale Agreement including any breach of the same by Gunns;
- (b) Forestry Tasmania agrees to the termination of and to treat as terminated the Wood Supply Agreements and the China Sale Agreement as at the Settlement Date;
- (c) Forestry Tasmania agrees to release Gunns from its obligations and liabilities under the Wood Supply Agreements and the China Sale Agreement whether arising before on or after the Settlement Date; and
- (d) Subject to its powers and obligations under the Forestry Act (as amended) and the *Government Business Enterprises Act* (as amended), Forestry Tasmania agrees to set aside the Reserves from wood production and to do and facilitate all that it reasonably can to further the requirements of the Tasmanian Forests Intergovernmental Agreement particularly but without limitation:

- (i) provision of data and information as reasonably required by the Independent Verification Group to which the Tasmanian Forests Intergovernmental Agreement refers to facilitate its work;
- (ii) creation of the required Informal Reserves pursuant to clauses 25 and 28;
- (iii) not to supply wood or allow wood production within the High Conservation Value forest area in accordance with the requirements of clause 26;

4 Excluded Claims

Nothing in this Deed affects any Rights of a party (including any Rights of that party against the other party) in connection with any Excluded Claims.

5 Assignment

- (a) Subject to clause 4, to the extent that the Wood Supply Agreements and the China Sale Agreement may subsist or that there are continuing Rights and obligations of Forestry Tasmania arising out of those Agreements after the Settlement Date then Forestry Tasmania assigns to the Crown absolutely the benefit of those Agreements.
- (b) Forestry Tasmania consents to the assignment of the Wood Supply Agreements and the China Sale Agreement by Gunns to the Crown.

6 GST

- (a) The consideration payable by the Crown to Forestry Tasmania as expressed in this Deed is GST inclusive.
- (b) On the Settlement Date Forestry Tasmania must provide to the Crown a valid tax invoice for the consideration.
- (c) In this clause 6 unless the context otherwise requires:
 - (i) **GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth) and the related imposition Acts of the Commonwealth; and
 - (ii) expressions defined in the GST Act have the same meaning when used in this clause 6.

7 Notices

7.1 Method of giving Notices

A notice, consent, approval, application or other communication (each a **Notice**) under this Deed must be in writing, signed by or on behalf of the person giving it, addressed to the person to whom it is to be given and:

- (a) delivered;
- (b) sent by pre-paid mail; or
- (c) sent by facsimile,

to that person's address or facsimile number (as applicable).

For the avoidance of doubt, no Notice may be given either orally or by email.

7.2 Time of receipt of Notices

A Notice given to a person is treated as having been given and received:

- (a) if delivered, on the day of delivery if delivered after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day;
- (b) if sent by pre-paid mail, on the day of actual delivery if delivered after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day; and
- (c) if sent by facsimile and the transmission report states that it was sent in full and without error, on the day of transmission if that report states that the transmission was completed after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day.

7.3 Address for Notices

For the purposes of this clause 7, a person (the **sender**) may take the address and facsimile number of another person (the **recipient**) to be:

- (a) the address and number set out in the Details above; or
- (b) if the recipient has notified the sender of another address or facsimile number, the last address or facsimile number so notified to the sender.

8 Law and jurisdiction

8.1 Governing Law

This Deed is governed by the Law of Tasmania.

8.2 Submission to jurisdiction

The parties submit to the non-exclusive jurisdiction of the courts of Tasmania and any courts that may hear appeals from those courts in respect of any proceedings in connection with this Deed.

9 General

9.1 Waiver

The non-exercise of or delay in exercising any power or right of a party does not operate as a waiver of that power or right, nor does any single exercise of a power or right preclude any other exercise of it or the exercise of any other power or right. A power or right may only be waived in writing, signed by the party to be bound by the waiver and such a waiver is effective only in the specific instance and for the specific purpose for which it was given.

9.2 Amendment

This Deed may only be amended or supplemented in writing signed by the parties.

9.3 Severability

If any provision of this Deed is or at any time becomes illegal, prohibited, void or unenforceable for any reason in any jurisdiction then, as to that jurisdiction, that provision is severed from this Deed and the remaining provisions of this Deed:

- (a) continue to be enforceable; and
- (b) are to be construed with such additions, deletions and modifications of language as are necessary to give effect to the remaining provisions of this Deed.

