

Attachment I – Summary of documents for release

DATE	DESCRIPTION
28/06/2011	Memo B Green to L Giddings - GBE Act Section 10(6) Notice
29/06/2011	Email J Cameron to L Giddings r - <i>Gunns Triabunna woodchip mill site</i>
5/07/2011	Memo L Giddings to B Green - Forestry Tas - Profit Share Arrangement
5/07/2011	Memo from Minister for Economic Development to M Kelleher on Loan to Fibre plus attached memo from Treasurer to Minister on this subject
18/07/2011	Letter FIAT to B Green
19/07/2011	Letter L Giddings to Gunns
21/07/2011	Letter Gunns to L Giddings
21/07/2011	Letter FIAT to L Giddings Re: Triabunna Woodchip Mill
20/01/2012	Letter Bryan Green to Jan Cameron and Graeme Wood

Hon Bryan Green MP

DEPUTY PREMIER

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15 Murray Street, Hobart, TAS 7000 Australia
Ph (03) 6233 6454 Fax (03) 6233 2272
Email bryan.green@dpac.tas.gov.au




Hon Lara Giddings MP
TREASURER

28 JUN 2011

**GOVERNMENT BUSINESS ENTERPRISES ACT 1995 (GBE ACT)
SECTION 10 (6) NOTICE**

I have received a proposal from Forestry Tasmania to enter into a profit share arrangement with the proposed purchasers of the Triabunna Woodchip Mill, Fibre Plus (Tas) Pty Ltd.

I am required under Section 10(6) of the *Government Business Enterprises Act 1995* to consult with you and seek your advice on whether to approve Forestry Tasmania entering into this profit sharing arrangement.



Bryan Green MP
Minister for Energy and Resources

Plaister, Maddy (DPaC)

From: Lucy Oates [lucy_oates@msn.com]
Sent: Wednesday, 29 June 2011 12:39 PM
To: Sayer, Mark (DPaC); Radford, Jessica (DPaC); Plaister, Maddy (DPaC)
Subject: URGENT Gunns Triabunna woodchip mill site

I am forwarding this email on behalf of Jan Cameron.

Begin forwarded message:

Hello Lara,

The consortium let by Graeme Wood and myself is still very interested in purchasing the Gunns Triabunna woodchip mill site.

We are ready to start talking to Gunns now about the purchase.

I also confirm that we would be prepared to keep the mill operating for a period to assist in transition period.

I am on this mobile 0400 191 319 if you need any further information. Please do not hesitate to call me.

Regards,

Jan Cameron
Triabunna Investments Pty Ltd

Premier

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Hon Bryan Green MP
MINISTER FOR ENERGY AND RESOURCES

- 5 JUL 2011

FORESTRY TASMANIA - PROFIT SHARE ARRANGEMENT

I refer to your memorandum advising that Forestry Tasmania has sought your approval to enter into a profit sharing arrangement with the proposed purchasers of the Triabunna Woodchip Mill, Fibre Plus (Tas) Pty Ltd.

I note that under section 10(6) of the *Government Business Enterprises (GBE) Act 1995*, a GBE "...must not exercise its power to participate in a partnership, trust, joint venture or arrangement for the sharing of profits unless the Portfolio Minister, after consulting with the Treasurer, has approved the exercise of that power."

I have sought Treasury's advice in respect to the proposal. In its advice Treasury has raised the following comments in respect to Forestry Tasmania entering into the Services Contract more generally:

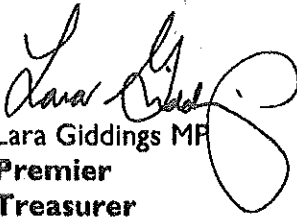
- Forestry Tasmania is guaranteeing a minimum throughput of 500 000 tonnes per annum. Forestry Tasmania is in discussions with a number of parties, but as far as Treasury is aware, it does not have any guaranteed contracts for the sale of the woodchips. Therefore, there is a risk in the worst case scenario that Forestry Tasmania will be required to meet the costs of operating the Mill at that level of throughput without any revenue to offset it;
- Forestry Tasmania needs to secure the required sale contracts at prices which, in Australian dollars, cover all costs. Continuation of high exchange rates may make it difficult for this to be achieved;
- there are a number of additional risks to Forestry Tasmania which are heightened by becoming an exporter, including currency, contract enforcement and counterparty risk. A comprehensive analysis of what this means for the business and Government as owner has not been undertaken; and
- in respect of the profit sharing component more specifically, Treasury has advised that Fibre Plus appears to take little risk under the arrangement put forward. It has a guaranteed revenue stream, which allows it to cover its operating costs and repay all loans associated with the purchase within five years. It also receives the benefit of a 3.5 per cent margin and the possibility of retaining any benefit from running the Mill at a lower cost than anticipated. At the completion of five years it will own the Mill outright and be able to sell it at a market rate. In addition, the profit share component allows Fibre Plus to share in half of the upside potential of any profits from woodchip sales.

This arrangement will effectively lock Forestry Tasmania into both providing a minimum throughput level of pulpwood for at least five years and becoming a direct exporter of native forest woodchips.

This will occur at a time in which the outcome of the Strategic Review of Forestry Tasmania and the Statement of Principles agreement remain unclear. The forest industry will almost certainly be required to restructure in some way in the near future once the outcome of these processes is known. It is important to acknowledge that Forestry Tasmania entering into this arrangement may restrict its capacity to adjust.

However, it is acknowledged that the continued commercial operation of Triabunna which is facilitated by this arrangement has a significant impact on Forestry Tasmania's future financial position. Treasury notes that it has not been directly involved in the negotiation process that has led to the proposal put forward and that Forestry Tasmania has a commercial Board that is tasked with operating its business in accordance with sound commercial practice that has endorsed the proposal.

I ask that you take these comments into account in making your decision.



Lara Giddings MP
Premier
Treasurer

Hon David O'Byrne MP
Minister for Economic Development
Minister for Innovation, Science and Technology
Minister for Infrastructure
Minister for Police and Emergency Management
Minister for Workplace Relations

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Mr M Kelleher
Chief Executive Officer
TASMANIAN DEVELOPMENT AND RESOURCES

LOAN ASSISTANCE TO FIBRE PLUS (TAS) PTY LTD

I refer to your letter of 4 July 2011, seeking an assurance from the Government that it would honour any contractual commitment entered into by Forestry Tasmanian with Fibre Plus (Tas) Pty Ltd in relation to the ongoing operation of the Triabunna wood chip mill.

Please find attached a letter from the Premier outlining her response to this matter.

David O'Byrne MP
Minister for Economic Development

Office of the Premier

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Hon David O'Byrne MP
MINISTER FOR ECONOMIC DEVELOPMENT

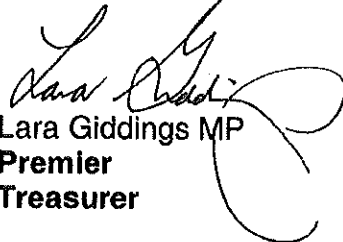
- 5 JUL 2011

LOAN ASSISTANCE TO FIBRE PLUS (TAS) PTY LTD

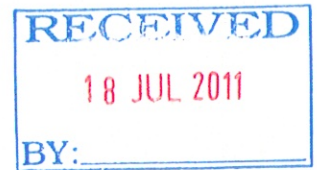
I refer to the request by the Chief Executive officer of Tasmania Development and Resources, dated 4 July 2011, seeking an assurance from the Government that it would honour any contractual commitment entered into by Forestry Tasmania with Fibre Plus (Tas) Pty Ltd in relation to the ongoing operations of the Triabunna wood chip mill. This is in the context of any possible organisational restructure of Forestry Tasmania.

