



PARLIAMENT OF TASMANIA

**HOUSE OF ASSEMBLY STANDING COMMITTEE
ON COMMUNITY DEVELOPMENT**

**Inquiry into the Triabunna Woodchip Mill
and Future Development Opportunities
for the Triabunna Region**

MEMBERS OF THE COMMITTEE

Mr Barnett (Chair)
Mr Jaensch
Ms O'Connor
Mr Shelton
Ms White

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RECOMMENDATIONS

Recommendation 1: That, the Government maintain public ownership of the Triabunna wharf and investigate possible future uses.

Recommendation 2: That, the Government investigate the option of a medium to long term location for a state of the art wood residue and multi-use export facility in the south with a specific focus within the Triabunna region.

Recommendation 3: That, the Government continues to support the Forest Residues Solution Study and investigate other avenues where it can provide assistance in the development of alternate residue solutions.

Recommendation 4: That, the Government provide such assistance and facilitation as is reasonable and appropriate in the circumstances to progress the development of the Spring Bay Mill.

Recommendation 5: That, the State Government lobby the Australian Government to seek funding support for development projects in Triabunna and surrounding regions including the Solis Development and the Swan River Irrigation Scheme.

Recommendation 6: That, the State Government support the establishment of the Orford/Triabunna region as the gateway from the south to the East Coast and the Great Eastern Drive, and that appropriate marketing, branding and other initiatives be undertaken to promote the area as a significant tourist destination.

Recommendation 7: That, the State Government establish a working group to investigate and develop a range of East Coast renewal initiatives.

Recommendation 8: That, the State Government facilitate networking and partnering forums for regional areas, communities and potential investors to encourage investment in those regions.

1 APPOINTMENT, TERMS OF REFERENCE AND CONDUCT OF THE INQUIRY

- 1.1 The Standing Committee on Community Development was established by resolution of the House of Assembly on 26 June 2014 to inquire into and report upon any issues and legislative proposals arising within the scope of the Committee as follows:
- (i) Aboriginal affairs;
 - (ii) arts;
 - (iii) corrections;
 - (iv) health;
 - (v) human services;
 - (vi) justice;
 - (vii) police and emergency management;
 - (viii) racing;
 - (ix) sport and recreation; and
 - (x) women.
- 1.2 The Committee resolved at its meeting of 16 July 2014 to inquire into the Triabunna woodchip mill and future development opportunities for the Triabunna community and surrounding regions with the following Terms of Reference:
- (a) The circumstances surrounding the closure, sale and ultimate dismantling of the Triabunna woodchip mill;
 - (b) Identify development and other opportunities for the Triabunna Community and the surrounding regions; and
 - (c) Matters related and incidental thereto.
- 1.3 The Committee resolved to invite, by way of advertisement on the Parliament of Tasmania website and in the three major Tasmanian newspapers and community papers around the Triabunna region, interested persons and organisations to make a submission to the Committee in relation to the Terms of Reference. In addition to such general invitation, the Committee directly invited a number of persons and organisations to provide the Committee with any information they deemed to be relevant to the inquiry.
- 1.4 Early in the inquiry Graeme Wood questioned the authority of the Committee to undertake the inquiry and was obtaining legal advice on action he could take to stop the Committee. However, as confirmed by the Clerk of the House, the Committee is able to initiate its own inquiries and its proceedings, including whether or not an inquiry is being properly conducted, is subject only to the supervision

of the House itself, which has not found any issue with the Committee's inquiry.

- 1.5 The Committee received 32 submissions and held 6 public hearings, including one in Triabunna, with 34 witnesses. In addition, the Committee received a large volume of documents from a number of Government agencies including the Department of Premier and Cabinet, the Department of Treasury and Finance, and Tasports in relation to:
 - the sale, closure and dismantlement of the Triabunna Woodchip Mill formerly owned by Gunns Limited;
 - the payment of any sums of money by the Crown in Right of the State of Tasmania to Gunns Limited or Forestry Tasmania in regards Gunns exit of native forest logging;
 - the negotiation of the payments and the probity audit conducted in relation to the payments;
 - the negotiation, preparation or signing of any Deed or Deeds between The Crown, Gunns Limited and Forestry Tasmania; and
 - the Triabunna port and related infrastructure.
- 1.6 The Committee also requested documents from Triabunna Investments in relation to the purchase and operation of the Mill. However, despite both co-owners giving permission for the documents to be released in November 2014, and three separate follow-up requests being made to Murdoch-Clarke lawyers who were acting for Graeme Wood, the documents have not been forthcoming. This has to some degree impeded the work of the Committee and created delays in the production of the Committee's final report.
- 1.7 It is also noted that Graeme Wood gave evidence to the Committee on 25 November after four separate requests to appear were made. This delay in hearing from a key witness also resulted in delays in the Committee finalising its findings and recommendations.
- 1.8 It is further noted that while Graeme Wood gave evidence as part of the inquiry, other key players in the purchase and operation of the Triabunna Mill by Triabunna Investments declined the Committee's invitation to appear, namely: Jan Cameron; Alec Marr, former Manager of the Mill site; and Stuart Loone, the current Manager of the Spring Bay Mill site. In the case of Mr Marr and Mr Loone further invitations to appear were not responded to.

- 1.9 In October 2014, the Committee tabled an Interim Report which called for a woodchip export facility to be established in the south of the State as a matter of urgency. The Minister for Resources, Paul Harriss MP, subsequently announced in the House of Assembly on 15 October 2014 that the Government had commissioned a detailed report on the feasibility of an export terminal at Macquarie Wharf, with a lifespan of one to five years.¹
- 1.10 In the longer term, the Committee recommended in its interim report that the Government investigate the location and viability of a new export facility in the Spring Bay area. Further consideration of this issue is given in chapter 7 of this report.
- 1.11 The Committee's interim report also noted the Committee's support for the Spring Bay Mill tourism development proposal and called on the Government to assist in facilitating the proposed development where possible. Since this time, a legal dispute between the co-owners of the site, Graeme Wood and Jan Cameron, arose which had the potential to delay the proposed development. The Committee notes that the dispute was settled in December 2014 with Mr Wood buying Ms Cameron's shares in Triabunna Investments. Accordingly, the Committee continues to support Mr Wood's development proposal in the interests of the Triabunna region. Further consideration of this matter is given in chapter 8 of this report.
- 1.12 The Committee notes that two dissenting statements were appended to the Committee's interim report.

¹ House of Assembly Hansard, 15 October 2014.

2 SUMMARY OF FINDINGS AND RECOMMENDATIONS

- 2.1 The Committee finds that on the evidence presented, there was a market for native woodchips and the Triabunna Woodchip Mill was economically viable when Gunns announced it was exiting the native woodchip market in 2010, and when the Mill was closed and subsequently sold. In addition, the Committee finds that on the evidence presented that there is a market for native woodchips continuing today.
- 2.2 The Committee finds that on the evidence presented, that the bid for the Mill by Aprin Pty Ltd was approximately \$6 million in excess of the bid that was accepted by Gunns Limited from Triabunna Investments and that Aprin was in a position to purchase the Mill in or around the time that the bid from Triabunna Investments was accepted.
- 2.3 The Committee finds that on the evidence presented, there was considerable tension between Forestry Tasmania and Gunns Limited, which may have influenced the decision made by Gunns to sell the Mill to Triabunna Investments rather than Aprin, which had secured a deal with Forestry Tasmania to supply sawlogs to the Mill.
- 2.4 The Committee finds that on the evidence presented, completion of the contract of sale between Gunns and Triabunna Investments was predicated on Gunns being satisfied with the compensation payment it would receive under the Intergovernmental Agreement process.
- 2.5 The Committee notes that the sale of the Triabunna Mill to Triabunna Investments and the subsequent compensation payment was supported by the Greens even though the Greens had been strongly opposed to government compensation for Gunns' exit from the native forest industry when Gunns were negotiating with Aprin to purchase the Mill.
- 2.6 The Committee finds that on the evidence presented, the compensation payment of \$23 million made to Gunns was voluntary and not required as confirmed in the letter from Premier Giddings to Gunns Limited, dated 26 August 2011. In addition, the Committee finds that the payment was made by the Government with no reasonable enforceable terms and conditions or mechanism guaranteeing the reopening of the Mill.

- 2.7 The Committee finds that the probity audit undertaken by Wise, Lord and Ferguson in regards to the compensation payment to Gunns was limited in scope and considered only whether the money could be paid and not whether the money should be paid.
- 2.8 The Committee finds that on the evidence presented, that many in the industry were opposed to the compensation payment made to Gunns with Forestry Tasmania and the Forest Industries Association of Tasmania (FIAT) arguing that Gunns had voluntarily surrendered its contracts and was not entitled to compensation. The Committee heard that Forestry Tasmania had received legal advice to support this view.
- 2.9 The Committee finds that on the evidence presented, at least six expressions of interest for tendering for the operation of the Mill were submitted in response to an advertisement by Triabunna Investments for expressions of interest and that not one of the six who expressed an interest to operate the Mill received a response.
- 2.10 The Committee finds that on the balance of the evidence presented, it would appear there was little or no further action taken by Triabunna Investments to find an operator for the Mill after the initial call for expressions of interest.
- 2.11 The Committee finds that on the evidence presented, that Triabunna Investments, despite a contractual obligation, had no intention to reopen the Mill as a woodchip export facility.
- 2.12 The Committee notes that it did not find any evidence to contradict the allegations made by John van Tiggelen in *The Monthly* article published in July 2014, which reported that Alec Marr, Manager of the Mill for Triabunna Investments deliberately dismantled the Mill in September 2013 to ensure it was inoperable.
- 2.13 The Committee finds that on the evidence presented, Triabunna Investments complied with its obligations under the Environmental Protection Notices for the decommissioning and rehabilitation of the site at the expense of its contractual requirements to reopen the Mill.
- 2.14 The Committee finds, that Clause 32 of the Intergovernmental Agreement provided an opportunity for the former Governments, State or Federal, to exit the Intergovernmental Agreement process following the failure of the Triabunna Mill to reopen.

- 2.15 The Committee finds, that the former Government did little to ensure the reopening of the Mill despite the fact that there were avenues to ensure the reopening were at its disposal.
- 2.16 The Committee finds that on the evidence presented, signatories to the Intergovernmental Agreement, such as Terry Edwards of FIAT, considered Clause 32 a critical part of the overall Intergovernmental Agreement schema and felt misled by the process, with Mr Edwards noting he felt “conned” into signing the Agreement.
- 2.17 The Committee finds that on the evidence presented, the assignment of the lease for the Triabunna wharf from Gunns to Triabunna Investments was done on a nominal lease payment of \$1 and that assignment was a requirement of the stakeholder Ministers. This assignment was part of the sale contract and there was an unwillingness on the Government’s behalf to take this opportunity to renegotiate a new lease on fair commercial terms and conditions. It was also a lost opportunity for the Government to negotiate for the reopening of the Mill.
- 2.18 The Committee finds that the wharf attached to the mill site is a critical asset to the Tasmanian infrastructure portfolio but that it requires significant expenditure to return it to operational status. Despite the need for repair and access issues the Committee recommends the Government maintain public ownership of the wharf and investigate possible future uses. (Recommendation 1).
- 2.19 The Committee finds that on the evidence presented, the Triabunna Mill and the adjacent wharf was a vital piece of infrastructure and that the Mill’s closure has had a devastating impact on the forestry industry, predominantly in the south, noting in particular private landowners that have been unable to access subsidies to transport residues to the north of the State.
- 2.20 Accordingly, the Committee recommends that, the Government investigate the option of a medium to long term location for a state of the art wood residue and multi-use export facility in the south with a specific focus within the Triabunna region. (Recommendation 2)
- 2.21 The Committee finds that on the evidence presented alternative wood residue products require further research and development, and should be pursued in the medium to long term.

- 2.22 The Committee recommends continued support for the Forest Residues Solution Study and that the Government investigate other avenues where it can provide assistance in the development of alternate residue solutions. (Recommendation 3)
- 2.23 The Committee finds that on the evidence presented, there appears to have been little support provided by the former Government to displaced workers and the Triabunna community generally following the closure of the Mill.
- 2.24 The Committee finds that on the evidence presented, the former Government failed to ensure that the Triabunna and surrounding area received appropriate financial compensation under the funding for reductions in the Tasmanian native forest industry.
- 2.25 The Committee finds that on the evidence presented, at the time Mr Wood announced his plans for the former woodchip mill site, he did not have the authority, support or consent of his co-partner and that Mr Wood continued to propagate this development for over nine months knowing of potential and real litigation.
- 2.26 The Committee finds that on the evidence presented, the Triabunna community is largely supportive of the Spring Bay Mill project and while there are some concerns about the likelihood of the project proceeding, there is genuine hope that it will succeed.
- 2.27 Accordingly, the Committee recommends that the Government provide such assistance and facilitation as is reasonable and appropriate in the circumstances to progress the development of the Spring Bay Mill in the interest of the Triabunna region. (Recommendation 4)
- 2.28 The Committee finds, that on the evidence presented that there are a number of exciting developments and initiatives being undertaken in the Triabunna and surrounding regions including, the Solis development and the Swan River irrigation scheme, which will deliver substantial benefits for many businesses industries and the community in the surrounding regions. The Committee notes that these projects are supported by the Tasmanian and Australian Governments and the local communities.
- 2.29 Accordingly, the Committee recommends the State Government lobby the Australian Government to seek funding support for these projects. (Recommendation 5)

- 2.30 The Committee finds that on the evidence presented the Triabunna region has significant tourism potential and recommends that the Government support the establishment of the Orford/Triabunna region as the gateway from the south to the East Coast and Great Eastern Drive. The Committee recommends that appropriate marketing, branding and other initiatives be undertaken to promote the area as a significant tourist destination. (Recommendation 6).
- 2.31 The Committee finds that on the evidence presented, that the Triabunna region presents a range of business development opportunities for recreational and commercial interests. In addition, the Committee finds that there is also a need for primary industry to be maintained in the region to ensure economic diversity.
- 2.32 The Committee recommends that the Government establish a working group to investigate and develop a range of East Coast renewal initiatives. (Recommendation 7)
- 2.33 The Committee finds that on the evidence presented, there is a role for government in facilitating network opportunities across the State including establishing partnerships with interstate and overseas investors willing to undertake investment in Tasmania.
- 2.34 Accordingly, the Committee recommends that the Government facilitate networking and partnering forums for regional communities and potential investors to encourage investment in those regions. (Recommendation 8)

3 CHRONOLOGY - TRIABUNNA WOODCHIP MILL

- 3.1 The Triabunna woodchip mill first went into operation in the 1970-71 period. The following timeline sets out the events that led to: the closure and sale of the Mill by Gunns Limited; the purchase of the Mill by Triabunna Investments; the current Spring Bay Mill development proposal; and related matters.
- 9 September 2010: Gunns Limited announce that it is exiting the native forest industry, and focus on developing its proposed plantation-based pulp mill at Bell Bay.²
- 29 September 2010: Forestry Tasmania does not rule out a purchase of the Triabunna Mill from Gunns, but at this stage any such purchase would be purely speculative.³
- October 2010: The Tasmanian forestry industry and several environmental and non-environmental organisations reach a high level principles agreement for protecting native forests and developing a sustainable timber industry in Tasmania.
- 4 November 2010: Premier David Bartlett states that his preference would be for an industry-led solution to the question of the Triabunna mill, but would not rule out government involvement in order to protect jobs. The suggestion is that if all else fails the government would be open to Forestry Tasmania purchasing the mill.⁴
- November 2010: Gunns foreshadow a major restructure of its woodchip operations.⁵
- 26 November 2010: A consortium of southern Tasmanian sawmillers including Robert Torenus of Forcett, Ike Kelly of

²‘A Growth Industry Set Up to Fail’ in *The Sydney Morning Herald*, 11 September 2010.

³‘Woodchip mill options remain open’, *The Examiner*, 29 September 2010.

⁴‘Forestry’s purchase of mill on cards’, *The Examiner*, 4 November 2010.

⁵ Press release – David Bartlett, MP, Premier, Gunns Woodchip Mill Announcement, 24 November 2010

	Dunalley and McKay Timber. indicate they wish to purchase the Triabunna mill from Gunns, but require government assistance to do so. ⁶
December 2010:	Bill Kelty appointed as an independent facilitator to assist signatories to the high level principles agreement to progress the agreement and report back to government (the ‘forest peace talks’).
31 March 2011:	Mr Kelty provides an interim report to the Australian and Tasmanian Governments, which was presented by the Australian Government on 5 April 2011.
1 April 2011:	Gunns Limited announce an eight week suspension of work at the Triabunna Mill, in response to ‘volatility in the international market’ and its review of the Mill’s operations in line with its planned exit from native forest based operations. ⁷
14 June 2011:	Gunns Limited announce that they had entered into an agreement for the sale of the Triabunna woodchip export business. ⁸ This agreement for sale was with Bridgewater-based logging company Aprin. ⁹
24 June 2011:	The Tasmanian Development Board received an application from Aprin Logging for a loan to help purchase the Triabunna mill. ¹⁰
7 July 2011:	Aprin Logging advises it has received verbal confirmation that it had approval from the Department of Economic Development for a multi-million dollar loan in order to purchase the Triabunna mill. Aprin logging also state this loan represented only a portion of the required funds

⁶ ‘Timber Group wants to chip in to buy Mill’, *The Mercury*, 26 November 2010.

⁷ ASX Announcement – Gunns Ltd, Triabunna mill work suspension, 1 April 2011.

⁸ ASX Announcement – Gunns Ltd, Triabunna mill sale, 14 June 2011.

⁹ ‘Triabunna mill likely sold to Aprin Logging, *The Examiner*, 14 June 2011.

¹⁰ ‘Aprin asks state for loan to buy mill’, *The Examiner*, 24 June 2011.

and that they were waiting on confirmation from their primary lender.¹¹

- July 2011: Mr Kelty submits final report on the ‘forest peace talks’.
- 13 July 2011: Gunns Limited announces it has entered into an agreement for the sale of the Triabunna woodchip facility to Triabunna Investments Pty Ltd, with the transaction to complete on 15 July 2011. The terms of the sale agreement provide for the facility to be leased to an industry operator as a woodchip export business, to operate on a basis consistent with the Tasmanian Statement of Forest Principles.¹²
- 14 July 2011: The Premier, Lara Giddings, and Deputy Premier, Bryan Green, hold preliminary discussions with Graeme Wood and Jan Cameron on the future of the Triabunna Mill.¹³
- 24 July 2011: Tasmanian Forest Agreement Heads of Agreement was signed by the Prime Minister and Minister for the Environment on behalf of the Australian Government and by the Premier and Deputy Premier on behalf of the State.
- 7 August 2011: Tasmanian Forests Intergovernmental Agreement signed by the Prime Minister and Tasmanian Premier.
- 26 August 2011: Gunns Limited offered \$11.5 million by the Tasmanian Government under the compensation arrangements provided under the Intergovernmental Agreement.
- 2 September 2011: Gunns Limited formally reject the Government’s offer but indicate they will accept \$23 million.

¹¹ ‘One day to survive, two deals lock in place for mill buyer, *The Mercury*, 7 July 2011.

¹² Press Release – Gunns Limited, Triabunna Mill Sale, 13 July 2011

¹³ Press Release of the Premier, Lara Giddings regarding discussion over the Triabunna Woodchip Mill, 14 July 2011.

- 9 September 2011: The Australian Government agrees to ensure the funding is available to ensure the Tasmanian Government's payments under the Intergovernmental Agreement are met.
- 14 September 2011: Gunns Limited accept a second offer for \$23 million.
- 10 November 2011: TasPort reaches agreement with Triabunna Investments on the assignment of the wharf lease adjacent to the Triabunna Woodchip Mill.¹⁴
- 16 November 2011: Triabunna Investments advertise nationally for expressions of interest to run the Triabunna woodchip operation.¹⁵
- 25 September 2012: Gunns Limited went into voluntary administration.
- 26 November 2012: Alec Marr, General Manager of the Triabunna Woodchip Mill, states that any reopening of the mill for woodchipping would be reliant on government subsidies. Accordingly Triabunna Investments were waiting to see whether the forest peace deal would incorporate any subsidy to support the reopening of the Mill.¹⁶
- 3 December 2013: Graeme Wood announces that the Triabunna mill would serve as the centre of a development project to create a new tourism hub on the east coast to be known as the Spring Bay Mill.¹⁷
- 1 July 2014: Article by The Monthly's editor John van Tiggelen describing his observation of the dismantling and destruction of equipment at the Triabunna mill by General Manager, Alec Marr in September 2013.¹⁸

¹⁴ Press Release, Bryan Green MP, Deputy Premier, 'Triabunna Lease Agreement Welcomed'.

¹⁵ 'Operator sought for Triabunna Mill, ABC News, 16 November 2011.

¹⁶ 'Deal holds fate of Triabunna woodchip mill' *The Examiner*, 26 November 2012.

¹⁷ 'Venture to bring new life to Triabunna, *The Examiner*, 4 December 2013.

¹⁸ 'Timber! How Gunns and Tasmania's woodchip industry came crashing down' in *The Monthly*, July 2014, pp 17-29.

- 4 July 2014: Tasmanian Planning Commission approves an amendment to the Glamorgan Spring Bay Planning Scheme 1994 to rezone the land encompassing the Triabunna mill from Industrial to the 'Spring Bay Zone', which will allow for 'a range of visitor accommodation, community, marine and horticultural research, gardens, commercial, cultural and educational uses that will allow redevelopment of the site in a visually and ecologically sensitive manner without competing with the settlement are of central Triabunna.'¹⁹
- 7 October 2014: Detailed plans for the Spring Bay Mill proposed development released.²⁰
- 28 October 2014: Graeme Wood commences legal proceedings against his business partner Jan Cameron to wind up Triabunna Investments.²¹
- December 2014: Graeme Wood buys Jan Cameron's stake in the Spring Bay Mill.²²

¹⁹ Tasmanian Planning Commission Decision – Rezoning for Triabunna woodchip mill area, 4 July 2014.

²⁰ Spring Bay Mill Press Release, 'Spring Bay Mill to invest \$50 million and create over 200 jobs', available at <http://springbaymill.com/news/>, accessed 12 January 2015.

²¹ Spring Bay Mill Press Release, 'Legal proceedings commenced', available at <http://springbaymill.com/news/> accessed 12 January 2015.

²² See 'Jan Cameron sells Spring Bay mill stake to site co-owner Graeme Wood' in *The Mercury*, 16 December 2014.

4 CIRCUMSTANCES LEADING TO THE CLOSURE AND SALE OF THE MILL BY GUNNS LIMITED

- 4.1 This Chapter considers the circumstances leading to the closure and sale of the Triabunna Woodchip Mill by Gunns Limited. These circumstances include a range of factors such as: the viability of the native forest industry; the market demand for Tasmanian woodchip products; and the financial position of Gunns Limited.