9.4 Further assurance

Each party must do, sign, execute and deliver and must procure that each of its employees and agents does, signs, executes and delivers, all deeds, documents, instruments and acts as reasonably required of it or them and must carry out and give full effect to this Deed and the Rights and obligations of the parties under it.

9.5 Counterparts

- (a) This Deed may be executed in any number of counterparts.
- (b) A party may execute this Deed by signing any counterpart.
- (c) All counterparts, taken together, constitute one instrument.

Executed as a deed

Signing page

Dated:

Signed for and on behalf of **The Crown in Right of Tasmania** by **The Honourable Larissa Tahireh Giddings MP**, Premier of Tasmania in the presence of:

Signature ←

Signature of witness ←

Name of witness (print)

Address of witness

Occupation

The common seal of Forestry Tasmania was hereunto affixed by the authority of its Board in the presence of:

Signature ←

Name and position held (print)

Signature ←

Name and position held (print)

Annexure "A"

Tasmanian Forests Intergovernmental Agreement



Deed

Dated

The Crown in Right of Tasmania
(Crown)

and

Gunns Limited
(Gunns)

The Crown Solicitor of Tasmania

Executive Building
15 Murray Street Hobart Tasmania 7000
GPO Box 825 Hobart Tasmania 7001
Telephone: (03) 6233 3922
Facsimile: (03) 6233 2874
File Ref: DPAC | 38146
Doc Ref: Deed of Release - Crown & Gunns -
1.9.11 - Clean.DOC

Contents

1	Definitions and interpretation	4
1.1	Definitions	4
1.2	Interpretation	5
1.3	No contra proferentum	6
1.4	Headings	6
2	Condition	7
2.1	Condition	7
2.2	Termination	7
3	Payment	7
4	Excluded Claims	8
5	Assignment.....	8
6	GST	8
7	Representation and warranties	9
7.1	Gunns' warranties	9
8	Notices	9
8.1	Method of giving Notices	9
8.2	Time of receipt of Notices	10
8.3	Address for Notices	10
9	Law and jurisdiction	10
9.1	Governing Law	10
9.2	Submission to jurisdiction.....	10
10	General.....	10
10.1	Waiver.....	10
10.2	Amendment.....	11
10.3	Severability.....	11
10.4	Further assurance	11
10.5	Counterparts	11
	Annexure "A"	13
	Tasmanian Forests Intergovernmental Agreement.....	13

Deed

Details

Parties	Crown, Gunns	
Crown	Name	The Crown in Right of Tasmania represented by the Department of Treasury and Finance
	Short form name	The Crown
	Address	21 Murray Street HOBART Tasmania 7000
	Facsimile	(03) 6223 2755
	Attention	Secretary
Gunns	Name	Gunns Limited
	ACN	009 478 148
	Short form name	Gunns
	Address	78 Lindsay Street LAUNCESTON Tasmania 7250
	Facsimile	(03) 6335 5498
	Attention	Managing Director
Recitals	A	Forestry Tasmania and Gunns are parties to the Wood Supply Agreements and the China Sale Agreement.
	B	Forestry Tasmania and Gunns are in dispute with respect to each party's obligations arising out of the Wood Supply Agreements and the China Sale Agreement and the continued existence of the Wood Supply Agreements themselves.
	C	Particularly Forestry Tasmania claims: <ul style="list-style-type: none"> (i) that Gunns by letter dated the 18th day of April 2011 terminated the Wood Supply Agreements with that termination to take effect on the 15th day of October 2011; (ii) that Gunns is in breach of the terms of the Wood Supply Agreements and the China Sale Agreement by virtue of its failure to pay all sums of money accruing and due in accordance with the terms of those Agreements.
	D	Particularly Gunns claims:

- (i) that its letter dated the 18th day of April 2011 was not legally effective to terminate the Wood Supply Agreements;
 - (ii) that Forestry Tasmania is in breach of the terms of the Wood Supply Agreements and the China Sale Agreement and as a consequence Gunns has incurred loss and damage which is claimed from Forestry Tasmania.
- E Forestry Tasmania and Gunns each deny the other's claims.
- F Forestry Tasmania and Gunns are agreed that in the event that the letter of the 18th day of April 2011 was legally effective to terminate the Wood Supply Agreements then Forestry Tasmania is legally obliged to enter into good faith negotiations with Gunns about the terms of new agreements for the supply of Pulpwood (as defined in Wood Supply Agreement 917) and Supply Products (as defined in Wood Supply Agreement 918).
- G Gunns has indicated that it wishes to exit native forest logging operations in Tasmania.
- H The Crown has entered into the Tasmanian Forests Intergovernmental Agreement with the Commonwealth.
- I Under the Tasmanian Forests Intergovernmental Agreement the Commonwealth has agreed to provide funding to the Crown for the purposes of enabling the creation of the Reserves.
- J The Reserves cannot be created unless:
 - (i) there is certainty that Forestry Tasmania is not legally obligated to make any further supplies of wood to Gunns pursuant to the Wood Supply Agreements and the China Sale Agreement; or
 - (ii) if the Wood Supply Agreements have been terminated, there is legal certainty that Forestry Tasmania is not under a legal obligation to enter into good faith negotiations with Gunns about the terms of new agreements for the supply of pulpwood (as defined in Wood Supply Agreement 917) and the Supply Products (as defined in Wood Supply Agreement 918).
- K By virtue of clause 22 of the Tasmanian Forests Intergovernmental Agreement the Crown is obliged to ensure that a sufficient volume of native forest sawlog supply is retired to achieve the objects set out in clauses 17 and 29 of that Agreement.
- L The parties have entered into this Deed to facilitate the requirements of the Tasmanian Forests Intergovernmental

Agreement by ensuring the termination of the Wood Supply Agreements and the China Sale Agreement and, except for Excluded Claims, to resolve all claims Gunns has against Forestry Tasmania arising out of the Wood Supply Agreements and the China Sale Agreement.

Date	See signing page
-------------	------------------

Operative provisions

1 Definitions and interpretation

1.1 Definitions

In this Deed, unless the context otherwise requires:

China Sale Agreement means the agreement known as 'the China Sale Agreement' constituted by the letter dated 9 June 2010 from Forestry Tasmania to Gunns, and countersigned by Greg L'Estrange as an authorised representative of Gunns.

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature however arising and whether present or future, fixed or unascertained, actual or contingent, and whether at law, in equity, under statute or otherwise.

Commonwealth means the Commonwealth of Australia.

this Deed means this deed of release.

Excluded Claims means the following claims or rights:

- (a) a claim under the indemnity in clause 8 of Schedule 13 of Wood Supply Agreement 917;
- (b) a claim under the indemnity in clause 8 of Schedule 13 of Wood Supply Agreement 918;
- (c) a claim under any indemnity in the China Sale Agreement; or
- (d) rights arising out of clause 16 of Schedule 13 of each of the Wood Supply Agreements.

Forestry Tasmania means Forestry Tasmania ABN 91 628 769 359.

Reserves means the reserves which are to be created pursuant to the Tasmanian Forests Intergovernmental Agreement.

Rights includes a right, a power, a remedy, a discretion or an authority.

Settlement Date means the day of 2011 or such other date agreed to in writing by both parties.

Tasmanian Forests Intergovernmental Agreement means the agreement made between the Commonwealth and the Crown on the 7th day of August 2011, a copy of which is annexed to this Deed marked "A".

Tasmanian Forests Statement of Principles means the principles agreed by forest industries stakeholders as a basis for agreement on the restructure of the

Tasmanian forest industry as presented to the Tasmanian Government in October 2010.

Triabunna Agreement means the Agreement for Sale dated around mid-July 2011 whereby Gunns and others agreed to sell the Triabunna Mill to Jan Cameron and Graeme Wood (or a company or companies associated with or controlled by them).

Triabunna Mill means the woodchip mill including the freehold real estate, plant and equipment and other assets necessary for its continued operation at 555 Freestone Road, Triabunna.

Wood Supply Agreements mean Wood Supply Agreement 917 and Wood Supply Agreement 918.

Wood Supply Agreement 917 means contract for sale No. 917 dated 20 December 2007 made between Forestry Tasmania and Gunns and titled 'LONG TERM PULPWOOD SUPPLY AGREEMENT'.

Wood Supply Agreement 918 means contract for sale No. 918 dated 20 December 2007 made between Forestry Tasmania and Gunns and titled 'SAWLOG AND OTHER PRODUCTS SUPPLY AGREEMENT'.