As you would be aware, Treasury has instigated a strategic review of Forestry Tasmania to examine the future structures, governance and business models under which Forestry Tasmania may operate in the new Tasmanian forest industry. I acknowledge that the outcome of the review may result in some form of organisational restructure of Forestry Tasmania. That said, any corporate restructure of Forestry Tasmania would not absolve Forestry Tasmania, or the Government as owners, from any existing commitments, including any contractual obligations, that have been entered into by Forestry Tasmania as the previous legal entity.

Accordingly, the Tasmania Development Board should be satisfied that any contractual commitments entered into by Forestry Tasmania will be honoured. Attached is a draft letter you may wish to send to the Tasmania Development Board.


Lara Giddings MP
Premier
Treasurer

The Hon B Green
Deputy Premier
Executive Building
Murray Street
Hobart TAs



18 July 2011

Dear Deputy Premier

FIAT as an industry organisation representing businesses engaged in the growing and or processing of forest products in Tasmania is extremely concerned at recent developments in respect to the sale of the Triabunna woodchip mill to Jan Cameron and Graham Wood.

FIAT have become aware that there a number of conditions of the sale by Gunns Limited to Triabunna Investments.

We are in the process of taking legal advice on our view that such a requirement may constitute breaches of the Australian Competition and Consumer Act 2010.

We are very keen to ensure that this proposed sale does not proceed whilst this action is being pursued.

We do not take this step lightly but are motivated to ensure the highest possible protection of our members capacity to operate viably within a competitive and vibrant forest industry. The ongoing threat to the operations of the Triabunna mill under the ownership of Cameron and Wood is inimical to this objective.

We will advise further in respect to this issue but in the near future.

Yours sincerely



Terry Edwards
Chief Executive

Premier

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E-MAILED

20/7/11



Tasmania

Mr C Newman
Chairman
Board of Directors
Gunns Limited
PO Box 572
LAUNCESTON TAS 7250

CA 372110/1

Dear Mr Newman

Thank you for the letter of 12 July 2011 from your Managing Director Mr Greg L'Estrange in relation to Gunns' exit from its Tasmanian native forest business in order to allow the company to focus on bringing the Bell Bay pulp mill to the construction stage. The Government is a strong supporter of the Gunns pulp mill project and the investment and employment that it would create for the Tasmanian economy.

I understand that the concept of "buyback" of Gunns' contractual rights has been extensively discussed as part of the Statement of Principles process as, in order to create reserves, there would need to be a reduction in the sustainable sawlog harvest from the current legislated minimum supply requirements. This could only be facilitated by a significant industry player such as Gunns exiting the industry. I note that in Gunns' view such an exit could be either by way of relinquishing such contractual rights as it may have or by way of sale of the businesses as going concerns.

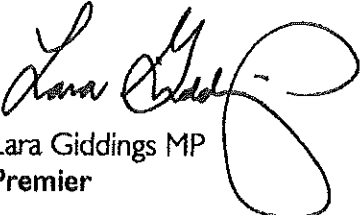
It is the view of the Government that the matter of the relinquishment or "buyback" of such contractual rights as Gunns may presently have is inextricably linked to the satisfactory conclusion of the Statement of Principles process. The satisfactory conclusion of that process is, in turn, dependent upon the continued long term operation of the Triabunna woodchip mill. Accordingly, while those issues remain unresolved the Government is of the view that it would be both ill-advised and premature to seek to conclude any agreement or understanding concerning such contractual rights as may exist between Gunns and Forestry Tasmania.

We are therefore concerned that recent actions by Gunns places a successful conclusion of the Statement of Principles process under threat. The Signatories' document of 22 June 2011 clearly states that the industry agreement is premised on Triabunna continuing to operate. It became clear in my phone conversation with the new owners of Triabunna, Jan Cameron and Graeme Wood, that Gunns has inserted a contractual requirement in the contract of sale that prohibits the new owners from operating Triabunna as a woodchip export facility for a period of 12 months or until certain conditions of Gunns are met.

It is critical for the sustainability of the southern forest operations in Tasmania that the Triabunna facility reopens immediately as the current closure is already having significant impacts on the viability of this important sector of our economy. We therefore do not understand why Gunns has chosen to include this particular contract condition.