The viability of the native forest industry and the market demand for Tasmanian woodchip products

- 4.2 The Committee heard a range of views in relation to whether there was a reduction in demand for Tasmanian woodchip exports and the impact this may have had on Gunns Limited's decision to exit the native woodchip industry.
- 4.3 Gregory L'Estrange, the former CEO of Gunns Limited advised the Committee in his submission that the declining export market for native woodchip product was an integral part of the decision to close the Triabunna Mill. He commented:

During the second half of calendar year 2010, Gunns Limited made very public its decision to exit from its involvement in the native forest sector. This included all of its activities on the mainland and Tasmania.

The decision was a response, not only to the stark evidence of the decline in the market for native forest woodchips, but to recognition that a plantation fibre sourced pulp mill was the best chance of a viable future for the company.

This decision to exit the native forest sector was taken for the following reasons:

- *Gunns continued involvement in the sector would limit access to both debt and equity capital for the company.*
- *That the volume trends for the consumption of sawn hardwood in Australia had been in decline for the past 4 decades (Australian consumption in 1971 was 2,724,000m³, with a population of 12.7 million moving to 913,000m³ in 2009 with a population of 21.3 million, an 80% decline in annual per capita consumption), with the trend not at its end point and that the financial returns that the business provided had fallen below acceptable levels. Plantation grown sawn fibre was replacing native hardwood in the structural and low value markets, while glass, metals and stone were eroding the decorative markets.*

- That the highly priced Japanese woodchip market was moving to higher quality plantation fibre, lower priced Asian fibre and was insisting on FSC (Forest Stewardship Council) certified product.
- That to underwrite the significant investment that the Company had made in the hardwood plantations in Tasmania and provide a sustainable long term forest products business. The development of the Bell bay pulp Mill would be an essential component of this strategy.²³

4.4 In addition, Mr L'Estrange advised the Committee that the Triabunna Woodchip export facility had one major customer and when that contract was no longer viable the mill inevitably closed:

Triabunna Woodchip facility had one major contract customer since the 1970s, being Nippon Paper. This supply arrangement was supported by a contract that was due to expire in December 2010.

During 2010 the Gunns sales team worked with Nippon seeking to achieve a change in position. Unfortunately this was not achieved, as Nippon's preference for supply to its Japanese facilities was for FSC certified, plantation fibre at more competitive prices than had been historically achieved.

In the first quarter of 2011, the Triabunna woodchip facility was closed and all the employees were given their notice of redundancy.²⁴

4.5 The declining market and downsizing of the mill over the years leading up to the closure of the mill by Gunns Limited was also noted by the local council and local residents. David Metcalf, General Manager, Glamorgan Spring Bay Council commented:

Progressively over the years leading up to the sale of the chip mill, its operations were in decline, so much so that early in 2010 the council wrote to Gunns requesting an update on operations and their future plans. Their response was a generic letter that was sent to all stakeholders with interest throughout Tasmania to state that they were seeking a social licence to build a pulp mill and that they would be progressively getting out of native timber.

Late in 2010 Gunns announced further reductions in chip production, and eventually shut the mill in early 2011. Council was not consulted at any time with regard to Gunns future operations, although after inquiring to Gunns we received no insight into what their plans for the future were.²⁵

4.6 Tom Tenniswood, a local resident, noted that many of the Mill's workers had left the town in the year leading up to the closure in search of other employment:

²³ Submission no. 23, Gregory L'Estrange, p. 1

²⁴ *Ibid*, p. 2.

²⁵ Transcript of evidence, 23 September 2014, p 46.

*In the year or so leading up to the sale by Gunns there had been a downturn in chip demand, particularly chips coming from 'uncertified' forests, which led to periods of non-production. At the time of the sale to Triabunna Investments the mill had been shut down for several months and many workers had left the town in search of other employment.*²⁶

- 4.7 The Committee also heard opposing views that the native woodchip industry and the Triabunna Woodchip Mill was still economically viable. Tony Stonjek from AKS Forest Solutions Pty Ltd, acknowledged that at the time Gunns closed the Triabunna Mill that while the market was constrained it was still sustainable:

Mr JAENSCH - My last question in this bracket is in terms of the market, the quantity available, the viability - is that a situation that has changed since Gunns closed Triabunna when it did?

Mr STONJEK - I'm not sure what you mean by 'changed'.

Mr JAENSCH - Was there not a market, not quantity, not viability then, but there is now? Or has it been pretty much the same situation all the way along?

Mr STONJEK - I think to be fair, the markets at the time were constrained, there is no doubt about it. There were a number of factors and we're all aware of them. There was the GFC, the tsunami that hit Japan, and the dollar dropped. So it was almost like a perfect storm at the time. Also, of course, if we're going down this path, Gunns was looking towards a pulp mill in the Tamar Valley, so its focus was shifting.

However, to answer your question, the markets at the time were constrained. They are now moving in the direction that I mentioned to Cassy before. They are moving in a positive direction. If we can supply the wood, I have no doubt that the market is there and growing.

CHAIR - I want to follow up on that, if I could, with a few questions. Was there a market in 2010, 2011, 2012, because we have an agreement where there was an expectation that the Triabunna mill would reopen. My question is, was there a market there and then for woodchips as an export operation and for the Triabunna woodchip mill? Would it have been sustainable, in your view?

Mr STONJEK - I believe so. I know the gentleman who was planning to purchase at the time, Ron O'Connor, and he had done some fairly in-depth analysis of where the market was. He was not going to invest in something like that unless he was sure. He certainly did that market analysis. But I have to say that it's probably getting a bit outside of my mantra. But the fact is that the markets at the moment are shifting in a positive direction.²⁷

²⁶ Submission no. 29, Tom Teniswood, p. 2.

²⁷ Transcript of evidence, 22 September 2014, pp 49-50.

- 4.8 This view was supported by a number of other witnesses. In evidence before the Committee, Ron O'Connor, who was part of a consortium who sought to purchase the Mill from Gunns Limited, commented:

Ms O'CONNOR - ... Gunns had moved out of woodchipping and closed down the Triabunna mill in early June of 2011 and said that the industry was no longer viable from their point of view. How did Aprin or Fibreplus believe it could make the operation of the Triabunna mill viable?

Mr O'CONNOR - The same as we do when we contract to Forestry logging - lean and mean, and we run it efficiently. I am not saying Gunns didn't run it efficiently, but they would have a supervisor for a supervisor. We wouldn't run like that; you don't need to. As far as the price goes, Gunns made money when they had the chip mill and so did Norske. Gunns' biggest problem was when they sold out of the chip mills and they went down; that killed them. You have to remember you have to get rid of waste product. If you cut a tree down and saw it you have waste and Gunns had lots of waste as well, so the waste would have made it and our price was pretty good.

Ms O'CONNOR - In order for Aprin or Fibreplus to make the operation of the mill viable it would have relied in part, at least, on subsidies going to Forestry Tasmania, wouldn't it?

Mr O'CONNOR - No. If the wood comes around, half a million tonnes would have done it. If the wood comes around, away it would go. As to contracts, Sandy Chen who was with Forestry had good contacts in China and he had the sales. There was no problem with the sales.”²⁸

- 4.9 Robert Eastment, economist and forester, also noted that the woodchip market was economically viable at the time Gunns closed the Mill. In evidence before the Committee he commented:

CHAIR - Mr Eastment, can I ask you a few questions about some of the information you have there? First, you acted for a number of parties that put in expressions of interest and did not receive information back. I am asking you about the industry at the time. You obviously thought and believed that there was a market for woodchips at the time. Can you back that up with information, evidence and facts to confirm there was a market for those woodchips?

Mr EASTMENT - Yes. There were woodchips coming out of other mills, particularly on the mainland, and it was fairly substantial. It was not like it was falling away and there was suddenly no market for woodchips in the world. I am not too sure of the process here but I have brought with me copies which are exports of woodchips quarterly and annually by state.

CHAIR - From when to when?

²⁸ Transcript of evidence, 12 August 2014, p. 10.

Mr EASTMENT - From 2009 to 2013. In the March quarter of 2013 - this data is from the ABS - the data was then concealed. The ABS chose to no longer produce woodchip export data because the company had chosen for it to be – and this is a most terrible Australian law. The back page of the documents we are giving you now is what we did then, within IndustryEdge we said, 'All right, we will find out the shipping rate'. We went to find out what ships that were leaving Tasmania and you will see the tonnages and the dates on the back page.

CHAIR - Thank you. What is your next -?

Mr EASTMENT - This shows you the amount of plantations that were being planted in Tasmania. This is from ABARE, the Australian Bureau of Agricultural Resource Economics, and shows that previous to 2000 we had a lot of plantations here, but from 2000 on we have continued planting. Tasmania went through this incredible development of plantations. We have a lot of hardwood plantations here which -

CHAIR - Robert, are you convinced there was a market at the time when your clients put in an expression of interest?

Mr EASTMENT - Yes. It was a tough market and it was not easy. It would have been really hard but other people around the country were surviving.²⁹

- 4.10 Bob Gordon, former managing director of Forestry Tasmania commented that the woodchip market was still viable when Gunns closed the Triabunna Mill and that the contracts Gunns had been pursuing for its woodchips were part of the reason that its woodchip exports were not profitable as opposed to the woodchip market generally:

Mr SHELTON - ... at the time you still believed, as the head of FT, that there was a viable industry there to export woodchips out of Triabunna and obviously you expressed an interest with other consortia.

Mr GORDON - Yes, but that is a different position commercially because we had been building contacts in Japan and China. We had not physically signed any contracts because I said we would not do that while ever Gunns were still exporting, despite Mr L'Estrange's assertions to the contrary at an in camera committee meeting a couple of years ago that was leaked.

Mr SHELTON - But it has been asserted that Gunns closed because there was no longer profit in the woodchip market.

Mr GORDON - That may have been the case Gunns' point of view.

Mr SHELTON - From Gunns' point of view, but from FT's point of view, and the reason you were involved at that time, you still believed that there was profitability in the export market. The other aspect is creating a situation

²⁹ Transcript of evidence, 13 August 2014, pp. 10-11.

where the sawmills can still go on and having a place where they can send their residues. That was also, no doubt, an issue.

Mr GORDON - That was based on a different business model which was not, 'Wow, we are getting out of here so we do not want any long-term contracts. We only want spot contracts', which is where Gunns was, to 'it has to be a five to 10-year period that you are planning on'. That was the sort of discussion being had amongst the signatories' group. I have always said that we are crazy if we do not create downstream processing in Tasmania. At the time FT was looking at putting engineered wood product plants at Triabunna because that is a brownfield site with all the infrastructure you need - power, water, large land area - and we are talking things like oriented strand board, high-density MDF, a whole range of engineered panel products. If Triabunna still had the chip mill there it was an ideal place to do that.

Mr SHELTON - So in your view there was a viable industry there still to be had even though Gunns had exited it.

Mr GORDON - It wasn't going to be hugely profitable. When the dollar got to about US\$1.10 it was really tough for every Australian exporter; it's now back down to 93-94 US cents and you could probably hedge at about 91 US cents, so it's sort of doable.³⁰

Gunns' financial position as a motivator to sell the Triabunna Woodchip Mill

- 4.11 The Committee heard from a number of witnesses that expressed their views that the decision of Gunns Limited to exit the native woodchip industry had more to do with the financial position of Gunns Limited rather than a declining market. Dr Julian Amos, former Chair of Forest Industries Association of Tasmania (FIAT), opined:

On 1 September, Gunns advised it was walking away from FIAT. It had been a member up until that time but from 1 September they said they were no longer a part of FIAT; they did not want to be a part of FIAT. They had put to us that we had a choice, that we could either go with the new industry, which was them, or we could stay with the old industry, which was the native forest and hardwood industry. There was no compromise, it was one or the other. Mr L'Estrange, who was the CEO at the time, said this to us. We decided we would represent the entire industry and not just Gunns and therefore we did not accept the invitation to go along with them.

Mr JAENSCH - What does 'go along with them' mean?

Dr AMOS - Their proposal to step away from native forest activity. Later that month there was a conference in Melbourne. L'Estrange stood up in front of that conference and said they were stepping away from native forest activity

³⁰ Transcript of evidence, 13 August 2014, pp. 59-60.

altogether, and he was quite dismissive of the remainder of the industry. He said they are Neanderthal age, stone age, dark ages, some commentary along that line, and that he was not going to be a part of that, that he was closing down a mill in Victoria straightaway and he had no interest in caring for people who had been involved with his company over a considerable time. There was an immediate closure of a sawmill in Victoria at the time he made the announcement.

Ms O'CONNOR - Are you saying that Mr L'Estrange said that there was no interest on his part or Gunns' part in caring for the people who had worked for Gunns?

Dr AMOS - That he was walking away from them and that there was nothing more he could do, no further involvement, that they were going to lose their jobs and - stiff.

Ms O'CONNOR - But he didn't say that he had no interest or Gunns had no interest?

Dr AMOS - No, these are my words. But the presentation he made was one of being essentially dismissive of past associations and past relationships and past employment.

CHAIR - I will interpose for the committee, I appreciate you have a three-page aide memoire and we are part of the way down page 1 and we are limited for time. I draw that to your and the committee's attention.

Dr AMOS - Right. At this time, I made a note Gunns and what was driving the view that he was getting out; had the market really changed and collapsed or was it really a Gunns problem? I believe it was a Gunns problem more than it was a market problem. Yes, there was a market issue. Yes, the market had reduced significantly but there were still people trading in that market, the Japanese market. New South Wales and Victorian operators were still operating and still selling. Gunns had lost their market entirely. My view is that they had been, I think the best word I can use is arrogant in the way in which they were dealing with the Japanese and the Japanese took note of the way in which they were approaching the deal and simply said, 'No more, thank you very much indeed.'. Gunns had also presented the fact that they were going to be a pulpmill competitor to the Japanese and were representing themselves as a competitor rather than part of the supply chain, and the Japanese had suffered from activities that were occurring by the Wilderness Society in particular in their Japanese market.

I want to make the point that at the time I was chairman of FIAT I was invited to meet with Alec Marr and some of his colleagues. Alec was down from Canberra, we had a bite to eat together and a bit of a chat. He was asking where we were going and we said we were staying with the native forest industry. He said, 'We're going to destroy you. We have no interest in keeping you lot viable. You don't know what's happening, you are just so concentrating on the local scene but we're knocking you off in the international scene

because we've got an international marketer here and he is destroying your market as we speak and you don't even know it's happening'.³¹

4.12 Dr Amos also commented:

I make the point that even though Gunns thought the market had collapsed and there was no further market, and that they were the new age and we were the old age, the interesting fact remains that the industry still exists and they do not. They are my points regarding moving out of native forest.

I should make one other point, I guess, which is at this stage Gunns was suffering. It was obvious to the world that it was suffering. It was selling assets and it got out of the mill, et cetera. If we were paying money to Gunns in order to resolve this contractual issue, however that was defined, where was the due diligence done by the government, Commonwealth or state, that Gunns was in fact solvent? I believe there was no due diligence done at that time to determine whether any money should have been paid because of the state of the company.

Ms O'CONNOR - These questions about Gunns' solvency though had actually pre-dated, as I understand it, that point in time.

Dr AMOS - Yes, what I am saying is, before money is paid to somebody, one would have assumed that they were solvent.

Ms O'CONNOR - They were still trading.

Dr AMOS - Exactly. I think you have made a point, Cassy.³²

4.13 Terry Edwards, CEO of FIAT also raised the issue of Gunns Financial position as a key motivator for the company closing the Triabunna Woodchip facility:

Ms O'CONNOR - Do you agree, though, that Gunns had moved out native forest woodchipping because it was no longer viable for them?

Mr EDWARDS - Again, there is a number of things there. There was a point of time at which it was not viable.

Ms O'CONNOR - That is when the dollar was so high.

Mr EDWARDS - The dollar was extremely high, there were ongoing market protests in Japan by a number of environment groups, and there was the whole question of FSC certification. There is a whole range of issues. There were quality issues; there was a glut of plantation wood becoming available from Thailand and Vietnam. There was a tsunami in Japan which saw a number of the pulp mills there close, some of which have not reopened even today.

³¹Transcript of evidence, 10 November 2014, pp 2-4.

³² *Ibid*, pp 6-7.

There is a whole raft of issues and anyone who says it is just one thing is cherry-picking to suit their own argument. It is a lot of different things.

Ms O'CONNOR - *I thought it was the disastrous, jobs-destroying forest deal.*

Mr EDWARDS - *That too - I forgot that one. Thank you for reminding me, my apologies.*

Gunns made a decision to permanently close all of their native forest exports of woodchips. In the past they have opened and closed mills to meet the cyclical nature of international markets for any commodity product. This time they were closing them and announced they would not be reopening them; in fact, they were putting them on the market to sell and that was a strategic decision taken by Gunns to focus on the pulp mill project virtually in isolation of everything else. Bear in mind, they were selling their wineries, hardware stores and a range of other things at that time to raise the liquidity to enhance the opportunity for the pulp mill project to run.³³

Committee Comment:

- 4.14 The Committee acknowledges the cyclical nature of the woodchip market and considers that the declining market coupled with the high Australian dollar was a contributing factor in Gunns' decision to close and sell the Triabunna Woodchip facility. The Committee also notes that Gunns Limited had one customer for its woodchip products, All Nippon Paper in Japan.
- 4.15 The Committee considers the fact there were a number of consortia who wished to purchase the Mill and retain it as a woodchip export facility indicates there were many people in the industry who considered the woodchip market and the Triabunna Mill were still economically viable. Accordingly, the Committee considers that Gunns Limited's financial position and the desire to obtain a social license for its Bell Bay pulp mill was the main reason that the Triabunna Mill was closed and eventually sold.
- 4.16 The Committee notes that with its decision to exit the native forest market Gunns had no need for a mill that processed native forest nor an export facility at Triabunna, thus the decision to sell the mill could be considered in the best interests of the Company itself. However, the Committee considers that the sale process casts aspersions on the execution of the Gunns Directors fiduciary duties. The financial stability of Gunns at the time of the sale of the Mill and at the time of

³³ Transcript of evidence, 12 August 2014, pp. 65-6.

payment of compensation by the Government is critical to this inquiry and will be discussed further in Chapter 5.

- 4.17 The Committee further notes there were a number of prospective bidders for the Mill from within the forestry industry to purchase and retain the operations of the Triabunna Woodchip Mill and that the eventual sale of the Mill to Triabunna Investments had a devastating impact on the industry in the South of the State. The Committee examines the circumstances surrounding the sale of the Mill to Triabunna Investments in Chapter 5 and consideration is given to the impact the closure of the Mill has had on the industry in Chapter 7 of this report.

5 THE SALE OF THE MILL TO TRIABUNNA INVESTMENTS

- 5.1 This Chapter considers the circumstances surrounding the sale of the Mill to Triabunna Investments. While the Committee acknowledges the transaction was a commercial business decision between two private parties, the Committee is concerned about a number of factors including: the impact the business relationship between Gunns Limited and Forestry Tasmania had on the decision to sell the Mill to Triabunna Investments; and the conditions of sale which were predicated on the political climate of the time and the opportunity Gunns Limited had to obtain compensation from the Government under the forest peace deal. The payment of tax payer compensation necessitates the need for greater oversight of the contractual relationship between the two parties.

The sale process

- 5.2 The Triabunna Woodchip Mill was sold to Triabunna Investments in July 2011. In a submission to the inquiry Gregory L'Estrange, former CEO of Gunns Limited commented on the sale process:

Gunns embarked on a sale process for the facility and invited industry participants to review an information pack on the facility and make a commercial offer. From this process three offers were received:

An industry group whose offer was highly conditional and incomplete, with a value range between \$0m and \$5m.

The Triabunna Investments offer of \$10m, without conditions.

Fibre Plus (Tas) Pty Ltd and RD O'Connor and B O'Connor (Aprin Pty Ltd) with an offer of \$16m. This group will be the O'Connor transaction for this report.

During the month of May Gunns negotiated with O'Connor to conclude an agreement. During these negotiations Gunns made it clear that such a transaction was to be concluded by 30 June 2011. In early June 2011, O'Connor and Gunns entered into an agreement for the sale of the Triabunna facility, with the date for settlement being 29 June 2011.

The contract for sale was not subject to any finance provisions, but did include specific details around transitional arrangement and the need for Gunns to undertake maintenance works prior to the sale.

O'Connor represented in this agreement to Gunns that funding was not an impediment to settlement by the 29 June 2011. Only when O'Connor failed to settle the transaction on the agreed settlement date, did it become apparent

that the equity component of the investment was not significant and that the debt funding had not been committed.

Gunns completed its required maintenance works, at significant financial cost, and was in a position to settle this transaction on the agreed settlement date.

On the 29 June 2011, O'Connor advised Gunns that they were not in a position to settle the transaction. Indeed, no money was desposited in Gunns' bank accounts to settle the agreement.

On further inquiry it was learnt that O'Connor was seeking to fund the transaction by way of a loan of \$10m and a funding arrangement of \$6m from the Tasmanian State Regional Development Authority. Such arrangements were preliminary and incomplete.

It is beyond doubt, that had O'Connor on the 29 June 2011 complied with the Agreement of Sale, as they had contracted, Gunns would have settled.

But this failure left Gunns to review what options it had. It was communicated to O'Connor that Gunns was still keen to complete the transaction, but O'Connor needed to supply proof that they had the ability to do this. During this period Gunns continued to seek to understand O'Connor's ability to raise the finance and complete the transaction. Early in July 2011 O'Connor's solicitor advised Gunns that the contract was "at an end".

Once O'Connor's position became clear, Gunns commenced negotiation with Triabunna Investments, that had the next highest bid and with the least number of conditions. This was and would be considered normal commercial process in the conduct of any sale.³⁴

- 5.3 The Committee heard from Ron O'Connor who explained that while there was a delay in gaining financial approval to purchase the mill that the money was available and Gunns had been advised of this fact. In evidence before the Committee Mr O'Connor commented:

My name is Ron O'Connor and I have lived in Tasmania for just on 20 years. I have been in the logging industry for that period of time. I've had lots to do with Norske Skog, Forestry Tasmania, and Gunns when it was going with chips.

When Greg L'Estrange, or Gunns, decided to exit, we saw him about buying the chip mill at Triabunna. He asked us to put a price in, which we did, and it was \$16 million. We had numerous meetings. He hated Forestry with a vengeance because he had the time with Bob Gordon. He would do anything to hurt them in any way - and he made that statement in front of me and my son, Brendan. We proceeded along the path and made an offer of \$16 million, which he accepted. By the time we arranged the finance with the bank, the bank went to the higher powers at the top and they reneged on it. They said no because of the public perception. I'd say that would be to do with our other side of

³⁴ Submission no. 23, Gregory L'Estrange, pp. 2-4.

politics, people in the field. Mark Sealey then approached another crowd overseas and the money was approved.

