

An AIDE MEMOIRE - ISSUES FOR CONSIDERATION

1 ENVIRONMENT LEADING TO STATEMENT OF PRINCIPLES

Role of CFMEU, ACF and NAFI

Tas industry not involved initially

The Bartlett "initiative"

Oct 2010 Statement of Principles signed

Aug 2011 Signing of IGA

interlocking timelines

2 GUNNS DECISION TO GET OUT OF NATIVE FOREST

1/9/2010 Gunns advises it is walking away from FIAT

Sep 2010 Gunns announces it is out of native forest at a conference in Melbourne

"Industry in Neanderthal age"

Industry can go to hell – "we don't care"

QN What was driving this view? a loss of market?

Had the market really changed/collapsed. Or was it a Gunns problem???

NOTE Gunns approach to the Japanese market and customers

Gunns operated unhedged, therefore exposed to currency fluctuations

Gunns seeking support for pulp mill (a social licence)

18 April 2011 Gunns advises of its withdrawal (termination of contracts) and made announcement to FT, without conditions (Chair to Chair)

Gunns owed FT (some \$20m) – a breach of contract

LATER, Gunns places conditions, seeking compensation

QN What caused them to change tack?

General view was that this was a joke

FT and industry view – a breach of contract *NB FT had legal advice*

Govt view pay Gunns compensation and pay out a portion of debt to FT (\$11m)
– *but what was their legal advice? That a dispute existed?*

Probity audit – assumes a payment - no mention of mill!!

26/8 First offer (11.5m) rejected - 9/9 Second offer \$23m

Gunns gets paid for a contract that was already surrendered, and gets out of its debt to FT

AND YET The market was not dead, and is not dead.

Eg SFM, Forico etc

3 THE SALE OF THE MILL (2011)

April Gunns announces closure

3/6 Puts plant on the market

“Industry no longer viable”

The mill to continue to be available to the industry

QN FT had a market for chip, should they buy the mill?

No-one really liked this idea – not their role

29/6 6 bids \$5m Torenus

\$10m Triabunna Investments

QN Who first approached Cameron and Wood?

QN What agreement between Cameron and Wood at that time?

QN And now? – see AFR article, letter to Cttee

\$16m Aprin (O’Connor)

Gunns provided extension to Aprin – until 15/7, but closed with TI on 12/7 before extension due to expire

\$16m Bob Horner (as quoted by Sealy)

Bryan Hayes quoted as saying “did not want to deal with this syndicate”

\$20m An experienced mainland operator

QNS Seems they only wanted to deal with Aprin and not Horner - Why?

NB with Aprin, \$1.5m land, \$8m p and e, \$7m goodwill

With TI, \$3m land, \$7m p and e (NO Goodwill)

They then accepted TI deal Why?

Because they knew bank had pressure applied?

Notice conditions in TI deal – unknown until now, and not in Aprin doc.

Why did shareholders and in particular the principal shareholder not query this decision?

16/7 Opinion Piece from L’Estrange

21/7 Letter to Premier from FIAT

4 CALL FOR OPERATORS (2011-2012)

16/11 TI seeks expressions of interest to operate mill

2/12 SFM (being FSC compliant) responds

No reply to Eol

No release of tender docs (NB a structure for drawing up tenders)

YET Marr tells Arnold he believed no-one could meet FSC

O'Connor responds

FT responds

QN Why was there no response to these Eol's?

Why was no tender document drafted/distributed?

Wood says it was, but to whom? Not to those above!

Maybe the doc should be tabled!

Date IGA seeks continuing operation of mill

20/1 /12 Letter from Min to TI

9/12 TI destroys plant – why?

5 WHAT NOW?

Wharf was built for purpose, landlocked

Access thru private land

THEREFORE **YES** to compulsory acquisition

6 OTHER ISSUES

FT P and L a loss-maker – really?

\$43m includes: \$18.9m write-down of assets, could be revalued!

\$9.3m defined benefit superannuation hangover

\$13.3m a tax expense

cf \$56m for National Parks, and climbing

Industry heavily subsidised?

Compensated for loss of asset, plantation devt etc

See Felmingham - IMC Link doc