1.2 Interpretation

In this Deed, unless the context otherwise requires:

- (a) a reference to this Deed, or any document referred to in this Deed or another document, includes any variation or replacement of any of them;
- (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;
- (d) **person** includes a firm, a body corporate, an unincorporated association, a responsible authority, or other entity, as constituted from time to time;
- (e) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes and permitted assigns;
- (f) a reference to writing includes a reference to printing, typing and each other method of producing words, figures or symbols in visible form;
- (g) a reference to a body (other than a party to this Deed) whether or not it is a statutory body:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to any other body,

refers to the body which replaces it or which substantially succeeds to its powers or functions;

- (h) an agreement, representation or warranty on the part of, or in favour of, two or more persons binds, or is for the benefit of them, jointly and severally;
- (i) words importing any gender include all other genders, as applicable;
- (j) a reference to any thing (including any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them;
- (k) a covenant prohibiting a person from doing anything also prohibits that person from authorising it to be done by another person;
- (l) a reference to a clause, schedule or appendix is to a clause, schedule or appendix in or to this Deed;
- (m) mentioning any thing after the words **include**, **included** or **including** does not limit the meaning of any thing mentioned before those words;
- (n) a reference to a day must be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (o) reference to a time and date in connection with the performance of an obligation by a party is a reference to the time and date in Hobart, Tasmania, even if the obligation is to be performed elsewhere;
- (p) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning; and
- (q) references to '\$' and 'dollars' are to Australian dollars.

1.3 No contra proferentum

In the interpretation of this Deed, no rule of construction will apply to disadvantage a party because that party proposed a provision of this Deed or the Deed itself.

1.4 Headings

Headings are included for convenience only and do not affect the construction or interpretation of this Deed.

1.5 Defined terms

Terms used in this Deed and not defined herein and which are defined in the Tasmanian Forests Intergovernmental Agreement have the meaning given to them in the Tasmanian Forests Intergovernmental Agreement.

2 Condition

2.1 Condition

Each party's obligations under clauses 3 and 5 of this Deed are subject to the conditions precedent that on or before the Settlement Date the Crown enter into a deed with Forestry Tasmania whereby:

- (a) Forestry Tasmania releases Gunns in the same terms as clause 3(a) of this Deed;
- (b) Forestry Tasmania agrees to the termination of and to treat as terminated the Wood Supply Agreements and the China Sale Agreement in the terms of clause 3(b) of this Deed;
- (c) Forestry Tasmania releases Gunns from all its obligations and liabilities under the Wood Supply Agreements and the China Sale Agreement in the terms of clause 3(c) of this Deed; and
- (d) Forestry Tasmania agrees to assign the residual rights and obligations under the Wood Supply Agreements and the China Sale Agreement in the same terms as clause 5 of this Deed.

2.2 Termination

- (a) Either party may elect to terminate this Deed by notice in writing to the other if the condition in clause 2.1 is not satisfied on or before the Settlement Date.
- (b) If this Deed is terminated pursuant to clause 2.2(a) then:
 - (i) each party will have the same Rights and obligations that it would have had as if the parties had never entered into this Deed; and
 - (ii) neither party will have a Claim against the other in respect of the subject matter of this Deed.

3 Payment

In consideration of the payment on the Settlement Date by the Crown to Gunns of the sum of \$12,650,000.00 (GST inclusive):

- (a) Gunns agrees to release Forestry Tasmania from all Claims, except for the Excluded Claims, that Gunns now has, or may in the future have, against Forestry Tasmania in connection with or arising out of the Wood Supply Agreements and the China Sale Agreement including any breach of the same by Forestry Tasmania;
- (b) Gunns agrees to the termination of and to treat as terminated the Wood Supply Agreements and the China Sale Agreement as at the Settlement Date;

- (c) Gunns agrees to release Forestry Tasmania from its obligations and liabilities under the Wood Supply Agreements and the China Sale Agreement whether arising before on or after the Settlement Date;
- (d) Gunns must waive or confirm as satisfied, effective as at the Settlement Date, all conditions in the Triabunna Agreement which currently preclude or might preclude in the future the reopening and continued operation of the Triabunna Mill particularly but without limitation any condition regarding implementation of the Tasmanian Forests Statement of Principles or like condition;
- (e) Gunns must do everything and anything required of it under the Triabunna Agreement to enable the reopening and continued operation of the Triabunna Mill; and
- (f) Gunns must cause any related party of it to, as may be required under the Triabunna Agreement, also waive or confirm as satisfied any condition in the terms of clause 3(d) and to do anything required of it to enable the reopening and continued operation of the Triabunna Mill.