Greg L'Estrange was then going away on a Monday - I can't remember the exact date - he was heading off overseas. Our last conversation early in the morning was, 'If anything changes, Ron, you ring me, I'll ring you. You know you've got until Friday.' The first I heard it was sold was when Mark Sealey rang me and said, 'It's on the ABC'. I then went to my phone and there was a message from Greg on the Tuesday, or Wednesday, night - I am not exactly sure which night. It virtually said, 'I'm just informing you I have sold it to Cameron and Wood'. I tried to ring Greg but I couldn't get him, so I left him a message. I got a message back and that was it in a nutshell.

I don't know why he would drop \$6 million on the deal when he was fairly adamant that is what he wanted. The money was definitely there, and Mark has proof of that. We would have settled it by Thursday or Friday at the latest.

I believe there was a deal done out of our control. There was some arrangement, but as to what was arranged, I honestly don't know. That was it.

I have stated all along that once Cameron and Woods got onto the Greens, it would never open and that was their intention. They never bought it to open the mill, the exact opposite. Then they put an ad in the paper asking for expressions of interest, to which I and a few others responded. We never received any confirmation back, nothing, ever. It was just dead in the water and that is about all there is to it.³⁵

- 5.4 Mark Sealey, who was arranging the finance for Mr O'Connor, commented on the process of obtaining finance to purchase the Mill and confirmed that Ron O'Connor had the funds available to purchase the Mill around the time the deal was struck with Triabunna Investments:

I can confirm that Sealy Mazengarb and Associates Pty Ltd were engaged by the O'Connor Group, Fibreplus, to seek \$16 million to assist with the purchase of Gunns Limited Triabunna woodchip mill. The loan we were seeking was fully secured by freehold asset and Ron's personal assets, details of which are what you have there. The contract and servicing or the repayment of the loans was to be funded by a Forestry Tasmania services contract for a five- to ten-year period. So five years, with the option to renew.

We undertook the loan tendering process and then National Australia Bank provided us with the best outcome for that tender. We proceeded to put an application to the Department of Economic Development and to the National Australia Bank. The DED had come back with an approval in principle subject to, of course, the National Australia Bank's approval of the first mortgage component. They sought and received five or six changes to the contract for services from Forestry Tasmania, so they were fully on board to make this transaction happen. Those changes were affected by the Crown Solicitor and

³⁵ Transcript of evidence, 12 August 2014, pp. 1-2.

they were in conversation with the Crown Solicitor and DED and the National Australia Bank.

Around 6 July, National Australia Bank had a conversation which raised community concerns with me that they were impacting on the approval process and they were pushing it up the line; that is, it went up to the General Manager. That was following the discussions in the Senate, House of Reps and the House of Assembly in Tasmania that were critical of the loan, particularly from DED, to the private company Aprin and Fibreplus. It was clear to me at that time that it was going to be a struggle to get the NAB over the line, so very hastily we put the application to some second-tier lenders.

We received approval in principle through H.W. Wood on 12 July, but that was the same day as the press release from Gunns indicating the sale of the business. In the documentation you will see that they also required a \$30 000 establishment fee. We put the transaction on hold on the basis that it looked like it would not proceed.³⁶

- 5.5 Ron O'Connor confirmed in evidence that he had advised Gunns Limited that the funds were available to purchase the Mill and that the deal was set to be confirmed:

Ms O'CONNOR - Ron, a couple of times the Chair has stated that the money to purchase Triabunna was 'on the table.' Was it actually on the table as far as Gunns was concerned?

Mr O'CONNOR - What I would call 'on the table' is in my bank account. All Gunns needed was the money in the bank. They gave me until Friday and by Wednesday or Thursday we had the letter confirming. It would have been done. Once it was confirmed it was done.

Ms O'CONNOR - To be really clear: Gunns was absolutely certain, you had made it very plain to them, that the money required to purchase the Triabunna mill was financed and available?

Mr O'CONNOR - Yes, it was available and they knew it. That is why Greg and I talked on the Monday before he left to go overseas. We discussed a few things and he said to me, 'Friday, Ron, got to be done. It will be done. It's all set and fine. I'll just get a letter of confirmation and come back to you.' That was the last I spoke to Greg.

Ms WHITE - In that conversation you had with Greg on the Monday, was he aware then of Forestry Tasmania's involvement in your bid?

Mr O'CONNOR - Yes, he was.³⁷

³⁶ Ibid, pp. 4-5.

³⁷ Ibid, pp 12013.

Committee Comment:

- 5.6 While the Committee acknowledges that the sale of the Triabunna Mill by Gunns Limited to Triabunna Investments was a commercial business decision, the Committee considers that the sale was arguably in breach of Gunns Directors fiduciary duties.
- 5.7 Evidence received by the Committee indicates that the bid for the Mill by Aprin Pty Ltd was approximately \$6 million in excess of the bid that was accepted by Gunns Limited from Triabunna Investments. The evidence received from Messrs O'Connor and Sealy was that Aprin was in a position to purchase the Mill around the time that the bid from Triabunna Investments was accepted by Gunns.
- 5.8 The Committee considers that these actions of Mr L'Estrange imply that a number of other factors were involved in the decision to sell to Triabunna Investments. These other factors are considered below.

Impact of Gunns' Business relationship with Forestry Tasmania on the sale process.

- 5.9 Forestry Tasmania and Gunns Limited were inextricably linked in their business arrangements by virtue of pulp mill contracts. As outlined by Bob Gordon, former Managing Director of Forestry Tasmania who commented on the commercial arrangement and how it ended in disagreement:

The synopsis of the commercial agreement was that Gunns would purchase, and FT would supply, pulpwood meeting their specifications at a price that was indexed to the global price of pulp when the pulp mill started, with a ratchet clause that if the price of pulp went above US\$900, FT received about two or three times the price increase because when pulp mills are at that price they are basically printing money. As it went down there was a floor price below which FT would not sell at which was basically our cost plus a metre marginal on chips. Gunns wanted to buy basically all of FT's pulpwood but in return for us not being able to sell that pulpwood to anyone else, we said they had to take a minimum or pay for it. Gunns entered into that contract freely. They had it for a long time, we negotiated and that was the contract that was agreed on.

When Gunns unilaterally decided to change their corporate strategy they decided they didn't like that contract anymore and they also didn't like the take-or-pay clause. I had several interesting discussions with them about that and the end point of that was Gunns' board wrote a letter to FT's board saying that the contracts were at an end and they gave the termination notices required under the contracts.

*Interestingly, the reason they said they were reneging was because the woodchip market had reduced by 10 per cent, which I found a bit strange because they had obviously been affected more than that. In effect, the contracts were at an end.*³⁸

- 5.10 The Committee heard from a number of witnesses about the 'toxic' relationship between Gunns Limited and Forestry Tasmania and that this poor relationship may have affected the bids made by certain parties to purchase the Mill. In a submission to the inquiry Denis Iles, a former Gunns employee, commented:

*Why Gunns sold the plant to persons whom we all knew would never re-open it remains a mystery. L'Estrange knew that the closure of the plant would spell the end of the forestry industry in the south of the state. Did he do it to try and destroy Forestry Tas over the long and protracted "toxic" relationship between Gunns and FT? The sale was not based on good business principles as another deal was being brokered for an extra \$6million*³⁹

- 5.11 As noted in paragraph 5.5, the consortium that Ron O'Connor was involved in that sought to purchase the Mill had entered into an arrangement with Forestry Tasmania to supply the woodchips if the purchase of the Mill was successful. The Committee heard that this arrangement may have affected the consortium's bid to purchase the Mill. In evidence before the Committee Ron O'Connor commented:

CHAIR - Why didn't Gunns, Greg L'Estrange or Wayne Chapman come back to you and say, 'We've got another offer here of \$10 million and it's unconditional within a certain period of time. Can you match it or do a bit better?' Why don't you think they came back to you?

Mr O'CONNOR - Greg L'Estrange at Gunns and Bob Gordon didn't get on. This is only my theory. Greg said once at a meeting that if he could ever do anything to hurt Forestry, he would. When the change came –

CHAIR - Do you mean Forestry Tasmania or forestry?

Mr O'CONNOR - He was happy with me until he heard that I had struck a deal with FT to supply the woodchips and supply the mill for them to cut the woodchips. In other words, I was going to chip the wood for them for a price. He was quite happy up until that stage and that is when, that Wednesday night, whoever rung him when he was overseas, he changed it. Apart from that, that is all I can put it down to. It was some deal that was struck, that's all.

CHAIR - Once Greg L'Estrange knew you had done this deal with Forestry Tasmania, to chip their resource of the timber, you think that shifted their thinking and they didn't want to go down that track with you for \$16 million?

³⁸ Transcript of evidence, 13 August 2014, p. 50

³⁹ Submission no. 13, Dennis Iles, p. 1.

Mr O'CONNOR - I think that had something to do with it because maybe he had done a deal with other parties to get backing for his mill. I honestly don't know. But I know he didn't like Forestry and it might have been enough to push him over the edge if someone approached him to do a deal. I don't know.

CHAIR - You have said a couple of times that Greg L'Estrange, quoting you, 'hated Forestry' and 'didn't like Forestry'. Do you mean Forestry Tasmania, the organisation, or forestry generally, different stakeholders in the timber community? Who are you talking about?

Mr O'CONNOR - I would say Forestry Tasmania. When Bob Gordon was there, Bob was a pretty hard bloke to deal with and he was - not ruthless, but if you struck a deal with him, you had to go through with it. Sometime, Gunns, by wanting to change things to their own liking and Bob being a government employee of Forestry, just said no, you have to play the game - which is fair enough.

CHAIR - Are you referring to Forestry Tasmania in particular?

Mr O'CONNOR - Yes, only Forestry Tasmania.⁴⁰

- 5.12 The view that the poor relationship between Gunns and Forestry Tasmania influenced the outcome of the sale of the Mill was also raised by Colin McCulloch, former CEO, Australian Forest Contractors Association who commented:

Ms O'CONNOR - I am interested, Colin, in tapping into that emotion. How do forest contractors in Tasmania feel about the company formerly known as Gunns and its role ultimately, not only in the decline of the industry, but also its decision - it must be at some level on a commercial grounds to sell Triabunna to an interest outside the industry? What role did Gunns play in your mind, where we are at now and where we ended up in 2010, when the signatories came together?

Mr McCULLOCH - I have a view that might be contrary to other witnesses, that it was an in-your-face, up-yours, we will sell to this proponent because it will (a) stop another competitor coming in against us. Understanding that that volume would have gone to the green triangle as Gunns continued to process the Great Southern resource. I base my opinion on witnessing the toxicity of the relationship between Gunns and Forestry Tasmania.

Ms O'CONNOR - Other witnesses have talked about this.

Mr McCULLOCH - It would be fair to say that I saw it at firsthand on a number of occasions in the early days. It was an understandable tension, given that your biggest customer is also your biggest competitor. It was a little unprecedented in most areas of Australia, but there was a mutual understanding that we need to work on this industry together. I know it got

⁴⁰ Transcript of evidence, 12 August 2014, p. 6.

personal. Some of the exchanges from Gunns' management towards Forestry Tasmania were embarrassing. I think that played a part in who Gunns' actually allowed to buy the facility. As questioned by other people who have been before you, it is very hard to understand why a board would want to take an offer that is \$6 million less. I would be working pretty hard to gain that \$6 million.⁴¹

- 5.13 Further comments on the poor business relationship between Gunns and Forestry Tasmania were expressed by John Lawrence, who considered that Forestry Tasmania had become reliant on Gunns and that at the time of the sale both companies were on the verge of insolvency with Gunns owing a substantial amount to Forestry Tasmania:

FT could never decide whether it was a regulator, a custodian of public assets or in the forestry business to make profits. Instead it meekly surrendered its monopoly position and basically became a supplier of timber to Gunns on terms which favoured the latter, and inevitably meant when Gunns suffered a catastrophic decline in its native forest business, FT found itself firmly positioned in the front seat of an out-of-control double luge sled in a race to the bottom.

FT's 2011 financials revealed debtors of \$39 million, 80% of which were overdue. Of the latter \$12 million was considered impaired. Its operating cash was a negative \$9 million meaning it wasn't generating enough cash from operations to cover the capital costs of roads to allow harvesting in the first place, let alone replanting costs and other capex amount (\$18 million in total). FT wasn't even aware it was technically insolvent until its lender Tascorp reminded them it was in breach of its lending covenants when reviewing the 2009 financials. The situation was finally remedied on 11th August 2010 with a Letter of Comfort from the Treasurer.

It would be a pointless exercise to try to unravel the complex areas of disagreement between Gunns and FT. The level of mistrust between the parties is clearly evident in the correspondence, emails and notes of meeting now on the public record. It's the sort of behavior that is inevitable when insolvent entities struggle to survive. The amount in dispute was roughly \$25 million. FT's Bob Gordon's briefing note to the Minister dated 27th July 2011 put the total debt at \$26.83 million.⁴²

- 5.14 Mr Lawrence argues that this financial problem between Gunns and Forestry Tasmania resulted in Triabunna Investments purchasing the Mill because it had the cash readily available to buy it:

...Gunns was insolvent and fast losing the cooperation of its bankers. FT and presumably the government knew of Gunns' plan to sell Triabunna as far back as March 2011. If Gunns' debt was not in dispute it could have settled by

⁴¹ Transcript of evidence, 22 September 2014, p 21.

⁴² Submission no. 14, John Lawrence, pp. 5-6.

accepting the Triabunna mill in lieu but FT needed cash. Payment in kind wouldn't help stave off insolvency. That was cash that Gunns didn't have. In fact Gunns needed more cash itself, and quickly, just so it could live to breathe another day. If the debt was not in dispute and both parties needed cash there was a deadlock. Without IGA money both companies would have collapsed. Everyone involved in the forest industry had experienced savage balance sheet losses. It was a war zone. No prudent lender would enter. Cash was king. That's why Triabunna Investments Pty Ltd ended up with the mill.⁴³

Committee Comment:

- 5.15 The Committee notes that the evidence it received during the inquiry indicates there were serious and understandable tensions between Forestry Tasmania and Gunns Limited. This primarily arose because of the competition between Forestry Tasmania and Gunns in marketing woodchips to the Asia-Pacific region. No longer were Forestry Tasmania managers and Gunns marketers, there had become convergence in the roles. This primary tension was supplemented by an apparent clash of personalities in the heads of the respective organisations.
- 5.16 The Committee considers that the relationship between Gunns and Forestry Tasmania may have been a contributing factor in the decision that Gunns made to sell the Mill to Triabunna Investments.

Other factors influencing the sale to Triabunna Investments

- 5.17 The Committee notes that other evidence received implied a number of other reasons behind the sale of the Mill to Triabunna Investments including Gunns' wanting to obtain a 'social licence' for its pulp mill proposal at Bell Bay.
- 5.18 The Committee heard from a number of witnesses who considered that Gunns Limited sold the Mill to gain 'social licence' for its proposed pulp mill on the Tamar. Terry Edwards, CEO of Forest Industries Association of Tasmania (FIAT) commented:

CHAIR - *Regarding offers for the mill, you have in your submission that you were aware of a number of other offers and we have heard this morning evidence from Bob Horner of Finance Hotline regarding a cash offer of \$16 million for the mill, subject to transfer of timber rights, et cetera, so that is now on the public record.*

Just to clarify your position, you are aware of other offers. Can you tell us why you think Gunns accepted the \$10 million and not \$16 million or some other figure north of that?

⁴³ Ibid, p. 8.

Mr EDWARDS - This requires guesswork on my part about what was in the mind of Gunns. I cannot give firsthand evidence about that. I have views, but they are personal views and they may or may not be founded on the fact.

CHAIR - Well, you have been around for a while and you have an opinion.

Mr EDWARDS - As long as it is understood that that is the basis upon which I do it. I believe it was about Gunns trying to secure an outcome for a pulp mill project on the Tamar. I believe that this arrangement was to progress the Gunns pulp mill proposal, if I could interpolate, at the expense of the rest of the industry. It is only a personal view and it is what I see looking backwards in the rearview mirror. Did I think that at the time? Yes.

CHAIR - So you were suspicious at the time?

Mr EDWARDS - Absolutely. We discussed it at the FIAT board table a number of times. The clear impression of everyone around that table at that time was that Gunns was trying to progress their own interests - that is, the pulp mill - and did not really have much cognisance of the needs or requirements of anyone else in the industry.

CHAIR - If the chip mill export facility was closed down at Triabunna would that help the resource head up to the pulp mill? Is that one of the reasons?

Mr EDWARDS - No.

CHAIR - That was put to our committee this morning.

Mr EDWARDS - I don't think that was the case at all because the pulp mill was only ever going to accept plantation wood.

The Triabunna woodchip mill is much more important to the industry for native forest export requirement. Certainly, subsequently, plantation wood as it becomes available and matures would be an excellent opportunity as well, but the short-term imperative was around harvest and processing residues derived from securing sawlogs and peeler billets for the rest of the industry. Therefore, it is about native forestry and so no, I don't believe it is that.

It appears to us that there were some discussions that took place behind the scenes between Gunns and some others - who have to remain nameless because I don't know who they are - that said, 'If you do this and sell to these people then we will go a bit softer on you in that other area', and that did not happen either.

CHAIR - You are talking about members of the green movement?

Mr EDWARDS - Again, pure guesswork, but yes.

Mr JAENSCH - Is that what has been referred to since as 'social licence'? Is that the end, because it is not supply of material?

Mr EDWARDS - It has to be around that 'social licence' issue.

Mr JAENSCH - So the speculation is that the sale of Triabunna mill to Triabunna Investments would somehow contribute to the achievement of a social licence for the Bell Bay pulp mill project. Is that by virtue of who it was sold to or that it would lead to the nobbling of the remaining native forest industry?

Mr EDWARDS - I think they're one and the same thing. Selling the Triabunna woodchip mill to Jan Cameron and Graeme Wood, and making Alec Marr the general manager of Triabunna Investments really did not give the industry a hell of a lot of confidence from day one that this was going to work. Did we believe that we could reasonably expect –

CHAIR - Is that tongue in cheek?

Mr EDWARDS - No, no. If you look at my media releases which are in the attachments to our submission I make quite plain that we did not expect this to work at all. Did the industry have any realistic expectation from the day that sale was announced that it could get access to this mill? We had serious doubts all the way through. If you look at one of the letters I wrote we make exactly that point, that we did have serious reservations that this was going to work because we couldn't see, in our heart of hearts, Jan Cameron, Graeme Wood and Alec Marr being woodchip exporters. It did not fit the picture.⁴⁴

- 5.19 Colin McCulloch, former CEO of Australian Forest Contractors Association, also considered the closure of the Mill was to gain a social licence for the proposed pulp mill:

CHAIR - Finally, in your opening remarks, you referred to the 'political bastardisation of the supply chain'. Can you expand on that? What are you referring to in your comments there?

Mr McCULLOCH - The Triabunna sale.

CHAIR - That is your description of the sale?

Mr JAENSCH - Why do you say 'political bastardary'?

Mr McCULLOCH - Here we are dealing with the politics of it all, and there we were at the time trying to deal with an outcome that would have been the most favourable at that particular point in time. Understand that we were still through some blind faith working toward the pulpmill. My view for the fraternity that I represented was that if we could actually still get that up and running, the affected people around the Triabunna area and further south than that actually are major participants in supplying that resource, or conversely we would have looked at a different type of facility to export that chip out of.

Mr JAENSCH - In terms of the outcome you were looking for, could you have seen a pulpmill and a chipmill up and running at the same time at Triabunna? Or did you have to lose the Triabunna mill to get the Bell Bay one?

⁴⁴ Transcript of evidence, 12 August 2014, pp. 63-4.

Mr McCULLOCH - No, because Gunns had clearly headed off in the plantation direction so it actually separated the process. So my view would have been that the best case scenario for all concerned, as has been the evidence by many people toward this committee, is that the Triabunna facility would have been more in line with a native forest/regeneration export facility.

Mr JAENSCH - So that somewhat diminishes the argument that Gunns needed to close Triabunna to avoid having a competitor in the market because they had gone into a different market anyway.

Mr McCULLOCH - You can draw that conclusion.

Mr JAENSCH - So their only motivation, if it was not that, was the 'up yours' or the social licence.

Mr McCULLOCH - In my view. Very much.⁴⁵

- 5.20 This view was also held by Graeme Elphinstone, whose company Elphinstone Engineering, produced and repaired trucks for the forestry industry. In evidence before the Committee Mr Elphinstone commented:

CHAIR - Graeme, I want to take you back to your submission. On page 3 you refer to 'views that have been expressed', and I am seeking your views where you say:

Triabunna export woodchip mill was sold to the current owners for \$10 million, some \$6 million less than what was on the table from another bidder.

Then you go on to say:

Gunns sold to Wood and Cameron, Australia's staunchest environmentalists to gain a social licence for the pulp mill.

Can you clarify, are your thoughts and views, or are they others' views? What are your views as to why the mill was sold accordingly?

Mr ELPHINSTONE - I was always of the opinion it was to get a social licence to go ahead with a pulp mill. All along I thought they sold it so they were not in mature-age forest. This was a mature-age forest operation. It was one of the only ones that Gunns had left. They closed up all their sawmills and this was the only one they had left that was operating in mature-age forestry, so obviously the social licence - if you don't have it ongoing in mature-age forestry, it would help get a pulp mill social licence. I accepted it from that point of view. I had a bit to do with making sure there was \$16 million on the table to buy that. I didn't have the money to do it but I had a contractor who could do it and I got involved in putting that together. How it was to be implemented, I don't know.

⁴⁵ Transcript of evidence, 22 September 2014, pp 31-2.

CHAIR - You believe that was a valid offer that was on the table and they took the \$10 million rather than the \$16 million? Can you tell us if that is your view?

Mr ELPHINSTONE - No, I can't tell you. I can't speak for the people who were involved.

CHAIR - What is your understanding?

Mr ELPHINSTONE - I know there was a financial backer prepared to put up the \$16 million.

Ms O'CONNOR - Which consortium was this, Graeme? We have heard of a couple of bids.

CHAIR - Ron O'Connor. There were a number of bids.

Mr ELPHINSTONE - I talked to Ron and said, 'Do you need some help with this? I can't financially help you but morally I can. Also, I know someone I can probably introduce you to who can', which I did. I put them together and I know very well that person was prepared to fund the operation.⁴⁶

5.21 Bob Gordon, former Managing Director of Forestry Tasmania told the Committee that the view was widely held throughout the industry:

Mr JAENSCH - Bob, back a few steps. If Gunns' main push was to raise money and divest itself of things it did not want or need anymore, but it was raising money and it was trying to get itself in a position to make its pulp mill work, why do you think they accepted a lower bid for the Triabunna mill than was on the market?

