

Mill sale hinges on forestry peace deal

Posted Tue 14 Jun 2011, 11:40am

A buyer for Gunns' beleaguered Triabunna woodchip mill has been officially announced, but Gunns has warned the sale is conditional on 'satisfactory progress' of the forest peace deal.

Bridgewater-based transport business Aprin Pty Ltd has formed a subsidiary company, Fibre Plus Tasmania, to buy the Triabunna mill.

Fibre Plus partners Ron and Brendon O'Connor will not reveal what they paid for the mill.



PHOTO: Gunns has announced a conditional buyer for the Triabunna woodchip mill on Tasmania's east coast.

RELATED STORY: Triabunna mill sold

MAP: Triabunna 7190

The pair plans to continue operating the mill, employing up to 16 people.

Gunns put the mill and several other company assets up for sale to raise funds for its \$2.3 billion Tamar Valley pulp mill project.

However, in a statement to the Australian Securities Exchange, Gunns has warned the sale of the Triabunna operation hinges on the 'satisfactory progress' of the forest peace deal.

The O'Connors remain confident the deal will be finalised.

Barry Chipman from Timber Communities Australia says speculation about the mill's future has been unsettling for workers.

"It brings confidence back into our industry and the community that depends upon it that there is a future for our forest industry and the many thousands of families that depend upon it and most importantly today, here in Triabunna," he said.

Meanwhile, the Resource Minister Bryan Green has confirmed in Parliament Forestry Tasmania will supply the Triabunna mill.

"Of course they're going to pay for it, it's a commercial arrangement, Mr Speaker," he said.

"But yes, I can confirm that Forestry Tasmania has provided Aprin with a letter effectively confirming that they would supply the mill."

Gunns is currently trading at 29 cents.

Topics: timber, business-economics-and-finance, industry, tourism, state-parliament, triabunna-7190, tas, hobart-7000, launceston-7250



Forest industry nervous as entrepreneurs buy mill

Updated Wed 13 Jul 2011, 8:08pm

Two of Australia's wealthiest entrepreneurs have bought Gunns' woodchip mill on Tasmania's east coast, throwing the future of the state's forest industry into doubt.

Wotif creator and Australian Greens donor, Graeme Wood, and Kathmandu clothing founder, Jan Cameron, signed the contracts to buy the mill this morning.

They will pay \$10 million for the operation.

The Premier, Lara Giddings, has said the forest industry in the south would have to shut down if the mill was closed.

Jan Cameron has pledged to keep the mill running in the short term, while the industry moves out of native forest logging.

"Most likely we'll tender the mill out to an operator for this period because obviously we have no experience in running woodchip mills," she said.

"I've got no idea how long that's going to be."

The long-term plan is to develop a tourism venture on the site.

Ms Cameron says the pair, who will operate as Triabunna Investments, are without a concrete plan for the venture.



PHOTO: The new owners have pledged to keep the mill running in the short term, while the industry moves out of native forest logging.

AUDIO: Gunns sells woodchip mill to unlikely buyers (PM)

AUDIO: Gunns mill sold to environmental entrepreneurs (The World Today)

AUDIO: Jan Cameron and Graeme Wood have paid \$10 million for the mill. (ABC News)

MAP: Triabunna 7190

The woodchip mill is part of a sale of assets by Gunns which is exiting native forest logging.

Private woodchipping company Aprin was at the centre of a controversy over its application for a Government loan to help it secure the mill from Gunns.

Aprin was attempting to buy the mill and then run it under an arrangement with Forestry Tasmania.

Industry analysts have warned the sale could mean the end of most current forestry practices in Tasmania.

Forestry analyst Robert Eastment says the sale combined with the forest peace deal could trigger widespread changes in the industry, if and when the mill stops operating.

"It'll be the end of the logging industry as it's known, it'll certainly be the end out of native forests," he said.

Financial analyst Matthew Torenus says the sale means other operators around the south of the state will not be able to sell their residue.

"The sale of that residue makes up a high portion of the profit margin."

He says other mills might be forced to transport their residue to the north of the state.

Barry Chipman from Timber Communities Australia says he is still coming to terms with the announcement.

"It's numbing to contemplate, you know, what is to come out of this now because it is going to make it extremely difficult for that important part of our industry to be replaced."

"One of the things, if it is to become a focus of tourism development let's hope the Tasmanian Greens change their opposition to coastal development because for this to become a tourism asset it will need a lot of coastal developments," he said.

Dale Pearce from the Triabunna-Orford Chamber of Commerce says the town's survival rests with a broad economic base.

"We're really interested in seeing further growth in IT," he said.