4 Excluded Claims

Nothing in this Deed affects any Rights of a party (including any Rights of that party against the other party) in connection with any Excluded Claims.

5 Assignment

- (a) Subject to clause 4, to the extent that the Wood Supply Agreements and the China Sale Agreement may subsist or that there are continuing Rights and obligations of Gunns arising out of those Agreements after the Settlement Date then Gunns assigns to the Crown absolutely the benefit of those Agreements.
- (b) Gunns consents to the assignment of the Wood Supply Agreements and the China Sale Agreement by Forestry Tasmania to the Crown.

6 GST

- (a) The consideration payable by the Crown to Gunns as expressed in this Deed is GST inclusive.
- (b) On the Settlement Date Gunns must provide to the Crown a valid tax invoice for the consideration.
- (c) In this clause 6 unless the context otherwise requires:
 - (i) **GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth) and the related imposition Acts of the Commonwealth; and

- (ii) expressions defined in the GST Act have the same meaning when used in this clause 6.

7 Representation and warranties

7.1 Gunns' warranties

Gunns represents and warrants to the Crown that:

- (a) **(incorporation)**: Gunns is a corporation duly incorporated and existing under the law of its place of incorporation and has the corporate power to enter into and perform its obligations;
- (b) **(legal disability)**: Gunns is not an externally administered body corporate (within the meaning of section 9 of the *Corporations Act 2001*(Cwlth));
- (c) **(controllers)**: no controller (within the meaning of section 9 of the *Corporations Act 2001* (Cwlth)) has been appointed over any of Gunns assets and no such appointment has been threatened;
- (d) **(solvency)**: Gunns is solvent (within the meaning of section 9 of the *Corporations Act 2001* (Cwlth));
- (e) **(authorisations)**: all necessary action has been taken by Gunns to authorise the execution and performance of its obligations under this Deed;
- (f) **(transaction permitted)**: the performance by Gunns of its obligations under this Deed will not breach in any respect any provision of:
 - (i) any applicable law or an order or ruling of a Government Body;
 - (ii) any agreement binding on Gunns; or
 - (iii) the Gunns' constitution.

8 Notices

8.1 Method of giving Notices

A notice, consent, approval, application or other communication (each a **Notice**) under this Deed must be in writing, signed by or on behalf of the person giving it, addressed to the person to whom it is to be given and:

- (a) delivered;
 - (a) sent by pre-paid mail; or
 - (b) sent by facsimile,
- to that person's address or facsimile number (as applicable).

For the avoidance of doubt, no Notice may be given either orally or by email.

8.2 Time of receipt of Notices

A Notice given to a person is treated as having been given and received:

- (a) if delivered, on the day of delivery if delivered after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day;
- (b) if sent by pre-paid mail, on the day of actual delivery if delivered after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day; and
- (c) if sent by facsimile and the transmission report states that it was sent in full and without error, on the day of transmission if that report states that the transmission was completed after 9.00am and before 4.00pm on a Business Day, otherwise on the next Business Day.

8.3 Address for Notices

For the purposes of this clause 8, a person (the **sender**) may take the address and facsimile number of another person (the **recipient**) to be:

- (a) the address and number set out in the Details above; or
- (b) if the recipient has notified the sender of another address or facsimile number, the last address or facsimile number so notified to the sender.

9 Law and jurisdiction

9.1 Governing Law

This Deed is governed by the Law of Tasmania.

9.2 Submission to jurisdiction

The parties submit to the non-exclusive jurisdiction of the courts of Tasmania and any courts that may hear appeals from those courts in respect of any proceedings in connection with this Deed.

10 General

10.1 Waiver

The non-exercise of or delay in exercising any power or right of a party does not operate as a waiver of that power or right, nor does any single exercise of a power or right preclude any other exercise of it or the exercise of any other power or right. A power or right may only be waived in writing, signed by the party to be bound by the waiver and such a waiver is effective only in the specific instance and for the specific purpose for which it was given.