Mr GORDON - The only speculation is that there was some agreement they thought they had about support for Gunns from conservation groups. That is the only thing that makes any sense.

CHAIR - For the Gunns' pulp mill?

Mr GORDON - Or whatever else. That is the only thing that makes sense to me but I have no direct evidence of that. The only things I know is that Mr Wood made a \$1.6 million donation to the Greens party, that Gunns received an amount of money from the government, which I understand the Greens party agreed to, and Mr L'Estrange sold Triabunna at a price below what other people were offering.

Mr JAENSCH - Why then was selling it to those people, in particular, important?

Mr GORDON - For Mr L'Estrange?

Mr JAENSCH - Why did that achieve support for the pulp mill, or why would that achieve support?

⁴⁶ Transcript of evidence, 23 September 2014, pp 11-12.

Mr GORDON - I am struggling to work out the logic of Gunns' thought process. As I said, they were under quite a bit of financial stress. Everything was turning against them. The dollar had gone up -

Mr JAENSCH - So money was important.

Mr GORDON - Just about when things were looking better the earthquake and tsunami hit Japan and knocked out two of the major mills that had been buying chips from Gunns. Just about everything that could have gone wrong went wrong, some of which was outside Gunns' control. They were acting in a very hard-to-predict-and-fathom manner.

Mr JAENSCH - Just going by the comments you have made then, do you believe the decision to forgo \$6 million of proceeds from the sale of Triabunna would have to be driven by a larger objective, which you are speculating, or saying there was speculation that it could be, that it would garner support for their pulp mill project?

Mr GORDON - That was the widely held view in the industry.

Mr JAENSCH - Why would the conservation movement provide support for the pulp mill?

Ms O'CONNOR - Well, they didn't.

Mr JAENSCH - If that was the expected outcome of doing this. That would have to be on the understanding that the Triabunna mill was not going to be continuing to operate as it had, but it was going to operate differently or not at all; is that right?

Mr GORDON - Again, what Gunns said publicly was that they expected the Triabunna mill still to be available for use. To put a potential argument from Gunns' point of view, they knew that Triabunna Investments had \$10 million in cash, and sometimes when you are under financial stress cash you know you are going to get is better than money that you are not quite sure you are going to get in the same time frame. I was confident that the O'Connor group had the funding in place. I do not know whether you have spoken to their finance advisers and others.

CHAIR - Mark Sealey was in here yesterday.

Mr GORDON - Okay. I was confident they had everything in place to raise the money, but as I said Gunns was under severe financial distress, and sometimes people do hard-to-fathom things when they are under financial distress.⁴⁷

5.22 This link to the proposed Bell Bay pulp mill was denied by Gregory L'Estrange, former CEO of Gunns Limited, who commented:

⁴⁷ Transcript of evidence, 13 August 2014, pp. 55-6

Gunns view of the Triabunna transaction was that it was to be judged on the financial merits of each of the offers and there was never any intent or required need to link the transaction to the Bell Bay Pulp Mill.⁴⁸

Committee comment:

- 5.23 The Committee notes that following the announcement of Gunns Limited's Bell Bay Pulp Mill competition arose between Gunns Limited and Nippon Paper in the Asia-Pacific paper making market. Gunns' announcement of its intention to exit native forest necessitated the disposal of the asset from Gunns' property portfolio with the liquidated capital to be employed in the undertaking of substantial commitment to their pulp mill site at Bell Bay.
- 5.24 Opposition to the Bell Bay pulp mill by environmentalists and others had placed pressure on Gunns' finances leading to a reduction in share price. It is axiomatic that this pressure, and other factors, eventually led to the liquidation of the Company. The Committee considers the sale of the Triabunna mill was evidently required to bolster Gunns' financial position and enable it to continue with works on its proposed Bell Bay mill.

Conditions of sale

- 5.25 The Committee heard that the contract and deed of agreement between Gunns Limited and Triabunna Investments (TI) contained a number of conditions. In particular, the Committee notes that the deed of agreement, dated 13 July 2011 contained the following provisions:

- 1. TI agrees with Gunns that TI will offer the Triabunna mill for lease to an industry operator on commercial terms for the production and export of woodchips sourced in accordance with the Statement of Forest Principles as implemented.*
- 2. TI further agrees that any offer by TI to lease the Triabunna mill must not be made:*
 - a. until at least two weeks after the completion of the Sale; or*
 - b. until Gunns notifies TI in writing of its satisfaction of the implementation of the Statement of Forest Principles,**whichever is the later ("the Notification").*
- 3. If the Notification has not occurred within three months from the completion of the sale then from then until the Notification or the End Date Gunns will reimburse TI its holding costs, holding costs being the reasonable costs incurred by TI in:*
 - a. insuring the property the Triabunna mill is on ("the Mill Property");*

⁴⁸ Ibid, p. 4.

- b. paying rates and land tax (assessed as a single item) charged against the Mill Property;
 - c. paying licence fees and rent to the Crown and Tasports Corporation Pty Ltd for any current lease or licence assigned by Gunns to TI as part of the Sale; and
 - d. paying the costs incurred by having a caretaker on the Mill Property, such costs being payable monthly in arrears from receipt by Gunns of any invoice from TI detailing the same.
4. If the Notification has not occurred within twelve months from the Completion of the Sale ("the End Date") then:
- a. Gunns' obligation to pay TI's holding costs will cease at the End Date; and
 - b. from the End Date TI will no longer be under any obligation to lease the Triabunna mill and may deal with the Mill Property as it seeks fit.
5. TI agrees with GUnns that no woodchip production, receipt or loading activity will be undertaken at the Triabunna mill until either Gunns has notified TI in writing in accordance with clause 2 or until the End Date, whichever is the earlier.
6. If Gunns does not reach an agreement with the Tasmanian Government or the Federal Government for either or both of them to purchased Gunns' sawlog quota then Gunns hereby agrees with TI that before Gunns invites offers for the purchase of Gunns' sawlog quota Gunns will:
- a. Invite TI to offer to purchase the same within thrity days of GUnns notifying TI of GUnns' intention to seek offers for the purchase of its sawlog quota;
 - b. Not invite offers to purchase its sawlog quota from any other person until the expiration of the said period of thrity days or Gunns rejection of any offer made by TI to purchase the same, whichever is the earlier, and then not accept any lower price than the amount of TI's offer without giving TI notice of the said offer of a lower price and of the terms of the contract proposed and giving TI the right within 14 days thereof to enter in to a contract with Gunns at that price and on those terms.⁴⁹

5.26 A media statement issued by Gunns Limited about the sale agreement stated:

Gunns Limited confirms it has entered into an agreement for the sale of the Triabunna woodchip facility to Triabunna Investments Pty Ltd, with the transaction to complete on 15 July 2011. The terms of sale agreement provide for the facility to be leased to an industry operator as a woodchip export business, to operate on a basis consistent with the Tasmanian Statement of Forest Principles.

Over the past six months, Gunns sought interest in acquisition of the Triabunna facility from customers, local and international operators. A contract with a local operator was executed but, despite the best endeavours of both parties, could not be completed when scheduled on 29 June 2011.

⁴⁹ Deed of agreement between Gunns Limited and Triabunna Investments Pty Ltd, dated 13 July 2011,

Gunns believed that the current sale agreement, with its requirement that the facility be made available for operation as an export facility subject to the conditions of the Statement of Forest Principles, provides an opportunity for certainty for industry consistent with the need to achieve the structural change necessary for long term viability.⁵⁰

- 5.27 Alec Marr, who was appointed as Manager of the Mill by Triabunna Investments, advised the Committee that there were two relevant considerations in the contract of sale between Gunns Limited and Triabunna Investments:

The first consideration was that until such time as Gunns Limited was satisfied with progress in the Forest Peace Talks, the mill could not re-open. I presume this condition was to ensure Gunns broader commercial interests were not damaged by ongoing conflict over native forests.

The second consideration related to obligations of both Gunns and Triabunna Investments to carry out repairs and maintenance to ensure the mill was able to operate. I helped oversee this operation. Gunns carried out repairs worth approx.. \$250,000 including replacements to the mill and cleaning up some left over woodchips on the site. The repairs included significant upgrades to the High Voltage Substation and replacement of conveyor belts. We conducted a thorough clean up around the site and generally got everything ready for operations.⁵¹

- 5.28 The impact of these conditions of sale were commented on by Dr Julian Amos who noted:

It is interesting for me that the Aprin deal was close to closure. It was \$6 million more than the Triabunna Investments deal and yet L'Estrange moved to accept the Triabunna Investments deal for \$6 million less for what appears to be the sake of a couple of days, and there were terms written into the Triabunna Investments deal which were not in any document I have seen relating to the Aprin deal about what could only be called, I think, trailing rights that Gunns would hold over the ability of Triabunna Investments to operate that plant.

I will refer to my notes on this - and it is a document you have as well - about the deal on 13 July between Gunns and Triabunna Investments -

CHAIR - Are you referring to the contract and the deed of agreement dated 13 July 2011?

Dr AMOS - I am - that any offer by TI to lease the Triabunna mill must not be made until at least two weeks after the completion of the sale or until Gunns notifies TI in writing of its satisfaction with the implementation of the statement of forest principles, which I am now interpreting to mean payment.

⁵⁰ Media Release, *Triabunna Mill Sale*, issued by Gunns Limited, 13 July 2011.

⁵¹ Submission no. 2, Alec Marr, p. 3.

Mr JAENSCH - He goes on to make specific reference to the level of payment.

Dr AMOS - You have probably scrutinised this better than me.

CHAIR - Yes - clause (2) of the deed of agreement of 13 July 2011.

Dr AMOS - Then it says, 'if the notification has not occurred within three months of the completion of the sale' - therefore it is owned by TI but the terms of the deed mean that Gunns still has some sort of control over it - then from the end date Gunns will reimburse TI's holding costs - so it will cover the costs if Gunns has not been paid out - and if within 12 months there is no payout of Gunns by the government then TI will no longer be under any obligation to lease the Triabunna mill and may deal with the mill property as it sees fit.

Mr JAENSCH - We have been unable to locate any such notice from Gunns to Triabunna Investments to say that those requirements are settled.

Dr AMOS - That is something that Gunns or TI will probably need to advise you of.

Then the final one says that if Gunns does not reach an agreement with the Tasmanian Government or the Federal Government for either of them to purchase Gunns sawlog quota - which I presume had already been surrendered - then Gunns hereby agrees with TI that before Gunns invites offers for the purchase of its sawlog quota Gunns will invite Triabunna Investments to purchase the same.

Mr SHELTON - As a former chair of FIAT, do you see that statement by Gunns as threatening the industry or the government by saying, 'Either give me this or the southern part of Tasmania won't have an export facility.'?

Dr AMOS - I draw your attention to the opinion piece that Greg L'Estrange wrote on 16 July. Seven paragraphs down he says:

"It was on this basis that Gunns made a condition of sale to Triabunna Investments that the mill continue to operate as required for the forest principles agreement to work. We insisted on this and it was accepted."

He wrote an opinion piece that infers he made this action to sell the Triabunna mill on the basis it was a continuing concern, but the contract with Triabunna Investments says it cannot be a continuing concern until other things have occurred, so there is something in what Mr L'Estrange said that doesn't quite ring true.⁵²

- 5.29 The view that the condition of sale for Gunns to be satisfied with the progress of the Forest Peace Talks in reality meant that Gunns needed to receive compensation payment, was also expressed by other witnesses. In its submission to the inquiry the Forest Industries

⁵² Transcript of evidence, 10 November 2014, pp. 10-11.

Association of Tasmania (FIAT) attached a letter it had sent to the then Premier Lara Giddings on 20 July 2011, which stated:

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.⁵³

5.30 When questioned about this letter in evidence Terry Edwards commented:

Mr JAENSCH - Thank you very much for your submission and for coming today. I want to just go to one of the attachments to your submission which is a letter from you to then Premier Lara Giddings on 20 July 2011. It says that 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 had 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 principles process. It also says that FIAT understands that Jan Cameron also informed the Premier of that condition last week, and then you go on to make some comment on that.

I just want to confirm a couple of things that letter implies or asserts. First, are you able, or prepared, to tell us who the prominent Tasmanian businessman is?

Mr EDWARDS - No, I'm not because I don't know. This arose as a direct result of conversation I had with Paul Lennon and I did not ask him that question. He used the term 'prominent Tasmanian businessman' and I interpreted the use of that terminology to mean that he wasn't going to tell me.

Mr JAENSCH - Exactly, because it's a lot easier than naming them. What I am trying to understand is that the payment by the state government of compensation to Gunns which ended up being \$25.3 million or thereabouts -

Mr EDWARDS - \$28 million.

Mr JAENSCH - is effectively a condition of the sale or purchase of the Triabunna mill by Triabunna Investments. The condition regarding this prevented the mill from operating. If that condition was not met, the mill would be kept closed or not allowed to operate again for 12 months. From other statements in your

⁵³ Attachment to Submission no. 8, Forest Industries Association of Tasmania.

submission that would have a big impact on the broader industry as a whole. The money was provided but the mill did not open. So, in this discussion of the circumstances of the sale of the mill and its status, in that deal as part of those transactions, the state paid \$28 million to meet a condition to enable the mill to be reopened and it wasn't.

In terms of your summing-up comments about how we need to take this seriously, the state has already spent \$28 million trying to secure the reopening of that mill as part of this transaction which has not been successful.

Mr EDWARDS - I think that is a reasonable summary of where things went. I am reporting here in a third-party style and I have to be careful not to say this is fact. I have reported what someone else has said to me and have done so in good faith; I checked the words with Paul Lennon before I sent this letter to the Premier to make sure I had it right because I was concerned that I was quoting someone else and I don't want to do that but sometimes I do.

In this instance you are right. We were told that a condition of the sale from Gunns Limited to Triabunna Investments was that Gunns needed to be satisfied with the outcome of the statement of principles process. That went further to be that they also, as part of that requirement, had to be satisfied with the compensation arrangements for surrendering their wood supply contracts back to the Crown. That was a negotiation conducted by the Tasmanian Government, there was oversight provided by an external probity auditor as I recall at the time of those negotiations, and in the end result a payment was made, so to that extent you are dead right. That did not secure the opening of the mill and on that point you are also right.

I am being careful here not to necessarily infer one flowing from the other.

Mr JAENSCH - I respect that.

Mr EDWARDS - I have to be a bit careful. Even though I am under parliamentary privilege, I don't think it will assist the committee if I start giving you my personal views about who said and did what, when and why.

The payment made to Gunns, as I understand it, was a condition arising from the intergovernmental agreement, that Gunns would be compensated for surrendering its wood supply contracts. I don't think an amount of money was mentioned, but there was a funding component of approximately \$15 million which was offered to Gunns. As I recall, it was rejected by Gunns and a further amount was negotiated in the order of approximately \$28 million, I believe.⁵⁴

Committee comment:

- 5.31 The Committee notes that there were substantial differences in the respective contracts of sale between Gunns Limited and Triabunna Investments and Gunns and Aprin (the O'Connor bid). These

⁵⁴ Transcript of evidence, 12 August 2014, pp. 55-6.

differences related to inter alia payment of compensation and the preferential option to purchase Gunns saw log quotas by Triabunna Investments.

- 5.32 The Committee considers that the contract of sale between Gunns and Triabunna Investments made it clear that the Mill could only be reopened if Gunns were satisfied with the compensation payment it would receive as part of the Intergovernmental Agreement process. Such a condition was not a requirement of Gunns contract of sale with Aprin, who wished to purchase the Mill and reopen it as a woodchip export facility.
- 5.33 The Committee is concerned that the inclusion of this condition in the contract with Triabunna Investments, a company that was not within the industry and therefore likely had little interest in reopening the Mill, was used as leverage by Gunns to ensure it received compensation under the Intergovernmental Agreement process. This is considered further below.

Compensation payment made to Gunns Limited

- 5.34 There are a number of events that preceded the process of paying compensation to Gunns under the Intergovernmental Agreement. In October 2010, the Tasmanian forestry industry and several environmental non-government organisations reached an historic high level principles agreement for protecting native forests and developing a sustainable timber industry in Tasmania.
- 5.35 In December 2010, Bill Kelty was appointed as an independent facilitator to assist signatories to progress the agreement and report back to the Government. These discussions became known as the ‘forest peace talks’. While Mr Kelty worked independent of Government the process was funded by the Australian Government. Only stakeholders who were invited to participate in the process and agreed to do so were part of the negotiations. Neither Gunns Limited nor Forestry Tasmania were involved in that process.
- 5.36 Mr Kelty provided an interim report to the Australian and Tasmanian Governments on 31 March 2011⁵⁵ and his final report 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

⁵⁵ See <http://www.environment.gov.au/resource/tasmanian-forests-interim-report-consideration>

and Minister for the Environment on behalf of the Australian Government and by the Premier and Deputy Premier on behalf of the State.

- 5.37 The Australian and Tasmanian Governments subsequently signed the Tasmanian Forests Intergovernmental Agreement on 7 August 2011. Clauses 22 and 34 of the Agreement refer to the actions necessary and compensation payable in order to achieve key objectives to extinguish wood supply contracts and create formal reserves.

- 5.38 Clause 22 of the Agreement stated:

... 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.

- 5.39 Clause 34 of the Agreement stated:

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

- 5.40 The process for compensation began on 26 August 2011 when the Government made an offer of \$11.5 million (plus GST) to both Gunns and Forestry Tasmania to resolve their dispute over contract issues in relation to wood supply contracts 917 and 918. While Forestry Tasmania accepted the offer, Gunns formally rejected this initial offer on 2 September 2011. The State then entered into discussions with Gunns Limited in which the company indicated it would accept \$23 million. These discussions were predicated on the Australian Government supplying the additional funding. In addition, Gunns' acceptance of the offer was predicated on the Crown accepting a number of variations and clarifications to the proposed deeds. The Crown Solicitor provided advice in relation to these matters.⁵⁶

- 5.41 On 5 September 2011, the Australian Government wrote to the Premier requesting that it re-engage with Gunns to reach an agreement in order to achieve the objectives of clauses 17 and 29 of

⁵⁶ See email from Tony Ferrall, Secretary of the Department of Treasury and Finance to Danny McCarthy at Wise Lord and Ferguson, dated 12 September 2011 and related documents provided to the Committee by the Department of Treasury and Finance.

the Intergovernmental Agreement. These clauses relate to reducing the annual volume of guaranteed sawlog supply, and increasing the area of native forest given legislative protection through inclusion in Formal Reserves.⁵⁷

5.42 On 9 September 2011, the Premier wrote to the Australian Government requesting some flexibility in the Intergovernmental Agreement in order to fund the higher amount. That same day the Australian Government responded by indicating it would ‘work cooperatively’ with the Tasmanian Government and ensure the Tasmanian Government is able to meet the funding requirements.⁵⁸

5.43 Wise, Lord and Ferguson were appointed to undertake a probity audit in relation to the payments with the following terms of reference:

- 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.⁵⁹*

5.44 . The conclusions reached in their first report were:

- The legal opinions identify that if a negotiated settlement was not reached between the parties there would be a protracted and expensive legal dispute which would prevent the Intergovernmental Agreement proceeding;
- The Intergovernmental Agreement provided appropriate mechanisms to resolve the issues between Gunns and Forestry Tasmania;
- The process through which the secretaries of Treasury and Premier and Cabinet reviewed and concluded on the transactions was guided by and is consistent with the:
 - Heads of Agreement;

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*

⁵⁹ Wise Lord and Ferguson initial report on the process, provided to the Committee by the Department of Treasury and Finance.

- Intergovernmental Agreement; and
 - Legal Advice provided by the Crown Solicitor and the Solicitor-General.
 - The recommended approach was the only one which would give finality to the matter and enable Government to give effect to the Intergovernmental Agreement.⁶⁰
- 5.45 Following the second offer Wise, Lord and Ferguson concluded that the new offer was consistent with the original process.⁶¹
- 5.46 The Committee heard from the former Forest Minister, Bryan Green that Gunns Limited received a payment following the advice of the Solicitor-General that there were residual rights in the contracts Gunns were handing back when exiting from the industry and enabled the Intergovernmental Agreement to proceed. Mr Green denied the payment had anything to do with the sale contract between Gunns and Triabunna Investments. Mr Green commented:

Mr GREEN - As I said, we had not seen the contracts. We were involved in the process, leading up to the point of sale, where we had been trying to facilitate the sale to Aprin. It became clear in the end that Gunns had made a decision to sell the Triabunna woodchip facility to Triabunna Investments. You would need to talk to Gunns with respect to the contractual arrangements that were put in place.

From my point of view, we were treating this whole process in a transparent way. We were completely transparent with respect to what we were trying to achieve from the sale or the advice we had received on the potential sale of the existing contracts for timber. We had advice from the Solicitor-General suggesting that there was residual value. From my point of view, at no stage did it have anything to do with contracts between Triabunna Investments and Gunns.

The process that we were working through was about ensuring that we saved the government and Forestry Tasmania on into the future a whole heap of worry and concern as a result of the 917 and 918 contracts being handed back over - 168 000 cubic metres.

Mr JAENSCH - What looks like the fact now, if you look at the sale contract for Triabunna chip mill, it is now on the public record, Gunns being satisfied with the compensation payment from the government at the time was a condition of that sale agreement. It could have been if that -

⁶⁰ Ibid.

⁶¹ Correspondence from D J McCarthy, Partner, Wise Lord and Ferguson Chartered Accountants to Tony Ferrall, Deputy Secretary, Department of Treasury and Finance, dated 13 September 2011, provided to the Committee by the Department of Treasury and Finance.

Mr GREEN - With all due respect, Mr Jaensch, if you want to rewrite history and do a whole lot of things like that, then you can put any aspect on it you want. I am telling you what I was thinking at the time. It came as a shock to the government that Triabunna Investments had purchased the mill. We had been working through a process, and I provided letters to Forestry Tasmania to allow them to be involved in a private/public partnership. There was a whole range of things happening. We were then working through a process based on advice from the Solicitor-General, which was audited the whole way through. Wise Lord and Ferguson provided the audit process with respect to that.

The compensation to Gunns was about the contracts, the residual value. Nothing more, nothing less.⁶²

.....
.....

Mr GREEN - The fact is that the process based on Solicitor-General's advice said that there was residual value in the contracts; that the discussions and negotiations took place with respect to the amounts that would be paid. Forestry Tasmania had a view about what they were owed. Gunns had a view with respect to the residual value. That process -

Mr JAENSCH - Why does this deed then refer specifically to the Triabunna Agreement?

Ms O'CONNOR - I do want to make a point of order here. This is the first time, Mr Jaensch, that you have persistently interrupted a witness while they are giving testimony. I think it is inappropriate.

CHAIR - I take the point of order. The point of order is noted. The member is entitled to ask questions. The witness is entitled to respond.