I acknowledge your decision to exit Tasmanian native forest operations and reiterate this Government's support for the Gunns pulp mill project. You can be assured that we are working closely with the Australian Government to find a basis upon which both governments can support a successful conclusion of the Statement of Principles process that has been facilitated by Mr Kelty.

Yours sincerely



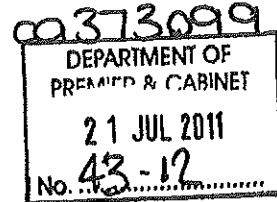
Lara Giddings MP
Premier

19 JUL 2011



20 July 2011

The Hon. Lara Giddings
Premier
Email - lara.giddings@parliament.tas.gov.au



Dear Premier

Our Chairman, Mr Chris Newman, has referred to me your letter of 19 July 2011, regarding the sale of Gunns Triabunna facility and the Statement of Forest Principles.

It should be noted that Gunns Limited is not a signatory to the Statement of Principles, nor is it represented by any of the signatories. We do however note that the Gunns facilities at Triabunna and Southwood have been included as assets that are essential to the native forest industries future.

In completing the sale of the Triabunna facility we sought and received an undertaking from the buyers that they would offer the facility to an industry operator for the purpose of a woodchip facility provided it operated in a way that was consistent with the Statement of Forest Principles. The buyers were also keen to ensure that Gunns Limited's sawlog allocation was relinquished consistent with the Statement of Forest Principles.

These matters have been documented between the parties and it is Gunns' belief that we have acted in good faith and consistent with the Statement of Forest Principles to ensure that the industry restructures appropriately in these most difficult times.

It is our belief that the industry does have the opportunity to enter into negotiations for the continued operation of Triabunna, in a way that is consistent with the Statement of Forest Principles.

The matter of Gunns sawlog contracts should also have the same urgency as the reopening of the Triabunna facility. This would allow us to provide certainty for our employees or seek to commence a public sale process for these facilities.

By working through these issues concurrently I believe that we will have the most chance of bringing these issues to a resolution for all parties.

I await your advice.

Yours sincerely

Greg L'Estrange
Managing Director

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K. S. M. L. E. RE
ACTION REQUIRED
☐ Adv. by e-mail only
☒ For release to media/finalisation
☐ For information
☐ For information
Copy to PO
For information
For information

GUNNS LIMITED | ABN 29 009 478 148

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The Hon L Giddings
Premier
Level 11, Executive Building
Murray Street
Hobart Tas. 7001

21 July 2011

Dear Premier,

RE: Triabunna Wood Chip Mill

FIAT has become aware that the sale terms of the Triabunna Wood Chip plant from Gunns to Jan Cameron and Graeme Wood includes provisions that could see the mill unable to operate for up to 12 months due to certain sale conditions imposed by Gunns Limited.

FIAT is aware that former Premier Paul Lennon has been contacted by a prominent Tasmanian businessman at the specific request of Jan Cameron to advise him that she and Graeme Wood have agreed to a condition of sale imposed by Gunns that could prevent the Triabunna mill from operating for a period of up to 12 months if Gunns is not satisfied with the level of financial compensation they receive as part of the statement of principles process.

FIAT understands that Jan Cameron may have also informed you of that condition last week.

FIAT regards this condition by Gunns to be outrageous and tantamount to holding the rest of the industry to ransom and requires an immediate explanation from Gunns Chairman Chris Newman. We also ask that the State Government immediately rule out this abhorrent misuse of taxpayer funds.

If the Government is minded to find the funds to meet this demand from Gunns it must first ensure all of the innocent victims of Gunns business decision to exit native forests are provided adequate and fair compensation. We also believe that any available funding should be directed to assisting the industry that remains so that it can continue to employ Tasmanians and generate wealth for the State not provide money to facilitate putting Tasmanians out of work.

We had previously been given to understand that Gunns had advised Forestry Tasmania in writing of the surrender of its wood supply agreements and if this is the case we cannot see what legal basis could exist for this demand by Gunns nor any basis upon which the Government could respond positively to that demand.