"We've got aquaculture industry here that's very successful, we've got manufacturing industry here that's also very successful.

"So we see the future as being broad-based."

Topics: timber, government-and-politics, forests, triabunna-7190, launceston-7250, hobart-7000

First posted Wed 13 Jul 2011, 11:03am



Doubts raised over mill start date

Updated Fri 15 Jul 2011, 3:18pm

The Tasmanian Government and the timber industry are raising doubts about whether the new owners can secure an operator quickly.

Jan Cameron and Graeme Wood bought the woodchip mill with the vision of developing it into a tourism hub.

But they have to keep running the mill for an unspecified period under the terms of the \$10 million sale and are looking for a timber company to lease it.

The State Government wants the new owners to consider honouring existing native timber supply contracts which expire in 2027.

The Resources Minister Bryan Green spoke to the new owners yesterday.

"I've had no indication that there's somebody waiting in the wings to take the mill on," he said.

Southern Tasmanian sawmiller Rob Torenus says his consortium will discuss the prospect, but it is risky.

"That's an option that could be looked at," he said.

"It's certainly not out of the question; there's expertise within that consortium to do that.

"If they don't have the security there for certain lengths of time, I really can't see anyone putting their hand up very quickly to do it."



PHOTO: The Government wants the new owners to consider honouring existing native timber contracts which expire in 2027. (David Hudspeth: ABC News)

RELATED STORY: Gunns defends woodchip mill deal

RELATED STORY: Mill deal worries sawmillers

Terry Edwards from Tasmania's Forest Industries Association is warning the forest peace deal will collapse if the mill is not kept open until 2027.

"Unless the Triabunna woodchip facility stays open we will not be able to reach an agreement as we discussed with the ENGO's in Melbourne," he said.

Time frame call

The tourism industry wants certainty surrounding the redevelopment of the site.

The Tourism Industry Council's Luke Martin says the industry is sympathetic to the forestry sector but wants more information about the tourism proposal from the new owners.

He also wants some certainty about time frames.

"Just being clear about what may, or may not happen, and what the time frame is so they can provide everyone in our industry some certainty rather than being, I guess, a big panacea concept that may or may not happen at some point in the future."

"[It would] be great if they engaged with us about what they might be looking at you and certainly give other operators and give the industry a chance to perhaps have some input into what may or may not eventuate there," he said.

The Tasmanian Government has told the new owners the site is not zoned for tourism developments.

Bryan Green says that will need planning approval.

"At the moment that area is zoned industrial and that would require a re-zoning application," he said.

"That is the role of the Tasmanian Planning Commission."

Protest rally

Timber works angry with government inaction over the Tasmanian forest peace principles are planning a rally in Hobart on Tuesday.

Union meetings are being held at timber mills around the state this week, with workers voting to converge on Parliament House if financial support is not announced by Monday.

The Construction, Forestry, Mining and Energy Union says it has been more than three weeks since the State and Federal Governments received the agreement from facilitator Bill Kelty and there has still been no commitment of funds.

First posted Fri 15 Jul 2011, 9:30am



Forest Industries Association
— of Tasmania —

MEDIA RELEASE

13 July 2011

CERTAINTY NEEDED OVER TRIABUNNA MILL

The announcement today that Gunns Limited has sold the Triabunna wood chip export facility to a consortium led by Jan Cameron and Graeme Wood has created considerable confusion within the Tasmanian forest industry and places considerable pressure on the State and Federal Governments in respect to the statement of principals agreement.

Tasmania's peak forest industry body, said that tying the sale to Cameron and Wood to the successful implementation of the Statement of Principals agreement and to its duration creates considerable confusion for the industry and does nothing to provide stable platform upon which to base the continuation of the family owned sawmills in Tasmania, FIAT CEO Terry Edwards said.

The Statement of Principals is far from a final deal, Mr Edwards said as there has not been any response from the Federal or State Governments, the continuation of the Triabunna facility is a condition precedent, funding of various element of the package must be secured and the original intent of a durable peace in the forests must be secured and demonstrated.

Without these elements being demonstrably secured the "peace deal" is simply a series of words crafted by a number of well meaning stakeholders' that has no standing and hardly provides a solid foundation upon which to found the operation of an essential piece of industry infrastructure, Mr Edwards said.

We are frankly dismayed to hear that the mill has been sold to Cameron and Wood for \$6M less than the price being asked of Fibre Plus (Tas) Pty Ltd and this creates considerable concern about the genuineness of the entire process. This situation requires immediate public responses including an explanation why a family owned Tasmanian business was given until Friday to finalise a deal only to find a lesser figure was accepted overnight.