Mr GREEN - Thank you, Mr Chair. The answer is, Mr Jaensch, that was not the intention from our perspective. Our intention was to ensure based on the Solicitor-General's advice that the appropriate amount of compensation was paid for, I think, 917 and 918 of the 168 000 cubes. Gunns had given an indication earlier on in the piece that they were getting out of those contracts. It was not, from our point of view and certainly from my point of view, contingent on us finalising the sale of Triabunna.

We as a government, though, sought commitments from Triabunna Investments with respect to reopening. I wrote to them, we met with them, and I also wrote to Tony Burke at the time seeking the mill to be reopened. They had gone through a tender process that was finalised in December. All indications were that they were going through the appropriate mechanisms to reopen the mill. You will have to ask Triabunna Investments why in the end they didn't.

I can safely say to you, and aware of my obligations to the committee, that the process by which we entered into was all about ensuring that the advice from the Solicitor-General was carried through. We took the extra step to make

⁶² Transcript of evidence, 22 September 2014, p. 61

sure that that process was fully audited by Wise, Lord and Ferguson. They audited all documentation and correspondence entered into between the parties. They believed that the assessment with respect to the amount that was paid to Gunns and to Forestry Tasmania was fair. On that basis the Commonwealth funds were paid.

That allowed then for us to continue the process without any potential mitigating circumstances associated with getting an agreement around the Tasmanian Forest Agreement, given that we knew that we would not have any residual contractual arguments that might be taking place between Forestry Tasmania and Gunns. That was our motivation - nothing more and nothing less.⁶³

- 5.47 Forestry Tasmania expressed their opposition to the compensation payment to the former Government and noted that Forestry Tasmania had received legal advice that Gunns had breached the contracts with Forestry Australia and there was no legal basis for compensation to be paid. Bob Gordon, former Managing Director of Forestry Tasmania commented:

CHAIR - Sure. I know the other members will have some questions around the sale and also Forestry Tasmania's involvement and the expressions of interest and we will come back to that. I specifically wanted to ask you about your take-or-pay contracts with Gunns and the voluntarily giving up of their interest in native forests. Gunns' legal agreements with Forestry Tasmania were going forward and yet they voluntarily gave up those rights and then sought compensation. You were reported at the time as slamming the idea of Gunns being compensated for getting out of native forests, saying it was not forced to and that it was the company's own commercial decision - that's a paraphrase from *The Mercury* of 22 July 2011 - and then it refers to a circular that went round Forestry Tasmania to all employees.

You have asked what many would consider very legitimate questions in regard to that saying that Gunns owed FT \$19.2 million, to increase to more than \$25 million by 2010-11. My point is in terms of this voluntary giving up, why do you think they were paid compensation? You had a view as head of Forestry Tasmania that pretty much opposed that. How did that occur?

Mr GORDON - The Gunns pulp mill contracts with FT were on the FT website; I don't know if they put them on when they were signed. The synopsis of the commercial agreement was that Gunns would purchase, and FT would supply, pulpwood meeting their specifications at a price that was indexed to the global price of pulp when the pulp mill started, with a ratchet clause that if the price of pulp went above US\$900, FT received about two or three times the price increase because when pulp mills are at that price they are basically printing money. As it went down there was a floor price below which FT would not sell at which was basically our cost plus a metre marginal on ships. Gunns wanted to buy basically all of FT's pulpwood but in return for us not being able to sell that pulpwood to anyone else, we said they had to take a minimum or pay for

⁶³ Transcript of evidence, 22 September pp 65-6.

it. Gunns entered into that contract freely. They had it for a long time, we negotiated and that was the contract that was agreed on.

When Gunns unilaterally decided to change their corporate strategy they decided they didn't like that contract anymore and they also didn't like the take-or-pay clause. I had several interesting discussions with them about that and the end point of that was Gunns' board wrote a letter to FT's board saying that the contracts were at an end and they gave the termination notices required under the contracts.

Interestingly, the reason they said they were reneging was because the woodchip market had reduced by 10 per cent, which I found a bit strange because they had obviously been affected more than that. In effect, the contracts were at an end.

CHAIR - I can see your point but did they have any legal basis for a claim or compensation?

Mr GORDON - No.

Ms O'CONNOR - The Solicitor-General thought so, didn't he?

CHAIR - I have a letter here signed by the Premier to the chairman of Forestry Tasmania; it came through Right to Information and I'm happy to table it and show it to you. It makes it very clear in the last sentence, 'I would be grateful if you would indicate your acceptance of this offer by signing the attached deed of release of 13 September 2011' -

Mr GORDON - Which was a deed of release to FT that in return for \$11.5 million, FT would not pursue its dispute with Gunns over the take-or-pay amount.

Ms O'CONNOR - Chair, can I ask when other members of the committee will be given an opportunity to ask questions?

CHAIR - Yes, very shortly. Mr Gordon, how did this compensation get paid to FT? It was a decision presumably by the government and you opposed it.

Mr GORDON - I didn't ever oppose FT being paid compensation.

CHAIR - Gunns, I am talking about.

Mr GORDON - Yes, but I had nothing to do with the Gunns compensation party.

CHAIR - But you expressed a view.

Mr GORDON - Correct, though I didn't believe that on a straight legal and commercial basis Gunns had any claim to be compensated for Gunns' breaking their contracts with Forestry Tasmania.

CHAIR - And you expressed that view to the government at the time?

Mr GORDON - Correct.

CHAIR - Whereas the RTI papers show there is a range of advice going from you to Bryan Green and you to Bryan Green and the Premier at the time. You have expressed your view and yet that decision was made by the government to compensate Gunns, is that correct?

Mr GORDON – Correct, and at the end of the day FT's board made a commercial decision that to pursue the take-or-pay clause with Gunns, who were in severe financial distress and who may or may not have been able to pay that money if we won the court case, that the FT board was prepared to accept a payment from the government in part compensation of the debt.

Ms O'CONNOR - Mr Gordon, did you have legal advice that Gunns wasn't entitled to receive payment for its quota?

Mr GORDON - What's the quota?

Ms O'CONNOR - What you are describing as compensation, my understanding was that that was the government buying back quota in order that -

Mr GORDON - There is no such thing as a quota. It's a straight commercial contract. You are a willing buyer, we are a willing seller, and in that contract we agree to terms and conditions. One of the terms was that you must buy a minimum amount and if you don't buy that minimum amount, you must pay for it.

Ms O'CONNOR - You don't describe that minimum amount that is described there as a quota. It's not a quota?

Mr GORDON - No. It's the same as during the discussion people were talking about sawmill licences. There is no such thing. They are all straight commercial contracts between willing buyers and sellers which have all the commercial details set out in those contracts.

Ms O'CONNOR - Mr Gordon, did you have formal legal advice that Gunns was not entitled to receive any payment from government for the buyback? I have never heard it described as compensation in any legal sense.

Mr GORDON - No, and it wouldn't have been because there was nothing to compensate. Forestry Tasmania focused on Forestry Tasmania's business. What the government decided to do with Gunns was really their business. But from Forestry Tasmania's point of view, we had strong legal advice that there was no basis for Gunns to claim compensation or any financial assistance because Gunns were the ones who had breached the contract.⁶⁴

- 5.48 Dr Julian Amos, former Chair of FIAT, commented on the payment noting that the dispute between Gunns and Forestry Tasmania about the breach of contract created a situation that needed to be resolved before the Intergovernmental Agreement could be signed off:

⁶⁴ Transcript of evidence, 13 August 2014, pp. 49-52.

Gunns was suffering from a number of different attacks. In April 2011 - and you have this document - they wrote chairman to chairman - Newman to Adrian Kloeden, the Forestry Tasmania chair - saying that they were terminating their contracts and at that time FT determined there was some money outstanding in the vicinity of \$20 million.

In my view and in the view of many people, when they wrote that letter terminating the contract they were in breach of contract, they were walking away and they owed money. Later, Gunns placed conditions on their walking away and sought compensation and I don't have the answer but the question I ask is what caused the change of attack? My own view in respect of this, and this is after the mill had been sold, is that there was a political imperative going down at a commonwealth level to support the IGA and that as a result Gunns had the opportunity to get some of that IGA money.

The FT and industry view was that it was a breach of contract - and you have legal advice, I think, or advice from Forestry Tasmania that that was so. The government view, as I understand it, is that they had legal advice from the Solicitor-General. To the best of my knowledge that advice was that there was a dispute and not as to the merits of which side of that dispute had the stronger case, but there was a dispute. The Government had put itself into a time line where it had to resolve its IGA issues and therefore sought to pay compensation to Gunns for the purposes of getting the IGA signed off.

I make comments about the probity audit and I have no issue with that except that the terms of reference of the probity audit note that there is an amount of money to be paid, not whether money should be paid, and I think the probity audit should have looked at whether money should have been paid at all.

Mr SHELTON - Did FIAT investigate that at all?

Dr AMOS - I was no longer with FIAT at this point. This is knowledge I have gained from conversations, as distinct from a position.

You know that the first offer was made on 26 August. There are some statements in the letter from the Premier regarding that offer which read strange to me, but having that offer rejected, a second offer was made within a week or two for \$23 million and that was accepted. FT's debt was written off with \$11.5 million paid and FT thought that they were over \$20 million. There was a deal done there which in my view was pretty much driven by the commonwealth's desire to get the IGA resolved and they just put money on the table to make it happen.⁶⁵

- 5.49 The letter Dr Amos refers to is a letter from the then Premier, Lara Giddings, to Gregory L'Estrange, Managing Director of Gunns Limited, dated 26 August 2011, which states:

The State has determined under this Agreement and based on Crown legal advice, that it is appropriate to make an offer of payment to Gunns, as provided under clauses 22 and 34 of the TFA, in return for particular

⁶⁵ Transcript of evidence, 10 November 2014, pp 4-5.

commitments to enable essential processes that are required to give effect to the TFA's objectives, to be immediately progressed.

I wish to emphasise that this payment is not for the purchase of sawlog allocations or as compensation for relinquishing licence rights, as proposed in your letter of 12 July 2011. It is the State's view that you terminated the relevant contracts of sale, 917 and 918, on 18 April, with six months notice. Therefore, the valuation of these contracts, attached to your letter of 12 July 2011, is not considered relevant for determining a proposed settlement.

However, it is clear that to give effect to the TFA, commercial certainty needs to be provided by removing any possibility of ongoing action between the parties in relation to the past or surviving rights, and to immediately settle all amounts, including actual debts, disputed amounts and counter-claims in relation to these contracts – in order that the contracts can be immediately extinguished and the relevant areas used for meeting TFA objectives.⁶⁶

- 5.50 Despite Ms Giddings' claim that the payment offered was not for the purchase of sawlog allocation, Clause 2 of the Deed between the Crown and Gunns Limited sets out the conditions under which the Government is prepared to make payment to Gunns Limited and requires compensation to be paid for giving up sawlog quotas. Clause 2.1 of the Deed states:

2.1 Condition

Each party's obligation 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.⁶⁷*

- 5.51 Dr Amos questioned the process noting that the offer of payment to Gunns by the Government doubled within a week which indicated the Government considered the matter needed to be dealt with quickly:

⁶⁶ Correspondence from Lara Giddings, Premier to Gregory L'Estrange, Managing Director, Gunns Limited, dated 26 August 2011, provided to the Committee by the Department of Treasury and Finance.

⁶⁷ Copy of Deed between The Crown in Right of Tasmania and Gunns Limited, provided to the Committee by the Department of Treasury and Finance.

Dr AMOS - I am not saying they were insolvent. I am just saying, where was the due diligence done to determine whether they were? It is a lot of money and the \$11.5 million that was put on the table was rejected and within a week it went up to \$23 million, it doubled. That seems to me to be a very odd move to make and a very short time in which to make it.

CHAIR - Why do you think that is?

Dr AMOS - Again, it suggests to me a political imperative, to resolve the IGA.

Mr JAENSCH - On that then, if the state government took legal advice, which we cannot see but which appears to point rather to that it would be legitimate for a payment to be provided but not necessary.

Dr AMOS - No, I think it is slightly different to that. A dispute exists, irrespective of the merits of the dispute. If the government asked the question: is there relevance in this dispute? Well, there are two sides and it would be costly to resolve and time-consuming to resolve, there is no way to fix it - have to buy them out.⁶⁸

- 5.52 The Committee heard other witnesses who expressed concern about why the compensation payment was made to Gunns Limited for voluntarily surrendering its wood supply contracts. As noted in paragraph 5.28, Terry Edwards, Chief Executive of the Forest Industries Association of Tasmania wrote to the Premier in July 2011 questioning the conditions of sale of the Mill which required Gunns to be satisfied with the compensation it would receive under the Intergovernmental Agreement process. Mr Edwards considered the payment of compensation to be outrageous and have no legal basis. He commented in this letter:

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

⁶⁸ Transcript of evidence, 10 November 2014, p. 7.

nor any basis upon which the Government could respond positively to that demand.⁶⁹

- 5.53 Colin McCulloch , former CEO of the Australian Forest Contractors Association also questioned the payment of compensation. IN evidence before the Committee he commented:

CHAIR - ... The other provision in it relates to compensation that Gunns was seeking from the government. There has been a view put that this is just a matter between two private companies selling one to the other. But there was a deed of release, clause 6 in the deed attached, that refers to the need for compensation to be paid by government to Gunns. That was subsequently paid in September, some months later. In that particular agreement it referred back to the Triabunna agreement, so there is a link there.

I am interested in your views on the merit or otherwise as to why the government should have been required to pay compensation to Gunns, and do you think they should have paid compensation?

Mr McCULLOCH - It is an interesting point. It would be fair to say that it was not missed by industry representatives at the statement of principles, or special council, I think we were called at that stage. How do you actually manage to get compensation for what you have voluntarily rescind? It would be fair to say that, in that particular process, and this would only be an opinion, there were some heavy negotiations by members of the special council to make sure that Gunns could have significant funds to look at paying out the redundancies as they closed that facility. It is only conjecture, but quite interesting.⁷⁰

Committee comment:

- 5.54 The Committee is concerned about the payment made to Gunns under the Intergovernmental Agreement process. While it is acknowledged that funding had been provided under the Intergovernmental Agreement to compensate companies exiting from the native forest industry, it appears, from the evidence available to the Committee, that the Government paid an amount that satisfied Gunns for political expediency in order to ensure the Intergovernmental Agreement process could be completed. The Committee notes that Gunns rejected an offer of \$16 million from Aprin and accepted an offer of \$10 million together with a provision in the contract for compensation, which was subsequently \$23 million.

⁶⁹ Correspondence from Terry Edwards, Chief Executive of Forest Industries Association of Tasmania to The Hon. Lara Giddings, Premier, dated 21 July 2011, re Triabunna Wood Chip Mill, provided to the Committee by the Department of Premier and Cabinet.

⁷⁰ Transcript of evidence, 22 September 2014, pp 25-6.

- 5.55 The Committee notes that due to client confidentiality it has been unable to obtain a copy of the Solicitor-General's advice on the residual rights and whether compensation was legally required to be paid. However, the letter from Premier Giddings to Gunns Limited, dated 26 August 2011, confirms that the payment of money to Gunns was voluntary and not required.
- 5.56 The Committee notes that the terms of reference for the probity audit undertaken by Wise, Lord and Ferguson included a requirement to review the appropriateness of the Government's proposed offer to both Gunns Limited and Forestry Tasmania. The audit noted that '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'. The audit concluded this process was consistent with the Heads of Agreement, the Intergovernmental Agreement and legal advice provided by the Crown Solicitor and the Solicitor General.
- 5.57 The Committee considers that while Wise, Lord and Ferguson undertook a probity audit as to whether the money could be paid, no such audit was undertaken into whether the money should be paid. Arguably this is a policy question.
- 5.58 The Committee also considers that it is apparent the payment was made by the Government with no terms and conditions guaranteeing the reopening of the Triabunna Mill. In short, Gunns received compensation/payment of money with no obligation for the Mill to reopen. This highlights the negligence and incompetence of the then government. In addition, it demonstrates the then government had little regard to the financial position and stability of Gunns Limited nor was any due diligence undertaken. Further, no qualifications were put in the sale documents granting the payment to secure an interest for the Government in the payment of the money, viz the continual operation of the Triabunna Mill.
- 5.59 The Committee notes that the Tasmanian Greens had two Ministers in the former Government, which supported the compensation payment made to Gunns under the Intergovernmental Agreement despite the fact that the Greens were originally opposed to government compensation for Gunns' exit of the native forest

industry⁷¹ and opposed to the sale to Aprin (the O'Connor bid).⁷² The Committee considers that the Greens support for the payment was due to the fact that Gunns exited native forests and that the purchasers of the mill were known environmentalists who supported the closure of the native forest industry and that further lock-ups of Tasmanian forests could be secured as part of the Intergovernmental Agreement process.

⁷¹ See Questions asked by Senator Bob Brown to Forestry Minister Joe Ludwig on 15 June 2011 to ensure the Government did not provide any money through the forest agreement to facilitate the purchase of the Triabunna Woodchip Mill, Senate Hansard, 15 June 2011, p. 2856

⁷² See Media release of Tim Morris MP, dated 23 June 2011, 'Aprin asks State for Funding: Taxpayer funds should not be used to export high conservation value woodchips'.

6 THE OPERATION AND DISMANTLING OF THE MILL UNDER TRIABUNNA INVESTMENTS

- 6.1 This Chapter considers the operation of the mill and its eventual dismantling under the ownership of Triabunna Investments. Consideration is given to the process undertaken by Triabunna Investments to find an operator for the Woodchip Mill as required under the sale agreement.
- 6.2 Consideration is also given to the provisions of the Intergovernmental Agreement, which provided a means for the government to take action in the event the mill did not reopen and action taken by the former government. This Chapter also considers issues surrounding the wharf at the Mill site.

Expressions of interest to operate the Mill

- 6.3 As noted in the previous chapter, a condition of the sale agreement between Gunns Limited and Triabunna Investments was for the Mill to reopen. Graeme Wood commented on the efforts made to ensure the Mill could be operational after Triabunna Investments purchased the Mill:

After the purchase of the mill, efforts were made to ensure it remained in working condition for over two years and available to a tender process. Gunns Ltd provided \$250,000 of repair costs to the site, including upgrades to the High Voltage Substation. Triabunna Investments also provided significant resources to clean up the site and ensure everything was prepared for operating purposes.⁷³

- 6.4 In evidence before the Committee Mr Wood reiterated that Triabunna Investments had invested in keeping the Mill in operational condition for two years as required under the purchase agreement:

CHAIR - *Just quickly, did you ever plan to re-open the mill for timber purposes?*

Mr WOOD - *We kept the mill in operational condition, at quite an expense, for two years. That was what we agreed to do in the purchase agreement and we did it. If we had no intention to open the mill, we wouldn't have wasted all that money on it, and some significant money went into it. It is a complex operation. All of the spare parts and machinery are custom-made for that site. There was a large inventory of spare parts there. There were all the environmental issues to look at. If we really wanted to close it down we would*

⁷³ Submission no. 19, Graeme Wood, p. 5.

*have done it early on. We did not do that. In the spirit of supporting the forest peace talks at the time, we kept it in operational conditional in case a suitable tenderer came along, who could satisfy us that they would do the right thing and we could get a return. We were more than happy to do that for a period of time.*⁷⁴

6.5 The Committee was advised that after purchasing the Mill Triabunna Investments embarked on a tender process. A call for expressions of interest to operate the Mill was advertised in local newspapers on 16 November 2011.

6.6 Alec Marr, who had been appointed by Triabunna Investments to manage the tender process advised the Committee that there were a number of impediments to finding a successful tender including the port lease and the changing markets in Asia. In his submission to the inquiry, Mr Marr commented:

Triabunna Investments began the process of designating a tender document. However, the tender process was stalled for many months when Tasports refused to transfer the Port Lease to Triabunna Investments. Without the lease, exporting from the site would be impossible...

.....

To inform the tender process, I decided to attend the world's biggest woodchip conference in Singapore to gauge what the market prospects were for the Australian woodchips. It was immediately clear that Gunns had made a soundly based commercial decision to exit the woodchip market.

The conference confirmed that the Japanese market had effectively closed to Tasmanian native forest woodchips and that meant the only market open to Tasmania was predominantly spot sales to China. China was being primarily supplied by Vietnam and Thailand who are able to supply 8mtpa of eucalypt plantation woodchips at less than half the price Australian producers could supply. Shipping costs were clearly a big issue, with South African suppliers also hit hard as a result of being 23 days shipping distance from China.

*Two other considerations informed the tender process. The future of the region clearly depended upon being able to operate in the long term without public subsidy and in a way that would support the Tasmanian Forest Agreement.*⁷⁵

6.7 Mr Marr claims the tender process was kept open for a year without a single serious business proposal for the lease of the mill being tendered:

⁷⁴ Transcript of evidence, 25 November 2014, p 10

⁷⁵ Submission no. 2, Alec Marr, p. 4.

The Tender process was very frustrating because there was effectively no interest in operating the Triabunna mill as a commercial woodchip operation. This of course fitted with Gunns experience of having the mill on the global market for a year with no interest in purchase.”

The tender process was kept open for a year, without receiving a single serious business proposal for the lease of the mill....my assumption is that no tenders were received because without Forestry Tasmania absorbing the losses and guaranteeing profits for the operators no one was interested.

The letter from Bob Gordon suggesting Forestry Tasmania could run the mill made no attempt to satisfy the tender requirements and was clearly part of a push by FT for more public money to prop up its operations. It made no attempt to make a business case for how it would operate the mill profitably.⁷⁶

6.8 These impediments and the purported lack of interest to run the Mill was also expressed by Graeme Wood who commented:

A tender document was prepared as soon as possible. Unfortunately the process was hindered a number of months when TAS ports refused to transfer the Port Lease to Triabunna Investments. Exporting woodchips from the mill would be impossible without such a lease and therefore a call for tenders became a redundant process until this issue was resolved.

*.....
A Triabunna Standard was developed in August 2011 to ensure sustainability of the resource and requested that supply would also need to come from areas of public native forest that would support the Tasmanian Forest Agreement. This Triabunna Standard was then disseminated amongst interested parties. Unfortunately no acceptable sources of wood at sufficient volumes were found.*

The tender process remained open for a year, and yet still no economically viable proposal was put forward. A letter by Bob Gordon was received suggesting that Forestry Tasmania could run the mill. However the letter did not detail or qualify the tender requirements. It also became clear that the mill would require subsidies to stay operational – at least 5 million dollars per ship in order to compete with Vietnam markets.⁷⁷

6.9 In response to these claims that Forestry Tasmania never met the criteria Forestry Tasmania advised the Committee that they had put in an expression of interest and never received any response which set out specific criteria to address. In evidence before the Committee Steve Whiteley, CEO of Forestry Tasmania commented:

Mr SHELTON - *I wanted to go back to a question that Ms O'Connor raised that is dealing with FT putting in an expression of interest in the Triabunna mill, and Mr Marr's comments that it never met the criteria, or whatever terminology he*

⁷⁶ Submission no. 2, Alec Marr, p. 5.