10.2 Amendment

This Deed may only be amended or supplemented in writing signed by the parties.

10.3 Severability

If any provision of this Deed is or at any time becomes illegal, prohibited, void or unenforceable for any reason in any jurisdiction then, as to that jurisdiction, that provision is severed from this Deed and the remaining provisions of this Deed:

- (a) continue to be enforceable; and
- (b) are to be construed with such additions, deletions and modifications of language as are necessary to give effect to the remaining provisions of this Deed.

10.4 Further assurance

Each party must do, sign, execute and deliver and must procure that each of its employees and agents does, signs, executes and delivers, all deeds, documents, instruments and acts as reasonably required of it or them and must carry out and give full effect to this Deed and the Rights and obligations of the parties under it.

10.5 Counterparts

- (a) This Deed may be executed in any number of counterparts.
- (b) A party may execute this Deed by signing any counterpart.
- (c) All counterparts, taken together, constitute one instrument.

Executed as a deed

Signing page

Dated:

Signed for and on behalf of The Crown in Right of Tasmania by The Honourable Larissa Tahireh Giddings MP, Premier of Tasmania
in the presence of:

Signature ←

Signature of witness ←

Name of witness (print)

Address of witness

Occupation

The common seal of Gunns Limited
was hereunto affixed in accordance with section 127 of the *Corporations Act 2001* (Cwlth):

Signature of director ←

Signature of director/company secretary
(Please delete as applicable) ←

Name of director (print)

Name of director/company secretary (print)

Annexure "A"

Tasmanian Forests Intergovernmental Agreement

From: [Ferrall, Tony](#)
To: hqibson@wlf.com.au
Cc: [Sulikowski, Richard](#); [O'Neill, Jason](#)
Subject: Proposed Engagement - Review of process for determining Forestry Transactions
Date: Tuesday, 16 August 2011 6:08:22 PM
Attachments: [Probity Advice Terms of Reference.DOC](#)
[Letter to Danny McCarthy Probity Adviser.DOC](#)

Harvey

As discussed earlier today, I attach for your attention a proposed engagement letter and TOR for a review of the process for determining the recommended position of the State and settlements to be put to Gunns Limited and Forestry Tasmania under the Tasmanian Forests Intergovernmental Agreement. I understand from our discussion that Danny McCarthy will be available to perform the proposed review.

This engagement is highly important and it is critical that the engagement is completed as soon as practicable, but in any event no later than Wednesday 24 August.

I would be grateful if you/Danny would review the proposal and contact me early tomorrow to discuss.

Regards

Tony

Tony Ferrall
Deputy Secretary
Department of Treasury and Finance

Telephone (03) 6233 2132
Facsimile (03) 6233 5699
Mobile 0419 329 862
<<Probity Advice Terms of Reference.DOC>>
<<Letter to Danny McCarthy Probity Adviser.DOC>>

COMMERCIAL IN CONFIDENCE

Mr Danny McCarthy
Partner
Wise, Lord & Ferguson
GPO Box 1083
HOBART TAS 7001

Dear Mr McCarthy

REVIEW OF PROCESS FOR DETERMINING FORESTRY TRANSACTIONS

I refer to recent discussions regarding your appointment to conduct an independent review of the process undertaken for determining the recommended position of the State and settlements to be put to Gunns Limited and Forestry Tasmania, in accordance with the Tasmanian Forests Intergovernmental Agreement.

Please find enclosed the terms of reference for conducting the review. It is my expectation that the review can be completed at a cost of less than \$10 000. On that basis I am able to appoint you directly and understand that your hourly rate for this review will be \$250, excluding GST.

Treasury holds a number of documents that relate to agreements, legal advice and communications between the interested parties. Treasury can also provide you with the contact details of parties that should be consulted during the conduct of the review. Arrangements can be made at your earliest convenience to view these documents and contact details.

Given the importance and pressing nature of this matter it would be appreciated if you could provide your written findings by the close of business on Wednesday, 24 August 2011.

Should you need further information in relation to your appointment to conduct this review, or to assist you with the review, please contact Mr Jason O'Neill, Assistant Director, Shareholder Policy and Markets Branch on (03) 6233 7930.