For more information, contact **Terry Edwards** – Chief Executive Officer

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Forest Industries Association
— of Tasmania —

MEDIA RELEASE

Tasmania's forest industry has participated in the peace process in good faith to date and would be bitterly disappointed if the whole process was to now be undermined by this arrangement that does not appear to provide the certainty we were seeking and believed that we secured in our negotiations with the ENGO's Mr Edwards said.

In the event this arrangement does not provide the certainty that industry requires we will be looking to the State and Federal Governments to work with industry to deliver the required outcomes.

Ends

For more information, contact **Terry Edwards** – Chief Executive Officer

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Terry Edwards

From: Terry Edwards <terry.edwards@fiatas.com.au>
Sent: Thursday, 14 July 2011 4:01 PM
To: 'mark.sayer@dpac.tas.gov.au'; 'Vadasz, Karen (DPaC)';
'bryan.green@parliament.tas.gov.au'; 'Premier@dpac.tas.gov.au'
Cc: 'Glenn Britton'
Subject: Triabunna sale to Cameron
Attachments: Issues for Governemnt.doc

Please find attached a number of issues that the FIAT Executive Committee wish to have resolved in respect to the sale and ongoing operations of the Triabunna wood chip mill to Cameron et al.

Regards

Terry

TRIABUNNA WOODCHIP MILL – CAMERON FIAT ISSUES

The FIAT Executive Committee met today and amongst other issues discussed the industry concerns over the announcement of the purchase of the Triabunna woodchip export facility by a consortium led by Jan Cameron and Graham Wood.

It needs to be understood that the viability of Forestry Tasmania, the family owned sawmills and Ta Ann are all potentially threatened by the eventuality.

The Executive Committee expressed extreme disquiet over the potential instability that this new ownership would provide notwithstanding the broad nature of undertakings given in the public arena by Jan Cameron. FIAT believe the following issues ought to be put firmly before the consortium by the State government as part of the dialogue publicly reported by the Premier: -

1. That a written agreement between Jan Cameron on behalf of the ownership consortium and the Tasmanian Government that the facility would be operated as an export woodchip facility until at least 2027 or until the effective transition is undertaken in accordance with the Statement of Principles Agreement.
2. That any lease provided to a party to operate the facility be undertaken on a fully commercial basis with the inclusion of a capacity for scrutiny by an independent third party as to the relative fairness of terms.
3. There needs to be clearly defined positions over what constitutes "consistent with the Statement of Principles" and this should include as a minimum clear understandings on the following issues: –
 - Sourcing of wood from ENGO'S identified HCV forests (as defined and verified;
 - the situation that may pertain to any withdrawal from the statement of principles process by one or more ENGO'S;
 - Recognition and acceptance of all forms of independent third-party certification schemes.
4. That there be a clear preference for the receipt and processing of residues from processing operations where there is conflict due to tightness of orders;
5. That undertakings be sought from the ownership consortium to accept harvesting residues from private property sources;
6. That pricing for woodchip purchases be subject to a process of benchmark parity to ensure full commerciality of the relationship with suppliers.

FIAT believe that these issues must be resolved between the State Government and the new ownership consortium for the industry to have any realistic expectation of stability and certainty in the operation of the Triabunna woodchip export facility. In the event that these commitments are not forthcoming FIAT will be left with no alternative but to reconsider its position in respect to the Statement of Principles outcomes as the certainty and security and peace in the forests that were the principal underpinnings of that process will not be apparent.

Industry made their position abundantly clear in the negotiations with Bill Kelty that we regard the continued operation of the Triabunna woodchip export facility as absolutely vital to any prospects of an agreement being reached and being viable.

We are of course prepared to discuss these issues further with the State Government however the above list represents our minimum expectation of issues to be resolved in the short term.

Premier

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20 SEP 2011

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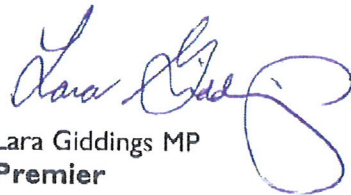
Dear Mr Edwards *Terry*

Thank you for advice of 14 July 2011 concerning the Triabunna woodchip mill.

The information you provided has been valuable in assisting the Tasmanian Government respond to the sale of the Triabunna woodchip mill to Triabunna Investments Pty Ltd.

I look forward to working together with both yourself and Forestry Tasmania to resolve this unfortunate commercial transaction in what is an already difficult time for the industry.

Yours sincerely


Lara Giddings MP
Premier

Terry

You'll be away on leave when this letter reaches your office. During that time, Bryan has arranged to meet with Ian Cameron and Graeme Wood in an attempt to progress this matter.

regards, Mark