⁷⁷ Submission no. 19, Graeme Wood, pp. 6 and 9-10.

put. Have you ever seen the criteria for operation of the Triabunna Mill that was supposed to be put together for people to submit to? There was an expression of interest process and then there was supposed to be a detailed program after that.

Mr WHITELEY - That was our understanding. So there's two pieces of information I will provide. One was written in response to the invitation to express interest and it was dated 21 December. We received no acknowledgement or response to that expression of interest so were not aware of any other specific requirements that we were quite happy to address. But we did make the point that in seeking to do this was both at the behest of some community members but also we were concerned that progress towards the TFA may have been in jeopardy based on the understanding of the role of Triabunna. So we did not want that to be a blocker to the whole of the TFA. So that was made very clear. We were not particularly interested in being a processor but, in the interests of the community and the political process that was happening at the time, it was more of an insurance policy from our point of view.

.....
CHAIR - Did you ever get a response back to the Forestry Tasmania expressions of interest to operate the Triabunna woodchip mill?

Mr WHITELEY - A second follow-up letter sent on 16 March having received no reply - a follow up letter just reiterating my expression of interest - and again there was no acknowledgement or response to that.

Ms O'CONNOR - Was there ever a meeting between Forestry Tasmania and Triabunna investments face to face?

Mr WHITELEY - I think in the early days one of our officers met with representatives of Triabunna Investments. It was not standoffish in that sense but in terms of a formal process, we made a formal response to what had been advertised and did not receive the response that was appropriate for that submission.

CHAIR - You got no response?

Mr WHITELEY - That is correct.⁷⁸

- 6.10 Furthermore, despite these claims of Mr Marr and Mr Wood that Triabunna Investments had undertaken a formal tender process for the operation of the Mill, the Committee heard from a number of witnesses in addition to Forestry Tasmania that no such tender process ever occurred. Witnesses informed the Committee that a call for expressions of interest to operate the Mill was made but that this step was not followed up by any formal tender process. In its submission to the inquiry the Forest Industries Association of Tasmania (FIAT) commented:

⁷⁸ Transcript of evidence, 12 August 2014, pp. 80-81.

From discussions since the call for expressions of interest with those parties that submitted an application, FIAT believe that no further contact was made by Triabunna Investments with any of the submitters and we are unaware of any tender documents being provided to any party in response to an expression of interest.⁷⁹

- 6.11 Andrew Morgan, Managing Director, SFM Forest Products also informed the Committee that SFM and Les Walkden enterprises had jointly responded to the call for expression of interest and received no further communication or tender documents from Triabunna Investments:

On the 16th November 2011 the owners of the Triabunna Woodchip Mill advertised in local newspapers calling for “Expressions of Interest to operate the Triabunna Woodchip Mill. The Expression of Interest was for the lease and operation of the facility for an initial period of 5 years in a way which was consistent with the aims of the Tasmanian Forest Inter governmental Agreement – 7th August 2011. Aside from requiring the applicants to operate the facility consistent with all legislative requirements and OH&S standards no other details were given at the time in regards to operational or financial parameters.

On the 2nd December 2011 SFM and Les Walkden Enterprises jointly responded to the Expression of Interest to operate the Triabunna Woodchip Mill.

No acknowledgement of receipt of the letter was received.

In February 2012, David Wise, my business partner and Director of SFM contacted Alec Marr, General Manager of Triabunna Investments, via a phone call to enquire as to the progress of the Expression of Interest. David was told that Triabunna Investments was going through a process and they were going to send out documentation in due course.

On the 29th February 2012, David sent a text message enquiring into further documentation. The text message... indicates there was documentation sent out to a short listed group of applicants, discussions were taking place with those applicants and that the SFM/LWE application was not shortlisted. I have not, nor know anyone who has, seen the abovementioned documentation.⁸⁰

- 6.12 Similar comments were received from Ron O’Connor, who advised the Committee:

CHAIR - *I have a question regarding the expression of interest. To get it on the record - and*

⁷⁹ Submission no. 8, Forest Industries Association of Tasmania, p. 15.

⁸⁰ Submission no. 10, Andrew Morgan, Managing Director, SFM Forest Products, pp. 1-2.

Mark is here as well - you put it in and didn't get any feedback in terms of responding to the advertisements for an expression of interest to operate the mill. Can you confirm that with us on the record?

Mr O'CONNOR - I know when I was on camera I said I would rather cut off my right arm than help Cameron and Wood, but I sat down later on and put in an expression of interest for the industry because I knew it was all going to die. We lost seven trucks and I put about 20 people off. I put an expression of interest in but no-one came back, not even a word.

CHAIR - You received no response?

Mr O'CONNOR - Not one response.⁸¹

- 6.13 Robert Torenus, a sawmiller, also advised that he received no acknowledgment or further documentation after he had submitted an expression of interest to operate the Mill:

Mr JAENSCH - Can you tell us about the subsequent bid you were involved with as an expression of interest to operate the mill that was advertised by Triabunna Investments? Who was involved with that one and what were you proposing?

Mr TORENIUS - There were ourselves, Kelly's sawmill and two of the cartage contractors from the Derwent Valley - the Triffetts. I think that was all that were in that initial consortium, but others would have been brought in if we had been successful.

Mr JAENSCH - Did you put together a proposal after the advertisement was put in the paper?

Mr TORENIUS - Yes. Rob Eastment did all that.

Mr JAENSCH - What response did you get when you submitted that? Did they come back with detailed guidelines?

Mr TORENIUS - Absolutely nothing, as far as I know, and Robert Eastment can confirm that. I don't know whether they even acknowledged they had received it. Alec Marr was the one in charge up there at the time.

Mr JAENSCH - I think in the advertisement there was reference to detailed guidelines being provided, or you would be required to meet detailed tender documents that would be made available. Did you get as far as getting any of that?

Mr TORENIUS - No.

Mr JAENSCH - So you were just pitching what you thought you could offer?

⁸¹ Transcript of evidence, 12 August 2014, p. 12.

Mr TORENIUS - Yes. It was very much an expression of interest to run that mill as a consortium of sawmillers and logging contractors.⁸²

- 6.14 The Committee also received evidence, which indicated that Triabunna Investments were not serious about reopening the Mill as a woodchip export facility and considered that no party would be able to meet the criteria they were setting. In evidence before the Committee Leigh Arnold, commented:

Mr ARNOLD - I've been involved in the timber industry all my life. I probably eased out of it a little bit probably six years ago. It was probably an opportunity I thought might have been there.

CHAIR - What sort of business did you run at the time? What made you go and talk to Triabunna Investments and Mr Marr?

Mr ARNOLD - I just thought there might have been an opportunity there when the dollar came off a little bit to get back into export. At that time the dollar had basically brought the industry to its knees.

CHAIR - You were operating in the industry at the time, Mr Arnold. Can you explain to the committee the nature of your business and why you sought that meeting?

Mr ARNOLD - We were probably doing a little bit of timber harvesting. We'd eased right back and were down to probably 20 per cent or 30 per cent of what we had been doing in the years previous. I just thought there might have been an opportunity there if they were serious about leasing it or doing something with it, but –

CHAIR - You didn't think they were?

Mr ARNOLD - No.

CHAIR - Why do you say that?

Mr ARNOLD - They said as much.

CHAIR - What did they say?

Mr ARNOLD - He basically said that they weren't serious in going forward with it.

Mr JAENSCH - When did you have that discussion do you reckon?

Mr ARNOLD - It would have been late 2011.

⁸² Transcript of evidence, 12 August 2014, p 34.

Mr JAENSCH - So they had purchased the mill and there had been some media at the time from Gunns and the new owners that their intention was to operate it as a mill in the future.

Mr ARNOLD - Yes, once this IGA TFA thing was done and sorted they wanted to operate it. That was the media.

Mr JAENSCH - Was it your intention to just say, 'I'm here if you're ready to do business' – is that what you were trying to do?

Mr ARNOLD - Basically, yes.

Mr JAENSCH - Did they tell you they weren't interested in talking to you about that then or at all?

Mr ARNOLD - I think it was obvious. I tried to explore on the day whether there would be any opportunities going forward but I think basically they weren't interested in going forward.

Mr JAENSCH - Did you have the impression that they weren't interested in what you were offering or –

Mr ARNOLD - They weren't interested in anything.

Mr JAENSCH - What sort of pitch did you make to them? What did you offer?

Mr ARNOLD - I just asked what they'd be looking at going forward and we discussed the AFS standard, FSC, and they said from what they could see nobody would be getting FSC, and that was one of their demands if anybody was to. It was all a bit of a joke really.

Mr JAENSCH - Subsequently Mr Marr said they spoke to various people who were interested but no-one could come forward with a proposal to meet any standards. Did they give you any standards or guidelines that they wanted you to meet?

Mr ARNOLD - FSC was one of them. In saying that he doubted that anyone would ever get FSC.⁸³

- 6.15 Robert Eastment, who had assisted a number of parties in preparing expressions of interest also questioned whether the process undertaken by Triabunna Investments to find an operator for the Mill was serious:

Mr JAENSCH - In the people you were assisting to develop expressions of interest, there was no response. Do you have the impression that process of calling for and dealing with expressions of interest was handled sincerely? Did they give the appearance that they were genuinely looking for expressions of interest?

⁸³ Transcript of evidence, 12 August 2014, pp. 19-21

Mr EASTMENT - It is my opinion it was not done with diligence. I expected a certain business format. You put out expressions, call for tenders, come in, acknowledge, go through the selected ones you want to work with, you give them more details, you open some books, look at their details and at their security, banks and things. There is a process you work through and I don't believe that process was followed. I am not sure it was even entered into.

Mr JAENSCH - There is no evidence of the process.

Mr EASTMENT - I don't have evidence of that, it is my opinion.

Mr SHELTON - Along those lines, the expression of interest, we have talked about that and we know of a number of people who expressed an interest, whether that was to the satisfaction of Mr Marr or not.

The next stage, which is terms of reference, it was indicated that for this business plan that people never saw, that businesses never put in, did you ever see a document that any business could work off from Triabunna Investments to say these are the criteria you must meet?

Mr EASTMENT - Absolutely not. I asked and I asked. I have not spoken personally to Mr Marr, that was never my role but the people I was with did and I said, 'go back and ask him' because it was fair. He was running it and it was his call. I did not see that document. I wouldn't want to sit here and criticise the way he approaches his business; it is his business and it was a private business and he can run it any way. However, in a public business I don't think it would have been done that way.⁸⁴

6.16 When questioned about the lack of any formal tender process, Graeme Wood commented:

CHAIR - In terms of the expression of interest process that you referred to then, we have received conflicting evidence regarding how or if that was formally conducted. In your submission you refer to the development of tender documents. Elsewhere you and others have reported that the process was conducted and no suitable bids were received. We have heard from people who were interested who made expressions of interest but received no tender documents in return. In your submission you refer to the fact that there was a frustrating situation with regard to transfer of the port lease which made the tender process redundant. Was there a tender process? Was there a tender document released to interested parties?

Mr WOOD - There was certainly a tender document. I saw the tender document and I saw the list of names that it went to.

CHAIR - How do you account for the people who have told us that they expressed interest telling us that they never received anything after submitting their expression of interest to you?

⁸⁴ Transcript of evidence, 13 August 2014, pp 5-6.

Mr WOOD - I can't answer that. Alec Marr was in control of that process and he would be able to answer your question perhaps.

CHAIR - Would you be prepared to share with us the list of names of people that the tender documents were supposedly sent to?

Mr WOOD - Supposedly sent to?

CHAIR - Because you can't confirm that they were.

Mr WOOD - Are you suggesting they weren't sent?

CHAIR - They appear not to have been received.

Mr WOOD - Are you suggesting they weren't sent?

CHAIR - Mr Wood, do you have the list of names the tender documents were sent to?

Mr WOOD - No, I don't. Not in front of me.

CHAIR - Can you provide that to the committee please?

Mr WOOD - I will do my best.

CHAIR - Page 9 of your submission says:

This Triabunna Standard, the tender document, was then disseminated amongst interested parties. Unfortunately, no acceptable sources of wood at sufficient volumes were found. The tender process remained open for a year and yet still no economically viable process proposal was put forward.

That was set out in your submission. We are passing on to you that all the evidence we have received to date with over six separate witnesses say they never received the tender documents.

Mr JAENSCH - I refer also to page 6 of Mr Wood's submission that makes reference to:

Tasports refused to transfer the port lease to Triabunna Investments. Exporting woodchips from the mill would be impossible without such a lease and therefore a call for tenders became a redundant process.

The suggestion there is that the process was aborted rather than having run its course and failed to produce a suitable proponent. Can you clarify that for us because it seems to be conflicting?

Mr WOOD - No, I can't because I do not recall the detail. I do recall that there were complications or delays in getting the lease sorted out with Tasports but the detail escapes me now.⁸⁵

⁸⁵ Transcript of evidence, 25 November 2014, pp 4-5

6.17 The Committee notes that Mr Wood was unable to provide the Committee with a list of names to which the tender documents were sent.

6.18 In addition, the Committee notes that evidence received during the inquiry indicates that Mr Wood bought the Mill site 'site unseen' on the advice of Alec Marr in conjunction with Jan Cameron, whom he had never met and did not know her intentions for the site. In evidence before the Committee Mr Wood commented:

CHAIR - I wanted to ask you about Alec Marr and I wanted to clarify if you appointed him as general manager for the Triabunna Mill site?

Mr WOOD - Jan Cameron and I agreed he should get the job, yes.

CHAIR - Did he assist you in the purchase of the site from Gunns?

Mr WOOD - I was bush walking in the middle of Western Australia when all this happened and I had very brief satellite telecommunications going on. Yes, he was involved in the negotiations. I believe Jan Cameron was in Tasmania at the time, and was much more involved than I was, physically.

CHAIR - Alec Marr, was he the middle man to put you in touch with Greg L'Estrange and Gunns?

Mr WOOD - I never spoke to Greg L'Estrange about it until after the thing was signed, as I recall. I didn't even meet Jan Cameron until after it was signed, so somebody must have been the middle man, and it would have been him.

CHAIR - You've had an ongoing relationship with him since then until recently, or do you still have contact with him?

Mr WOOD - I haven't had much contact with him since a certain journalist wrote a certain piece in a certain magazine. He was rather upset about that and he thought I was responsible for trashing his reputation, which I wasn't. We don't communicate unless we really have to, and there hasn't been any real need to for quite some time now.

CHAIR - Everyone knows he has been in the environmental movement for decades, and he is a long time antagonist with the forest industry in Tasmania. It's probably not a surprise that people were concerned that he became the general manager of the Triabunna Mill site, appointed by you and Ms Cameron. Their prospects for the reopening of the mill suddenly diminished. Can you understand that?

Mr WOOD - I can understand someone putting that argument forward. On the other hand, Alec had a great deal of knowledge about forestry and the woodchip industry, not just in Tasmania, but globally. I would suggest he knew more about the industry than a lot of people in the industry. He had made a

*study of it - it's what he did. He is a very practical sort of bloke. We insisted that any successful expression of interest would have to use non-contentious sources and be not subject to government subsidy, but give us a return on our investment. It would have been very difficult to pull the wool over his eyes with a solution that didn't stack up to the guidelines we gave him.*⁸⁶

- 6.19 Furthermore, Graeme Wood advised that he had purchased the mill for tourism purposes and had no intention of keeping the Mill open as a woodchip export facility in the long term. In evidence before the Committee Mr Wood commented:

Mr JAENSCH - Mr Wood, it's Roger Jaensch speaking. Thanks for being with us today. My question first is - why did Triabunna Investments buy the Triabunna woodchip mill?

Mr WOOD - Why did Triabunna Investments buy the Triabunna woodchip mill? You would have to ask Jan Cameron her reason. My reason, and I thought we agreed at the time, was it was sitting on a magnificent piece of property on the east coast of Tasmania where, ultimately, I saw a great future for tourism. While there were conditions around the sale agreement that committed us to keep it in operational order, to go through an expression of interest process to find an operator, if and when those two things were completed, or if the mill had sat idle for two years, we were obliged under the EPN to go into decommissioning phase. I saw it as a great long-term investment is the main answer to your question.⁸⁷

Committee comment:

- 6.20 The Committee notes that evidence from key witnesses indicates there were at least 6 expressions of interest for tendering for the operation of the mill submitted in response to an advertisement for expressions of interest. It is understood that to be successful in gaining the tender the applicant needed to comply with certain environmental standards related to the Tasmanian Forest Agreement Statement of Principles Process. At that time, the Statement of Principles was extremely broad and consisted of visionary, in-principle statements that the Committee considers would have been impossible to assess any application against. The Committee notes that it received evidence that Forestry Tasmania and other applicants had the appropriate standards and certifications to meet the most objective environmental management requirements placed upon them by Triabunna Investments.
- 6.21 The Committee is concerned that there is conflicting evidence in relation to whether a formal tender process to operate the Mill was

⁸⁶ Transcript of evidence, 25 November 2014, pp 8-9.

⁸⁷ Transcript of evidence, 25 November 2014, p. 4.

ever undertaken by Triabunna Investments. It appears that while a call was made for expressions of interest to run the mill that this was not followed up with any formal tender documentation, which set out clear criteria interested parties could address in putting forward a business case.

- 6.22 The Committee acknowledges that a document referred to as ‘The Triabunna Standard’ was supposedly issued by Triabunna Investments and disseminated to interested parties. However, the Committee received no evidence that any parties who had submitted an expression of interest received any tender documents including the ‘Triabunna Standard’. Accordingly, in the absence of any evidence that a formal tender process was undertaken, the Committee considers that it is unlikely that any further action was taken by Triabunna Investments to find an operator for the Mill after the initial call for expressions of interest.
- 6.23 The Committee considers the lack of any formal tender process to enable interested parties to operate the Mill indicates that Triabunna Investments had no intention to reopen the Mill as a woodchip export facility. This is given credence by the fact that those witnesses the Committee heard from who had responded to the call for expressions of interest did not even receive an acknowledgement letter from Triabunna Investments.
- 6.24 In addition, the Committee notes that Graeme Wood testified that his purpose for buying the Mill Site was speculative, in that he wished to undertake a tourism venture. However, other evidence suggests that the purchase of the Mill by Graeme Wood and Jan Cameron, facilitated by Alec Marr, a known environmentalist, was done with the intention of closing the Mill as a means of ceasing native forest logging in Tasmania including claims in the article written by John van Tiggelen in the *Monthly* that there was no intention of reopening the Mill and that Triabunna Investments “were buying the port more so than the mill itself”.⁸⁸ This issue is considered further below.

The dismantling of the Mill

- 6.25 In July 2014 an article written by John van Tiggelen appeared in *The Monthly* which described how Alec Marr, the Manager of the Mill for

⁸⁸ Van Tiggelen, John, Timber! How Gunns and Tasmania’s woodchip industry came crashing down’ in *The Monthly*, July 2014, p 21

Triabunna Investments, actively set out to dismantle the Mill to ensure that it was inoperable. Mr van Tiggelen wrote of how the dismantling of the mill was cloaked in secrecy and done to prevent any intervention, such as compulsory acquisition by the state government:

Marr... took the threat of compulsory acquisition seriously. The federal government had jumped in to save the industry before, most spectacularly during the 2004 election campaign, when the then prime minister John Howard and the CFMEU combined to destroy Mark Latham's prospects in the state.

To pre-empt any such intervention, Marr longed to wreck the mill's infrastructure. This would entail a breach of the forestry agreement, which stipulated that the mill remain operational, but Marr pointed out to his boss, Graeme Wood (Jan Cameron was effectively a silent partner), that Abetz and co. were about to trash the agreement regardless. Within days of the federal election, Marr recruited three ship welders (two from Launceston and one from interstate) and a seasoned electrician to do the job. The team needed to be tight because it would have to operate in secret. Wood stayed away, but invited Mike Bowers, the staff photographer of his online journalism venture, the Global Mail, to document proceedings. As an afterthought, with just two days' notice, he approached the Monthly to send a journalist as well.

On Tuesday, 24 September, I flew to Hobart and drove an hour north-east to Triabunna. The woodchip mill straddles the eastern lip of Spring Bay, about 4 kilometres south of the town. An excellent road, built to bear hundreds of logging trucks a day, led to a large electronic gate. It was late evening, and the headland was in darkness. The Thursday before, Marr had alerted the state's electricity provider, Aurora, to a supposed fault in the main substation, which supplied the plant (but not the office block) with power. To be safe, the company duly switched off the substation's power supply. The next day, Marr sacked his site manager and sent his caretaker, who lived on site with his family, on leave. Then he chained the gates, stocked up on food and hardware, and holed himself up in the mill's reception and office block to await the arrival of his wrecking crew.⁸⁹

6.26 Mr van Tiggelen described the process of 'dismantling' that was undertaken on Wednesday 25 September 2013:

"We'll start with some neurosurgery," said Marr, leading us to the mill's high-voltage switchroom, which was the size of a suburban garage. "We need to turn the monster into a brain-dead quadriplegic." The electrician estimated the switchboxes would cost \$400,000 to replace. The team systematically pulled them apart, snipped all the wiring and crushed key components. The parts too tough to smash with sledgehammers were dragged to the truck parking bay and run over with a bulldozer.

⁸⁹ Ibid, pp 20-21.

“That’s taken care of the brains,” Marr said after two hours, surrounded by shards and twisted metal. We moved on to the control tower overlooking the log loading deck. It resembled a cockpit. A panel of 50-odd knobs and levers controlled all the machinery: the metal tracks dragging the logs into the maw of the mill, the “chipper” itself, the sorting screens, a secondary chipper and the dozen conveyor belts. Within half an hour, the control box had been stripped of all electrics, drawings, instructions, hard drives and TV monitors. Meanwhile, the ship-repairing men set up their oxyacetylene cutters, or “gas axes” as Marr called them, to cut up the log tracks. On the other side was the chipper: an enormous steel wheel almost 4 metres in diameter, with blades as big as anvils. It was driven by a 2500-horsepower engine, capable of shredding a forest giant in minutes.

*.....
Come sundown, we gathered in the chipper shed, niggled by shame. Marr was inspecting the damage. Every significant engine component had been gouged beyond repair. The shaft driving the main chipper had a smiley face blowtorched into it.*

“You boys on the gas are masters at work,” Marr noted approvingly. “it’s truly been a great day: the control’s fucked, the chipper’s fucked, the sorting room is fucked, the shiploader’s fucked, the high-voltage switchboard is fucked. The Cat[erpillar] tracks are fucked so they can’t even load the logs. And some fucker” – he squinted in my direction – “has fucked up all the conveyor belts. I reckon to fix it all would cost \$2 million and take six months. One or two more days like this, and we’ll no longer have a mill.