From FIAT's perspective this most recent demand and the potential for the Triabunna facility to remain closed for up to 12 months clearly demonstrates the callous disregard this Company has for other Tasmanian businesses, their employees and the regional communities within which they work.

As we have previously advised the Government the Triabunna export facility is an essential part of the infrastructure of the industry in southern Tasmania and was recognised as such in the in-principle-agreement reached between statement of principles signatories in the meetings in Melbourne facilitated by Bill Kelty. That document clearly records that the industry agreement is predicated on the Triabunna facility remaining open. In light of the information now to hand that this facility is highly unlikely to operate for up to 12 months we have no alternative other than to advise that industry will regard the 'peace' agreement as null and void if we do not receive immediate advice that this condition has been withdrawn.

The FIAT Executive Committee that consists predominantly of long term family owned sawmills and Ta Ann at its recent meeting in Hobart determined to instruct FIAT and its Chairman, well known sawmilling identity Glenn Britton to now make clear our entire dissatisfaction with the current status of this whole process.

As you are aware FIAT has participated fully in this process since its inception and have done so in good faith with the fervent hope that we would be able to secure an outcome that provides a viable future for the industry that remains after the full implementation of Gunns business decision to exit native forest harvesting and processing activities. Unfortunately we have not witnessed a reciprocal good faith from ENGOs as protest activities continue to attack the industry in its markets and in the workplace. The agreement that was intended to secure peace in the forests clearly falls well short of that objective.

As advised at our meeting on Monday afternoon this week FIAT are willing to work with Government to secure the ongoing operations of Triabunna or to pursue realistic and viable alternatives but we will not countenance the industry being held to ransom by Gunns or indeed anyone else.

We believe a solution to this issue that is viable and enduring must be identified within the next week or we will have no alternative but to consider the agreement reached being null and void. In our view this means no new forest reservation, no industry restructure, no transition process and no compensation for Gunns.

Premier, no doubt you can detect our anger and frustration from the tone of this letter, but we trust you can appreciate why.

We have attached a copy of a media release that will issue very shortly.

We await your urgent response.

Yours sincerely



Terry Edwards
Chief Executive

Cc Deputy Premier, Bryan Green

Hon Bryan Green MP

DEPUTY PREMIER

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Ms Jan Cameron & Mr Graeme Wood
Directors
Triabunna Investments Pty Ltd
555 Freestone Point Road
TRIABUNNA Tas 7190

20 JAN 2012

Attention: Mr Alec Marr (General Manager)

Dear Ms Cameron and Mr Wood

I am writing in relation to the future operations of your woodchip export facility at Triabunna and to seek clarification from you on the appointment of an operator for the mill.

Six months has elapsed since Triabunna Investments Pty Ltd purchased the facility and while I am aware that you have conducted an expression of interest process to seek an operator for the mill, the fact that the mill still remains closed is of concern to the Government. As I have explained on previous occasions, the Triabunna facility is an important part of the forestry value chain in the south of the State.

I am aware that a number of parties have applied to become the Operator of the mill. It would be appreciated if you could advise me when you anticipate announcing the successful tenderer and when you envisage the Triabunna facility will reopen and be fully operational.

Progress with the implementation of the Tasmanian Forests Intergovernmental Agreement is continuing with an interim Conservation Agreement recently signed by the Tasmanian and Australian Governments and Forestry Tasmania, and with the work of the Independent Verification Group led by Professor Jonathan West well advanced.

I would like to confirm once again that the Tasmanian and Australian Government's expectation is that the mill will resume to full operation as the southern based woodchip export facility consistent with the Statement of Principles agreed by all participating stakeholders, and as identified at Clause 32 of the Tasmanian Forests Intergovernmental Agreement.

It would be appreciated if you would allow me to better understand your immediate and future plans for the Triabunna facility.

Yours sincerely

Bryan Green MP
DEPUTY PREMIER