Yours sincerely

M J Wallace
SECRETARY

August 2011

Encl

**REVIEW OF THE PROCESS FOR DETERMINING THE RECOMMENDED POSITION OF
THE STATE AND SETTLEMENTS TO BE PUT TO GUNNS LIMITED AND FORESTRY
TASMANIA UNDER THE TASMANIAN FORESTS INTERGOVERNMENTAL
AGREEMENT**

TERMS OF REFERENCE

BACKGROUND

The Commonwealth and Tasmanian Governments signed the Tasmanian Forests Intergovernmental Agreement on 7 August 2011. The Agreement is designed to support the State's forest industry to transition to a more sustainable and diversified setting and to build regional economic diversification.

Clauses 22 and 34 of the Intergovernmental Agreement refer to the actions necessary and compensation payable in order to achieve key objectives as set out in clauses 19, 20 and 29 of the Agreement. These clauses make clear the requirement to extinguish wood supply contracts to the extent required to create reserved areas as referred to in clause 29.

Clause 22 of the Agreement states that:

"... the State will enter a process with Gunns Ltd to ensure that a sufficient volume of native forest sawlog supply is retired to achieve the objects of clauses 17 and 29."

Clause 34 states that:

The Commonwealth will provide \$43 million to the Tasmanian Government to assist the State to facilitate the implementation of this Agreement. At least \$15 million of this funding will be used by the State to support voluntary compensable exists by saw-millers wishing to exit the industry (as set out in clause 23), and \$5 million is to be used in accordance with purposes and conditions to be agreed with the Commonwealth to support provision of information and consultation with affected parties".

Given these prescribed allocations, there is a maximum of \$23 million available from the \$43 million to facilitate the Agreement through the extinguishment of specific wood supply contracts. The Government has agreed to give effect to the Intergovernmental Agreement by resolving the uncertainty surrounding the contract issues relating to wood supply contracts WS917 and WS918 between Gunns Limited and Forestry Tasmania.

To support this process, the Government has agreed to appoint a suitably qualified and registered Probity Auditor to provide advice on the process undertaken in determining a preferred State position and the appropriateness of that position in relation to resolving the complex commercial settlement of outstanding matters between Gunns Limited and Forestry Tasmania.

SCOPE

The following issues will need to be addressed in the review:

1. The requirement to give effect to the Intergovernmental Agreement, particularly clauses 22, 29 and 34.
2. The advice provided by the Department of Treasury and Finance on options for resolving these issues.
3. The legal advice provided by the Crown Solicitor and the Solicitor-General in relation to these matters.
4. The appropriateness of the Government's proposed offer to both Gunns Limited and Forestry Tasmania.
5. In the event that an offer is subsequently made to both parties and following any negotiation, accepted by Gunns Limited and Forestry Tasmania, the appropriateness of the final executed agreement(s). Any agreement between the State and either party must resolve the settlement of all outstanding claims and demands by each party against the other, in relation to the relevant wood supply contracts.

TIMEFRAME EXPECTATIONS

The Government has an expectation that the probity adviser will be able to provide a report on the findings of the review, addressing points 1 to 4 above, by close of business on Wednesday, 24 August 2011.

CONSULTATION

The following parties should be interviewed as part of the review:

- Mr Martin Wallace, Secretary of the Department of Treasury and Finance;
- Mr Leigh Sealy, Solicitor-General;
- Mr Grant Kench, Acting Crown Solicitor; and
- either, Mr Rhys Edwards, Secretary of the Department of Premier and Cabinet, or Mr Greg Johannes, Deputy Secretary of the Department of Premier and Cabinet, regarding the requirements of the Intergovernmental Agreement.

From: [Ferrall, Tony](#)
To: [Chapman Wayne](#)
Subject: Settlement
Date: Friday, 23 September 2011 6:24:07 AM
Attachments: [signature.bx](#)

Wayne

Sorry I didn't return your call yesterday. Would you please email me a tax invoice to enable the settlement to proceed today.

Thank you

Tony

Tony Ferrall
Deputy Secretary
Department of Treasury & Finance
Phone 03 6233 2132
Mobile 0419 329 862

From: [Ferrall, Tony](#)
To: [Wayne Chapman](#)
Subject: Re: Settlement
Date: Friday, 23 September 2011 1:01:48 PM

Wayne

We are sending money now. (EFT - Real Time Gross settlement).