I returned home the next day. Two evenings later, on the Saturday of the AFL Grand Final, I got a call from Marr: the dinosaur was down. The gantry had toppled during the second quarter of the match, when most of Triabunna would have been glued to the box, after which the crew had “got the fuck out of there”.⁹⁰

- 6.27 The Committee received evidence which indicated that many stakeholders in the forest industry considered the ‘destruction’ of the Mill as an attempt to destroy the forest industry in Tasmania. For example, FIAT commented in its submission to the inquiry:

Clearly the destruction of the mill, whether or not The Monthly article is accurate, constituted an act that seems to have been a deliberate attempt to destroy the negotiated outcomes of the Tasmanian Forest Agreement. Of particular concern to FIAT is the “admission” that there was never any real intention of allowing the mill to reopen as an operating export facility, a fact long suspected but directly contrary to the numerous assurances provided to industry during the TFA negotiation process.⁹¹

- 6.28 The Committee heard that Triabunna Investments had a legal requirement under Environmental Protection Notices to

⁹⁰ *Ibid*, pp 22-3.

⁹¹ Submission no. 8, Forest Industries Association of Tasmania, p. 24.

decommission and rehabilitate the Mill site if the Mill had not been operational for two years. Graeme Wood noted in his submission to the inquiry:

There was a legal requirement under the Environment Protection Notice issued by the Environment Protection Authority to begin decommissioning and rehabilitation of the site if wood chipping had ceased for two years, the trigger for this point was July 2013.

On 18th October, a letter was received from EPA Tasmania entitled 'Triabunna Investments Pty Ltd – Triabunna Woodchip Mill Notification of cessation'. Within this letter Triabunna Investments Pty Ltd was required to submit a Decommissioning and Rehabilitation Plan (DRP) within 60 days. Triabunna Investments Pty Ltd submitted a Decommission and Rehabilitation Plan to the EPA via email on 13th January 2014. This plan was accepted by EPA Tasmania on 4th February 2014.⁹²

- 6.29 The Committee acknowledges that the advice received from the Environment Protection Authority indicates that Triabunna Investments carried out their legal responsibilities in relation to maintaining a suspended operation and decommissioning and rehabilitating the site.
- 6.30 The Committee notes that the dismantling of the mill by Alec Marr and others occurred after July 2013 but before the EPA was notified about the proposed steps to decommission the site. The Environment Protection Authority advised the Committee that there is no legal requirement for a decommissioning plan to be approved before decommissioning work is undertaken, but that a decommissioning plan needs to be approved before decommissioning is finalized. The Environment Protection Authority also advised that approval is only required if decommissioning work increases the risk of environmental harm. In evidence before the Committee Alex Schaap, Director, Environment Protection Authority, commented:

CHAIR - *If you indicate in your submission that condition R4 of the Environmental Protection Notice notes that, 'After activity is substantially ceased for two years, rehabilitation of the land must be carried out in accordance with the requirements of the EPN as if the activity had permanently ceased.' Is it correct that Triabunna Investments was required, under conditions R1 and R3 to submit and have approved a draft decommissioning and rehabilitation plan within 30 days that must have been approved prior to decommissioning work being commenced?*

⁹² Submission no. 19, Graeme Wood, pp. 10-11.

Mr SCHAAP - No. Decommissioning work can be undertaken at any time. The plan needs to be approved prior to decommissioning being finalised because the decommissioning that is finalised is approved in accordance with the plan.

These are standard conditions that apply to any premises that are regulated by the EPA. There are two aspects to it. One is about the regulation of the decommissioning and rehabilitation process. That is one of the most challenging aspects for environmental regulators to deal with because it is too easy for the community to end up with a liability in terms of a contaminated site. It is a standard condition that applies across the board. That says that essentially we want to be sure that the way you decommission the site is satisfactory from an environmental management point of view.

There is another standard condition that says you cannot vary the equipment or the processes on the site without permission if to do so would result in an increase in emissions of pollutants or environmental nuisance.

Those two conditions operate separately but sometimes interact. If the decommissioning work that had occurred prior to the finalisation of the decommissioning plan were such that it caused an increase in pollutants, then it would need to be approved, not under that permit condition but under the condition which is about approving a change in equipment or operation on the site.

The question then is, ought these works to have been approved under that condition prior to their conduct, and not is it illegal to do those works prior to the approval of a decommissioning and rehabilitation plan.

CHAIR - What is your advice as to whether they ought to be approved?

Mr SCHAAP - To my knowledge, which is based upon a couple of site visits done this year and from what I have observed from media reporting, nothing that we have seen in those decommissioning works would have required any form of approval under that change in equipment or operations.

CHAIR - Were you there or did you see what had occurred which was according to the reports and according to the Monthly article occurred on the football weekend in late September? Were you aware that those dismantling the mill had commenced in late September 2013? Was notification of or application for the decommissioning works performed at the mill on this date given or lodged prior to these works being conducted?

Mr SCHAAP - The answer to both those questions is no.

CHAIR - It is a requirement of the EPN, is it not, to have that advice in advance?

Mr SCHAAP - No.

CHAIR - Can you walk us through the process?

Mr SCHAAP - The intent of the EPN condition is to ensure that when an operator leaves a site - when the site is effectively abandoned and operations have ceased - the environmental liabilities have been dealt with satisfactorily.

The condition does not prevent an operator from addressing environmental liabilities during the course of operations or during the course of the suspension of operations. The aim is to make sure that the decommissioning is good enough. It is not an aim to prevent any decommissioning to occur and indeed there would be no power under the act to require such a condition.

It is entirely a matter for an operator to determine for himself if he wishes to decommission a part of his equipment. He would not be able to decommission that without approval, however, if to do so were to increase the risks of environmental harm. In the end that is typically a subjective judgment which needs to be made in the first instance by the operator and subsequently addressed by the director.

Ms WHITE - Mr Schaap, are you satisfied there has been no wrongdoing by the operator in relation to its requirements with the EPA?

Mr SCHAAP - We've had a couple of inspections on site this year and haven't identified any issues of consequence. Early on there was a need to correct an issue with respect to ongoing discharge of stormwater. That arose because of a change in landholding so that the new operator no longer had access to the land on which the stormwater was being discharged and so it was necessary for that stormwater to be diverted to its existing settling ponds. That was taken care of fairly early on in the proceedings. In the course of those investigations I haven't been notified of any issues with respect to the manner in which the decommissioning is occurring. There has been some delay in that the operator has requested an extension in time to allow for finalisation of the decommissioning, which I have granted. The reasons given for that were a number of matters I was satisfied were outside the operator's control and hence thought it reasonable to provide that extension in time.

Ms O'CONNOR - So to your knowledge, Mr Schaap, can you confirm that at all times Triabunna Investments Pty Ltd has operated lawfully within the constraints of the environment protection notices that were issued?

Mr SCHAAP - To my knowledge, yes.

Mr SHELTON - Just to clarify a point, there would need to be a distinction between decommissioning and demolition. This is a category 2 industrial site, so does a demolition require a DA from council or is it all done through the EPA?

Mr SCHAAP - That is an excellent question for which I wish I had an excellent answer. It's not entirely clear. There can be circumstances under which a council might well require development approval for an activity which it believes is not covered by the existing approvals. Typically, our experience is that doesn't become an issue for decommissioning and rehabilitation. In this case the decommissioning plan involves a lot of the infrastructure remaining on site, and that's not unusual. Wherever there is an expectation by the operator that there will be an existing or an ongoing use for facilities on the site then those facilities remain. The demolition in this case I think is essentially limited to a chip loader, some of the conveyors and decommissioning of fuel tanks, which will typically be a requirement of decommissioning. I would be surprised

if a DA were required for any of those but that is a judgment for the council concerned. It is their call, not mine.”⁹³

- 6.31 The Committee heard that demolition works could constitute building works under the *Building Act 2000* (Tas.) and therefore require a permit from the local council before they are undertaken and that no permit had been issued by the Glamorgan Spring Bay Council to Triabunna Investments. In evidence before the Committee, David Metcalf, General Manager of Glamorgan Spring Bay Council commented:

CHAIR - *I want to ask you about the building and demolition work, the dismantling that was in The Monthly article. I presume you have reviewed it and are aware of some of that. To clarify, under the Building Act section 60, a permit is required for building work?*

Mr METCALF - *Yes, that is right.*

CHAIR - *Building work includes demolition, is that right?*

Mr METCALF - *Correct.*

CHAIR - *In section 5 of the act, the act prevails over other acts and by-laws and so on, and building has a dictionary definition meaning walls and roofs and houses. Was a permit sought and received for the demolition?*

Mr METCALF - *My advice is that it is not required.*

CHAIR - *Was a permit sought and received for the demolition?*

Mr METCALF - *No.*

CHAIR - *You mentioned that it was not required.*

Mr METCALF - *Correct, because they are not actually demolishing or removing any buildings.*

CHAIR - *You just said that a permit is required for building work. Building work includes demolition, we have established that, and demolition did take place.*

Mr METCALF - *Correct, but you describe building works as being walls and roofs.*

CHAIR - *It has a dictionary definition which includes those things.*

Mr METCALF - *Correct. My advice from my people is that the EPA approved the demolition works and that was the only authority that had to do that.*

⁹³ Transcript of evidence, 13 August 2014, pp. 20 -22

CHAIR - Do you think under section 60 of the Building Act that a permit is required for building work and that building work includes demolition?

Mr METCALF - Correct. I do accept that but the definition of building work exempts it, I believe. ⁹⁴

- 6.32 On a related matter, the Committee heard that equipment and machinery from the Mill site was delivered to the former business of Mr Kim Booth MP, Leader of the Tasmanian Greens. Kelly Wilton commented:

It has come to my attention that Transport of machinery from the mill at Triabunna to Timberworld mill at Meander and to a private residence known to be the residence of Kim Booth MP at Legana, between early February and late April. It is my understanding that the transport company involved is known to the committee and will give evidence in this inquiry.

I note that EPA approval was given for the decommissioning and rehabilitation of the mill site at Triabunna by the EPA on February 2014. I would like to draw the attention of the committee, to closely scrutinize the type of machinery shipped between those dates and ask the committee to question the time it would take to dismantle and arrange transport to the buyer/s. Did the dismantling occur before approval?"⁹⁵

- 6.33 In evidence before the Committee Ken Hughes, Kellara Transport, advised the Committee that he had transported machinery from the Triabunna Mill to Timber World at Meander and to Mr Booth's home:

Mr HUGHES - My name is Ken Hughes and I am the director of Kellara Transport in Launceston. We were hired by a company called Timber World at Meander to transport machinery out of Triabunna Woodchip Mill to various places around Tasmania, all done on behalf of Timber World. Bronte Booth is the one who organised it.

.....
Ms WHITE - Mr Hughes, the machinery that was arranged to be transported from the Triabunna mill site, do you know whether that was sold on?

Mr HUGHES - I don't know that.

Ms WHITE - Where did you have to transport it to?

Mr HUGHES - There was a large wheel loader that was transported from the Triabunna mill to the Meander sawmill on 6 November 2013. On 16 November 2013 we transported a cab chassis - a truck with no trailer - and a telehandler from Triabunna, and also a forklift from Hobart.

⁹⁴ Transcript of evidence, 23 September 2014, pp 56-7.

⁹⁵ Submission no. 22, Kelly Wilton, p. 1.

Ms WHITE - So it was mostly machinery that was transported from the site, not the actual equipment that would be used for the running of the mill?

Mr HUGHES - No, it was the machinery.⁹⁶

6.34 Mr Hughes further commented:

Mr JAENSCH - There is a suggestion that Mr Booth has somehow taken delivery of some of this. He lives in Legana, apparently. Do you believe that these items were taken to Mr Booth's address?

Mr HUGHES - I believe so, yes.

Mr JAENSCH - You believe that the items were taken to Mr Booth's address in Legana?

Mr HUGHES - Not all of them.

Ms O'CONNOR - Wasn't it a single item?

Mr JAENSCH - A single item was delivered to Mr Booth's address in Legana.

Mr HUGHES - No, it was two items.

CHAIR - A cab chassis and a tilling handler.

Ms WHITE - One of them wasn't from Triabunna.

Mr JAENSCH - One of them was being relocated from Hobart. I don't know Mr Booth's address or his operation - is that a business address?

Mr HUGHES - I'm not too sure on that.

Mr SHELTON - I'm aware that you weren't the driver of the vehicle but there are some issues around the timing of the decommissioning or dismantling of the chip mill. You have indicated to the committee that on 6 November 2013 that the activity took place where your company moved the wheel loader to Meander, and that was fair enough.

We have in front of us the decommissioning rehabilitation plan for January 2014. Even though you could argue that moving a main wheel loader for sale isn't decommissioning, it is evident to me that there was some work on site in decommissioning and removing the wheel loader on that particular day.

Was there any comments about the state of the mill from your drivers when they performed these tasks?

Mr HUGHES - No.

⁹⁶ Transcript of evidence, 12 August 2014, pp 43-44

Ms WHITE - It is also machinery. It is not equipment necessarily for the continuation of the mill activities. I understand the point you are trying to make, Mr Shelton, but I think it is a bit of a long bow to draw. The EPA report says that formal notification was provided that the permanent cessation of operations at the Triabunna chip mill had happened on 10 October 2013.

Ms O'CONNOR - It's not as if the Environment Protection Authority wasn't aware.

Ms WHITE - This is for 6 November the same year, a month after the EPA's notification."⁹⁷

Committee comment:

6.35 The Committee acknowledges that it did not receive any specific evidence throughout its inquiry in relation to the dismantling of the Mill by Alec Marr. However, in the absence of any evidence contradicting Mr van Tiggelen's article the Committee considers that it is highly likely that Mr Marr deliberately set about to ensure that the Mill was left in an inoperable condition.

6.36 The Committee considers the dismantlement of the mill was undertaken as a means of removing a significant and strategic asset from the forest industry by parties that have strong environmental interests. Alec Marr, the chief protagonists of the wanton destruction of the mill is the same environmentalist sued by Gunns Ltd for inter alia trespass in the so called "Gunns 20" case over protest action while the head of the Wilderness Society. Mr Marr was a serial protestor against the forest industry.⁹⁸ To place him in charge of the mill was rather like giving the prisoners the keys to the gaol. However, the Committee notes that this decision is unsurprising given the political leanings of Mr Wood and Ms Cameron, including a \$1.6 million donation to the Australian Greens by Mr Wood during 2010⁹⁹, and a \$45,000 donation to the Labor Party by Ms Cameron, which was the largest donation to the Tasmanian Labor Party in 2010

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⁹⁷ Transcript of evidence, 12 August 2014, pp. 48-9.

⁹⁸ See comments by Van Tiggelen, John, 'The destruction of the Triabunna mill and the fall of Tasmania's woodchip industry: How the end of Gunns cleared a new path for Tasmania, in *The Monthly*, July 2014, pp 18-29.

⁹⁹ See the Donor Annual Return 2010-2011 of Mr Graeme Wood, available from the Australian Electoral Commission, www.aec.gov.au

¹⁰⁰ See the Australian Labor Party (Tasmanian Branch) Annual Return 2009-2010, available from the Australian Electoral Commission, www.aec.gov.au

- 6.37 The Committee also considers the need for subterfuge in the destruction of the Mill should prima facie be evidence of the illegitimacy and unconscionable conduct of the owners and their agents. The method of destruction was by no means conventional. It demonstrates a lack of regard to the appropriate and professional manner in which this type of demolition should be undertaken. This is evidenced by the attendance of the Tasmania Fire Service to extinguish a fire caused by demolition activities, just months after fire suppression systems were being destroyed.¹⁰¹
- 6.38 The Committee notes that while Mr Marr provided a submission to the inquiry that his submission did not provide any evidence in relation to the dismantling of the mill. The Committee also notes that it invited Mr Marr on two separate occasions to appear to give evidence in order to hear his side of the story in relation to the claims made by John van Tiggelen. Mr Marr advised the Committee that he would be overseas during August and September 2014 and could not appear before the Committee. Mr Marr did not respond to the second invitation made in October 2014.
- 6.39 While it is noted that the evidence the Committee has received indicates that Triabunna Investments undertook the decommissioning of the Mill in accordance with legal requirements, John van Tiggelen's article places question marks on the timing of the announcement of the decommissioning and rehabilitation of the site. He writes that following the toppling of the gantry on Saturday 28 September 2013 that:
- ... A press release announcing the commencement of "rehabilitation work" went out the next day, in time for the Monday papers. The mill was to be decommissioned and plans would be drawn up for an eco-tourism venture.¹⁰²*
- 6.40 The Committee further notes that the evidence it has obtained indicates that Triabunna Investments entered into a regime of compliance with its obligations under the Environmental Protection Notices. There were some events that required remedial action. However, the Committee considers that the strict compliance with the Environmental Protection Notice was at odds with contractual requirements with Gunns Limited and also with respect to the purposes of the Intergovernmental Agreement process.

¹⁰¹ See Tasmania Fire Service, Fire Investigation Report: Fire Incident 555 Freestone Point Road Triabunna, 8th February 2014.

¹⁰² Van Tiggelen, John, Timber! How Gunns and Tasmania's woodchip industry came crashing down' in *The Monthly*, July 2014, p 23

- 6.41 The Committee notes that Triabunna Investments could have applied to the Environment Protection Authority for variation of the Environmental Protection Notice to ensure compliance with its contractual requirements, as it did later on for an extension of time, but for whatever reason, negligence, dilatory behavior or a conscious decision of the Company's owners and/or manager, such an application was never made.
- 6.42 The Committee further notes that while compliance in the decommissioning process was undertaken with respect to the Environment Protection Authority and the Environmental Protection Notice, evidence from the General Manager of the Glamorgan Spring Bay Council indicates that it is possible that the decommissioning process breached the *Building Act 2000*(Tas) in failing to have the requisite permits for demolition of buildings and/or structures.
- 6.43 The Committee notes that from the evidence it received, machinery from the Mill site was delivered to the home of Mr Kim Booth MP, Leader of the Tasmanian Greens. The Committee considers that this raises questions of propriety and whether such actions were appropriate.

Provisions of the Intergovernmental Agreement regarding the reopening of the Mill

- 6.44 As noted in Chapter 5 of this Report, the Intergovernmental Agreement was signed in August 2011, prior to this forestry in Tasmania was managed under an intergovernmental agreement between the State and Australian Governments. The Tasmanian Regional Forest Agreement (RFA) was a 20 year plan 'for the conservation and sustainable management of Australia's native forests'¹⁰³ and was first signed in November 1997. However, following the election of minority Labor Governments at both the State and Commonwealth level in 2010 both governments facilitated the 'forest peace talks' which eventuated in the Intergovernmental Agreement. The Regional Forest Agreement was terminated and replaced with the Intergovernmental Agreement (IGA).
- 6.45 As noted in Chapter 5, the Intergovernmental Agreement contained provisions in relation to the reopening of the Triabunna woodchip

¹⁰³ See information on Regional Forest Agreements on the Department of the Environment website at: <http://environment.gov.au/land/forests/>, accessed 9 January 2015.

mill. In particular, clause 32 provided a means for the Agreement to be reviewed if the Mill did not reopen. Clause 32 provided:

*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.*¹⁰⁴

- 6.46 Accordingly, the Committee considered what action the Government took in relation to facilitating the reopening of the Mill. In evidence before the Committee, the former Forest Minister, Bryan Green commented on why clause 32 had been included in the Agreement and the obligation or otherwise it placed on government:

Ms O'CONNOR - ... Mr Green, I am interested in exploring what your understanding was of the commitment, or obligation, or desire to reopen Triabunna that was in the intergovernmental agreement. What sort of obligation did that place on parties to the agreement, including governments?

Mr GREEN - That fact that Triabunna had been closed - I think it closed in April - Gunns had indicated it had had it on the market for some time. They had trawled around the world to find out if people were interested in buying the facility. At that stage, Gunns was finding it very difficult from a cash flow perspective. We had a lot of people being badly affected right around Tasmania - contractors, workers and the like - who were facing a very uncertain future.

Having said that, Triabunna was always seen from our point of view as being a very important strategic asset to the forest industry, particularly the southern forests. The obligations around the intergovernmental agreement provided a focus that all best intentions were to ensure the mill operated on into the future based on the new volumes, the amount that would be coming out of southern Tasmania with the residues. We have had to pay compensation ever since to get product to the north.

I want to remind committee members that the mill was shut at the time. It was not shut down by the process; it was already shut at that time. The obligation in the intergovernmental agreement was to facilitate the opening of Triabunna. It was to make sure people understood it was a very important strategic asset to the southern part of Tasmania, and was important for making the whole process work.¹⁰⁵

- 6.47 Bryan Green, told the Committee that Triabunna Investments had advised him that they would embark on a process to reopen the Mill based on the Tasmanian Forests Agreement:

¹⁰⁴ Clause 32 of the Tasmanian Forests Intergovernmental Agreement between the Commonwealth of Australia and the State of Tasmania.

¹⁰⁵ Transcript of evidence, 22 September 2014, p. 70

CHAIR - Okay, let us just pick up on your point about the industry supporting your position. Terry Edwards, in evidence to this committee just a few weeks ago, said this, and I quote:

'I feel very bitterly disappointed in case people have not detected that, that we were conned, and fell for it hook, line and sinker. I have never considered myself to be quite that gullible but clearly I am'.

- speaking of the requirement to reopen the mill. He was very upset about it and he felt conned. Did you feel conned? Did you feel gullible?

Mr GREEN - We felt as though we had entered into good faith arrangements with respect to the whole agreement process from Bill Kelty right through. All of it was in good faith.

CHAIR - Yes, I am talking about the sale agreement but did you feel conned or gullible? Please answer the question.

Mr GREEN - At the time we met with them straightaway. We met, it was a phone hook-up, and we asked for advice with respect to whether they intended to reopen. They told us that they would. Then we went through a process by which they called for tenders. Many people tendered -

CHAIR - But you had meetings with them and they confirmed that they would reopen?

Mr GREEN - They indicated that they would embark on a process to reopen based on the TFA -

CHAIR - Were you confident they would reopen?

Mr GREEN - That is what I am saying. It was good faith and we took it at face value. When it had not reopened in January 2012, I wrote to them again. I also wrote to the federal minister because I was concerned that it was not reopening. The fact is that they had bought it. I could not do anything about that. They had bought it.¹⁰⁶

- 6.48 When questioned as to whether the former Minister had requested a review of the terms of the Intergovernmental Agreement when the Triabunna Mill did not reopen as provided for in clause 32 of the Intergovernmental Agreement, the former Minister indicated that no review had been requested on the basis that Triabunna Investments were going through a process to reopen the Mill. However, Mr Green indicated that he had written to Triabunna Investments seeking advice as to why the Mill had not been reopened:

Mr JAENSCH - ... In the TFA you referred to, there is a clause in the Tasmanian Forests Agreement -

¹⁰⁶ Transcript of evidence, 22 September 2014, p 68.