Thanks

Tony

Tony Ferrall
Deputy Secretary
Department of Treasury and Finance

Telephone (03) 6233 2132
Facsimile (03) 6233 5699
Mobile 0419 329 862

Wayne Chapman <Wayne.Chapman@gunns.com.au>

23/09/2011 12:36 PM

To

Tony.Ferrall@treasury.tas.gov.au

cc

Subject

Re: Settlement

Tony,

Could you arrange for a confirmation to be emailed to me when completed.

Thanks

Wayne

From: Tony.Ferrall@treasury.tas.gov.au
 To: Wayne Chapman <Wayne.Chapman@gunns.com.au>
 Date: 23/09/2011 08:35 AM
 Subject: Re: Settlement

Wayne

Date of Deed 13/9. Payment will be made later this morning.

Cheers

Tony

Tony Ferrall
 Deputy Secretary
 Department of Treasury and Finance

Telephone (03) 6233 2132
 Facsimile (03) 6233 5699
 Mobile 0419 329 862

Wayne Chapman
 <Wayne.Chapman@gunns.com.au>

23/09/2011 07:50
 AM

Tony.Ferrall@treasury.tas.gov.au To
 cc
 Subject
 Re: Settlement

Tony,

Can you provide the date of the deed (for reference on the invoice)

Regards

Wayne

(Embedded image moved to file: pic46774.gif)

From: Tony.Ferrall@treasury.tas.gov.au
 To: "Chapman Wayne" <wayne.chapman@gunns.com.au>
 Date: 23/09/2011 06:24 AM
 Subject: Settlement

Wayne

Sorry I didn't return your call yesterday. Would you please email me a tax invoice to enable the settlement to proceed today.

Thank you

Tony

Tony Ferrall
Deputy Secretary
Department of Treasury & Finance
Phone 03 6233 2132
Mobile 0419 329 862

Tony Ferrall
Deputy Secretary
Department of Treasury and Finance

Telephone (03) 6233 2132
Facsimile (03) 6233 5699
Mobile 0419 329 862

Note:

This message is for the named person's use only. It may contain confidential, proprietary or legally privileged information. No confidentiality or privilege is waived or lost by any mistransmission. If you receive this message in error, please immediately delete it and all copies of it from your system, destroy any hard copies of it and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this message if you are not the intended recipient. The Company and any of its subsidiaries each reserve the right to monitor all e-mail communications through its networks. Any views expressed in this message are those of the individual sender, except where the message states otherwise and the sender is authorised to state them to be the views of any such entity.

Thank You.

CONFIDENTIALITY NOTICE AND DISCLAIMER - The information in this transmission may be confidential and/or protected by legal professional privilege, and is intended only for the person or persons to whom it is addressed. If you are not such a person, you are warned that any disclosure, copying or dissemination of the information is unauthorised. If you have received the transmission in error, please advise this Office and delete all copies of the transmission from your records. No liability is accepted for any unauthorised use of the information contained in this transmission.

[attachment "pic46774.gif" deleted by Wayne Chapman/Gunns]

Note:

This message is for the named person's use only. It may contain confidential, proprietary or legally privileged information. No confidentiality or privilege is waived or lost by any mistransmission. If you receive this message in error, please immediately delete it and all copies of it from your system, destroy any hard copies of it and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this message if you are not the intended recipient. The Company and any of its subsidiaries each reserve the right to monitor all e-mail communications through its networks.

Any views expressed in this message are those of the individual sender, except where the message states otherwise and the sender is authorised to state them to be the views of any such entity.

Thank You.

From: [Ferrall, Tony](#)
To: [Wallace, Martin](#)
Cc: ross.smith@dpac.tas.gov.au
Subject: Triabunna - Tasports
Date: Sunday, 23 October 2011 6:09:38 PM

Martin

I have a meeting with Alan Morgan tomorrow to discuss the Tasports lease (we have not sighted the actual lease yet but Alan has now reviewed the lease). Alan was unavailable last week (he was at a conference on Thursday and Friday) so tomorrow was the first available time to meet. Grant Kench who is more familiar than Alan with the lease was unavailable because of leave.

SPM has prepared a response to the Tasports letter, but I was reluctant to send it through without sighting the lease and discussing with Alan.

Tony

Tony Ferrall
Deputy Secretary
Department of Treasury and Finance

Telephone (03) 6233 2132
Facsimile (03) 6233 5699
Mobile 0419 329 862