Mr GREEN - It doesn't make any difference. You have all ripped it up though, haven't you? What are you worried about?

Mr JAENSCH - You made reference to this -

Mr GREEN - But what are you worried about?

Mr JAENSCH - It says that 'the governments expect that the Triabunna mill will re-open and be operated in accordance with the statement of principles'. That was the overriding thing. 'If this does not occur, either government may request a review of the terms of the agreement with a review to occur only if both governments agree'. Did you request a review of the terms of the agreement -

Mr GREEN - The forestry agreement?

Mr JAENSCH - Yes. Did you request a review of the terms of the agreement when the mill did not reopen?

Mr GREEN - As I indicated to you, the whole process was that we embarked upon finalisation and ultimately legislation through both Houses of Parliament. It was on the basis that we included the industry. The industry were the people around the table negotiating.

Mr JAENSCH - This is the only clause I could find that says there is a consequence for the mill not reopening.

Ms O'CONNOR - You should let the witness answer.

Mr GREEN - History shows from that point of view the mill was not reopened. That is true. It is a sense of great frustration to me and demonstrated by me when I wrote to them - that is Triabunna Investments - on 20 January asking them why they had not opened the facility? In good -

Mr JAENSCH - Would you table that letter?

Mr GREEN - Yes, I am happy to table that correspondence, Chair.

CHAIR - Thank you.

Mr GREEN - in good faith entered into this process and we understood the company was going through a process by which they would reopen. On the basis that the final agreement was reached, that they would look to reopen the facility. Whether they do not see it as being commercial or not, I am not sure, Mr Jaensch. These are all questions you will have to ask them.¹⁰⁷

6.49 The lack of discussion between the former Government and Triabunna Investments regarding the provisions of the Intergovernmental Agreement and the expectation that the

¹⁰⁷ Transcript of evidence, 22 September 2014, pp 72-3.

Triabunna Mill would reopen was noted by Graeme Wood, who commented:

Triabunna Investments was never a party to the Forestry Agreement and subsequently had no conversations with Government about the Agreement. Triabunna Investments is a private enterprise and simply anticipated that the Triabunna Woodchip Mill would support and indeed conform to the requirements of the Forest Agreement – this would simply be sound business management. To the best of my knowledge, despite perhaps the aspirational hopes of parties to the Forest Peace Agreement and Triabunna Investments, there was no legislative requirement for Triabunna Mill to remain open as a condition of the final Forest Peace Agreement.¹⁰⁸

- 6.50 A number of witnesses expressed their frustration and disappointment that the former Government did not request a review of the TFA when the Mill did not reopen. Terry Edwards, CEO of Forest Industries Association of Tasmania (FIAT) commented:

The industry feels that we were misled by Triabunna Investments and we feel that we were let down by both the state and federal governments of the day over this particular issue. I don't say that lightly. Nor do I say it in any political sense - not in a party political sense anyway. Our concerns were that the mill did not reopen as we were advised it would as we met the requirements. There was no reconsideration of the terms of the intergovernmental agreement between the Commonwealth and state governments, which was clearly flagged as a potential in the event the Triabunna mill did not reopen. That was the intergovernmental agreement signed by the then Prime Minister of Australia and the Premier of Tasmania on 7 August 2011. We feel let down by that and I think we have every reason to feel let down by that.¹⁰⁹

- 6.51 Mr Edwards further commented that FIAT would have liked the Intergovernmental Agreement to have stronger requirements to force the Mill to reopen and that they had requested both the Federal and State Governments to review the process in accordance with Clause 32 of the Agreement:

Ms O'CONNOR - We have had some evidence given today that the government and the state government, particularly, should have done more to ensure the Triabunna mill opened. What tools do you think government had at its disposal and what rights did it have, in your view, to intervene to force the mill to reopen?

Mr EDWARDS - I guess the only one that could have forced the mill to reopen in any legal compelling sense would have been compulsory acquisition. That was never discussed with us and it wasn't an issue we were canvassing because we believed - wrongly, as it turned out - that the purchasers of the mill were fair dinkum in telling us that they would reopen the mill if we reached an

¹⁰⁸ Submission no. 19, Mr Graeme Wood, p. 4.

¹⁰⁹ Transcript of evidence, 12 August 2014, p. 53.

agreement that was consistent with the requirements they advanced to us. We did that, as you know better than most, and they did not open the mill.

We read The Monthly article and I am not going to go too much to that because I have no knowledge about whether it is true or false, or partly true and partly false. But if that is what happened and it was directly done to destroy any prospect of that mill being re-opened, given the assurances we had received from Alec Marr and Graeme Wood, I would be very bitterly disappointed that that is the case.

Ms O'CONNOR - Do you accept that the activities that are detailed in The Monthly and are alleged to have happened on a private property happened more than two years after Gunns sold the mill to Triabunna Investments?

Mr EDWARDS - It was AFL grand final day 2013, from memory. But to me, Cassy, the clear issue here is the enduring nature of the commitment that was provided to the signatories, that if we could reach an agreement that satisfied the requirements that Triabunna Investments placed on us, they would reopen that mill, only for five years but nevertheless they would reopen the mill. That would have given us some space to look at the alternative uses for residues project that is currently being conducted through the Department of State Growth. We could have then had the industry on a strategic footing going forward rather than limping from one spot to the next.

This is where we have been let down. I make no allegations about the legality or otherwise of what Triabunna Investments did or did not do to destroy the mill at Triabunna. It is their property and they can do with it as they will. One of the things for this committee is to judge the honour or otherwise behind those acts in the context of the commitments that were given. That is what is burning me up, to be honest. I feel very bitterly disappointed, in case people have not detected that yet, that we were conned and fell for it hook, line and sinker. I have never considered myself to be quite that gullible, but clearly I am.

CHAIR - Terry, you have been around for a while. Your and FIAT's expectation under the IGA that the Triabunna mill would reopen was a very high level of expectation that you are sharing with us. I want you to expand on that. When you say you felt gullible and misled under the IGA process you had a strong view that it would reopen and there was commitment. You referred to being let down by the state and federal governments and being misled by Triabunna Investments.

Can you expand on that? What do you mean by that and to what extent were you misled? Are you saying if you knew then what you know now, that the commitments to reopen Triabunna mill did not occur, you would not proceed with the IGA agreement or are you proceeding in good faith? Can you share a little bit more about your thoughts?

Mr EDWARDS - I am happy to elaborate on that. It goes partly to the question Cassy asked that I did not quite answer - and I apologise for that, it was not deliberate. Would we have reached a different conclusion had we known then what we know now?

CHAIR - You would have.

Mr EDWARDS - Maybe, maybe not. There were other drivers as well. I am not suggesting this was the only driver at the time. We would have been much more circumspect and put much stronger requirements on the two governments to give them the legal right to get that mill to reopen. That is what we would have done.

In terms of what our expectations were and whether they were reasonable or otherwise, I have referred to the three meetings I had with Triabunna Investments in our submission and do not intend to retrace that.

One of the important issues is about the intergovernmental agreement signed on 7 August 2011 and in the heads of agreement that predated that by about a week or a fortnight, both of which were signed by the Prime Minister of Australia at the time, Julia Gillard, and the Premier of Tasmania, Lara Giddings. I spent a whole weekend in the Executive Building over the road from here with those people along with Tony Burke and Bryan Green and a range of other people, engaging in a range of dialogues to try to put together something that we could progress. One of the issues that was a burning issue and I think my recollection is correct, and I am sure Cassy will correct me if I am wrong, but Nick McKim got called in as well during that weekend.

Ms O'CONNOR - Was that the pizza weekend?

Mr EDWARDS - No, it was much earlier than the pizza weekend. One of the key issues that was bedevilling us at the time was just this issue around Triabunna, and as a consequence, there was included in the IGA a provision that said, if the Triabunna mill did not open in accordance with the expectations of the two governments, the two governments would review the outcomes of the IGA. I am paraphrasing but I am pretty close.

Mr JAENSCH - That is in your submission somewhere.

Mr EDWARDS - That is very clear in the IGA; that never happened. We asked both governments on a number of occasions, because of the continued refusal of Triabunna Investments to open that mill, to exercise the right they had under that provision to reopen dialogue about where the whole process was going.

CHAIR - You are saying neither government took that opportunity, and did you ask them?

Mr EDWARDS - Yes.¹¹⁰

6.52 Disappointment with the lack of action taken by the former Government was also expressed by Cheryl Arnol, former Mayor of Glamorgan Spring Bay who commented:

¹¹⁰ Transcript of evidence, 12 August 2014, pp. 59-60

Mr JAENSCH - Thank you for your submission and thank you for coming in today and your passionate statements. As someone who doesn't know the local area well, thanks for having me. I want to get a feeling for what people expected was going to happen when it was announced that Triabunna Investments had a contract to purchase the mill? We know now and it is on public record, that that contract includes a requirement to put an operator in place to run the mill. Is that what people here expected was going to happen?

Ms ARNOL - I think that is a fairly good summation. As you know there is a clause in the forest agreement, section 32, which said there was an expectation on the part of the government for an operator to be found. I think in general the community expected that to happen, but it just seemed to get lost in the legislation that happened. It is also, I believe, part of the schedule in the Forests Agreement Act. So I think it has all been lost but that is probably the outcome, and I would say this enquiry needs to find out why that happened. I think that is what the community would like to know. Why did that happen? Why didn't the government evoke the clause that would allow them to review the agreements? That never happened.

Mr JAENSCH - What do you think that government could have done there.

Ms ARNOL - It is in the agreement and it is actually in the legislation. I am not sure why the enquiry was not invoked when section 32 was not abided by.

Mr JAENSCH - Section 32 is the condition whereby, because everyone agreed that the chip mill was important and that it should re-open, but if it did not that there was an opportunity to go back and revisit it.

Ms ARNOL - Visit it, yes. I do not believe that happened and I think it should have.

Mr JAENSCH - I agree. Before that, when the sale was first announced, in your submission you make some comment on the history or the background of Triabunna Investments. Did people actually think that that company was going to make the mill work again?

Ms ARNOL - Because of what was in the agreement there was an expectation that it would at least work for another two to five years.¹¹¹

6.53 Ms Arnol further commented:

CHAIR - Cheryl, going back to your submission and comments earlier that the government could have and should have done more to try to get the mill operating, is that one of your points about the transfer of the mill to Triabunna Investments?

Ms ARNOL - I don't know about transferring the mill to Triabunna Investments but in all the documentation - the intergovernmental agreement, the forest agreements and the acts - there is reference to the Triabunna mill remaining

¹¹¹ Transcript of evidence, 23 September 2014, pp 19-20.

open. Why didn't the government act on those processes when they weren't invoked? That is my main question. Parties are in breach of some of those agreements but there doesn't appear to have been anything done by the government that signed those agreements.

CHAIR - I think you made a good point. In your submission you referred to section 32 of the agreement and you have also referred to the legislation with the attached agreement, again with a reference to the reopening of the mill. You are saying, with the involvement of both state and federal governments, why couldn't they act on those iron-clad conditions that the mill be reopened. Is that your point?

Ms O'CONNOR - Were they iron-clad expectations, with respect?

Ms ARNOL - All the parties to the intergovernmental agreement went into it with expectations of certain things happening. In some instances those things haven't happened and that is what I would like to see. If some of those clauses were breached, why wasn't there an investigation by either government into it? There is the expectation. If you sign an agreement, you have an expectation that the conditions are going to be met. There are some conditions in relation to the reopening of the mill for a period of time to deal with particularly the residue from the sawmills; there was an expectation that it would open. That is written in the agreements. There was a reasonable expectation by the parties that it would happen.

CHAIR - I refer to clause 32, just to clarify it for the record:

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 the agreement with a review to occur only if both governments agree.

That is the sort of agreement you are referring to?

Ms ARNOL - Yes. I think I don't have the wording with me, but in the Tasmanian Forests Agreement Act, in the schedule, it does refer to the mill remaining open for, I believe, five years. I believe it is in the act and it is schedule 4, from memory.

CHAIR - I have it here, schedule 4, clause 30:

As a short term interim approach the Signatories call on Governments to urgently seek to achieve access to the Triabunna processing and export facility and to the Burnie wharf facility and short term woodchip stockpiling arrangements. The Signatories call on all relevant parties to do everything possible to facilitate these short term solutions or to put in place suitable alternatives. Progress on this will form part of the Durability Report prior to the Protection Order.

That is what you are referring to?

Committee comment:

- 6.54 The Committee notes that prior to the implementation of the Intergovernmental Agreement that the native forest industry in Tasmania was managed in a bipartisan manner through the Regional Forest Agreement.¹¹³ Subsequent to the 2010 State election a reneging of the Regional Forest Agreement caused by the Greens influence on the ALP both at a State and Commonwealth level saw a reversal of the Tasmanian Government's position on the Regional Forest Agreement and as a consequence of this decision the Intergovernmental Agreement process was commenced.
- 6.55 The Committee notes that signatories to the Intergovernmental Agreement, such as Terry Edwards of FIAT, considered Clause 32 a critical part of the overall Intergovernmental Agreement schema and felt misled by the process, with Mr Edwards noting he felt "conned" into signing the Agreement. The Committee considers that Clause 32 provided an opportunity for the former governments, State or Federal, to exit the Intergovernmental Agreement process following the failure of the Triabunna Mill to reopen.
- 6.56 The Committee considers that the former Government should have done more than merely asking Triabunna Investments why the Mill had not reopened. Contained within the Intergovernmental Agreement at Clause 32 is a requirement that should the Triabunna Mill fail to reopen grounds exist for either the Tasmanian or Australian Government to review the agreement, perhaps with a recourse to terminating the Intergovernmental Agreement. There is no evidence to suggest that this happened. Furthermore, agreement provisions in clause 44¹¹⁴ would have aided the Tasmanian Government in exiting the agreement following the failure to reopen the mill. Likewise clause 30 of the Agreement saw the signatories, from across the socio-political spectrum agreeing to call on the Tasmanian and Australian Governments to ensure the reopening of the mill in the short term because of its significant importance to the industry.

¹¹² Transcript of evidence, 23 September 2014, pp 22-3.

¹¹³ For example, in 2004, the State Labor Government supported the Howard Government's policy in relation to the Regional Forest Agreement – see 'Unions split over Tasmanian Forests' on *The World Today*, 7 October 2004, available at: <http://www.abc.net.au/worldtoday/content/2004/s1215052.htm>

¹¹⁴ Clause 44 provides: "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."

- 6.57 Given the agreement by environmental and industry participants and their unanimous support of the reopening, the Committee considers it is difficult to comprehend why the former government did nothing to satisfy their expectations when clearly avenues to ensure the reopening were at its disposal. The former Government's failure to ensure the reopening of the Mill led to a devastated forest industry with implications still resonating. This issue is considered in Chapter 7 of this report.

The issue of the Triabunna Wharf

- 6.58 The Triabunna Mill Site includes a wharf owned by TasPorts which was leased to Gunns Limited and the lease was subsequently assigned to Triabunna Investments upon purchase of the Mill Site.
- 6.59 In its submission to the inquiry TasPorts outlined the process of assigning the lease to Triabunna Investments and the current position. TasPorts also noted the concerns it had in relation to the terms of the lease:
- *The Hobart Port Corporation entered into a 5 year lease with Gunns for the use of the wharf at Triabunna. The lease commenced on 1 November 2002. The lease included options to extend the lease – 2 option periods of 5 years each.*
 - *Tasports was formed on 1 July 2005 and the lease between Hobart Port Corporation and Gunns was transferred to Tasports.*
 - *Gunns exercised the option to extend the lease for a further 5 years commencing on 1 November 2007.*
 - *Gunns sold the Triabunna woodchip facility to Triabunna Investments on 15 July 2011.*
 - *Tasports sought clarification from Triabunna Investments of several matters prior to considering whether to assign the lease from Gunns to Triabunna Investments including:*
 - *When and if the mill would recommence operations;*
 - *Who would be the operator and their financial bona fides;*
 - *The tenure of operations; and*
 - *Annual export volumes.**Tasports did not receive a satisfactory response in relation to these matters.*
 - *Tasports had concerns with the commercial terms of the lease negotiated between Hobart Port Corporation and Gunns. Under the lease the lessee was obliged to pay a minimum annual wharfage charge but only if woodchips were exported using the wharf. There was no obligation on the lessee to export a minimum volume of woodchips, or indeed to export any woodchips at all over the wharf. If no woodchips were exported then no wharfage was payable. This was*

of concern to Tasports as it was unable to confirm with Triabunna Investments its intended use of the facility and Tasports had a significant maintenance liability to maintain the wharf in a condition suitable for woodchip export use.

- Tasports advised its shareholder Ministers on 13 October 2011 on the status of the lease assignment and requested that:
 - (i) the shareholders acknowledge the process conducted by Tasports in considering the potential assignment of the lease has been reasonable; and
 - (ii) should the mill not recommence operation and Tasports does not receive the wharfage revenue the shareholders would consider reimbursing Tasports for the wharf maintenance costs prior to assigning the lease to Triabunna Investments.
- On 25 October 2011 the shareholder Ministers confirmed their expectations that Tasport should “facilitate the assignment of the lease” and the lease was assigned with effect from 9 November 2011.
- The lease expired on 1 November 2012 (the first option period) and Triabunna Investments was required to advise Tasports, in writing by no later than 1 August 2012, of its intent to exercise the option to extend the lease for a further five years.
- Triabunna Investments failed to exercise that option as required by the terms of the lease, and accordingly the lease expired on 1 November 2012.
- Tasports wrote to Triabunna Investments on 2 January 2013, 60 days after the expiry of the lease, to seek advice as to its future intentions for the site.
- Triabunna Investments’ wrote to Tasports on 3 January 2013 to advise that it wished to exercise its option under the lease to extend the term for a further five years.
- Tasports advised Triabunna Investments on 9 January 2013 that it was not prepared to accept the purported exercise of the option to extend the lease, that the lease expired on 1 November 2012 and that occupation of the premises continues as a periodic tenancy, terminable on written notice by either party.
- Tasports also advised Triabunna Investments that it was prepared to negotiate a new lease on terms and conditions reflecting the market value of the site and its improvements.
- Triabunna Investments enquired on the potential sale to the wharf to them and negotiations have continued on a potential sale and if a sale was to occur the terms of the sale. These negotiations have not yet concluded and there is no indication to date that a sale is acceptable to either party.¹¹⁵

6.60 In evidence before the Committee, Dr Norton, Chairman, and Paul Weedon, CEO of TasPort commented on actions they took to attempt to secure a better commercial deal from the lease when it was transferred to Triabunna Investments noting that the assignment of

¹¹⁵ Submission no. 9, Tasports, pp. 1-2.

the lease was made at a time when the intention was for the Mill to reopen as a woodchip export facility:

Mr JAENSCH - In the process of you not being able to confirm if you were going to be able to roll over this lease from the previous owner to the new one under similar terms, you have talked then about how the shareholder ministers confirmed their expectations that you would transfer that lease, notwithstanding that you didn't have an assurance of that future income. You didn't know who was going to be operating it or if it was for production of woodchips into the future - is that right?

Dr NORTON - You have the correspondence between us and the shareholder ministers and their response.

The nub of the issue is - and this is not the first time this has been said in the papers that we put to you. There is reference of that Hansard of December 2011 where this issue came up and we answered questions. We inherited a lease with Gunns that was not ideal because effectively it meant that even if Gunns had continued to own and operate it and they had decided not to export, we would have been left with expenses but had no offsetting revenue. When the request to transfer the lease came, we pursued with Triabunna Investments a new lease as an alternative and our intention in that new lease would have been to come to some commercially agreeable arrangement around rates linked to tonnage, but also perhaps a minimum amount that needed to be paid in the absence of any tonnage. Those negotiations or discussions didn't prove to be successful.

At the time, the industry and certainly the community at Triabunna were concerned that our inability to transfer the lease was impacting on the forest peace deal discussions. We weren't getting any income with Gunns, we were faced with Triabunna Investments indicating that it was their intention to go to the market and we decided that it wasn't in our interests to be seen to be doing something which might be against the broader community interests in terms of the peace deal.

We decided to transfer the lease. We engaged with our owners. We advised them of our intent and they, as you see in the correspondence, noted our position. They didn't direct us to do it. We did it off our own bat but the board gave due consideration to what we saw as brand damage to Tasports if we were seen to be thwarting this transaction.

Mr JAENSCH - In the type of entity that you are, isn't a statement of shareholder minister's expectations effectively direction?

Dr NORTON - No. Direction is a written direction for us to do something which we would otherwise not do. There was nothing in the shareholder minister's letter of expectations for that year in respect of how we dealt with this matter.

Mr JAENSCH - Just to facilitate the assignment of the lease. So that left you with a situation where you had a purpose-built, land-locked asset now with no rent coming in on it and the machinery necessary for it to operate for what it was built being disabled, so it's stranded three times over now, isn't it?

Dr NORTON - That was subsequent to that, but you have to remember at the time we transferred the lease, Triabunna Investments had indicated that they were going to go to the market for an operator of a woodchip facility. They indeed did that.

CHAIR - That is part of our inquiry of course.

Dr NORTON - That is something which we are not privy to other than we know that they said they were going to do it and they did do it.

Mr JAENSCH - But they are unable to confirm their intended use of the facility.

Dr NORTON - What that meant was the wording of that, 'intended to confirm' meant that they couldn't nominate who was going to run it as a woodchip facility. At the time we transferred the lease they couldn't tell us who was going to run a woodchipping operation there.

Mr WEEDON - Nor could they tell us the likely volume that would result from that woodchip enterprise.

Mr JAENSCH - You indicate though that they had indicated to you it was their intention to go to market to secure another operator.

Dr NORTON - Yes, that was publicly stated.

Mr JAENSCH - Which is slightly different to what is in your submission, which says 'Tasports was unable to confirm with Triabunna Investments its intended use of the facility'.

Dr NORTON - I have tried to elaborate that was about that they weren't able to confirm who was going to run it and the tonnages. That's what I meant. That is not to indicate that they were unable to say that they were intending to go to the market for an operator. That certainly was our understanding.¹¹⁶

- 6.61 The importance of the wharf to the forest industry was not lost on the new owners of the Mill as Alec Marr, Manager of the Mill for Triabunna Investments reportedly acknowledged:

*"We were buying the port more so than the mill itself," said Marr. "It was a bullseye: we totally fucked them."*¹¹⁷

- 6.62 The Committee heard from a number of witnesses, who also considered that the wharf was critical infrastructure and needs to be made accessible. The Huon Resource Development Group submitted:

¹¹⁶ Transcript of evidence, 13 August 2014, pp 70-71.

¹¹⁷ See article by John van Tiggelen, 'Timber! How Gunns and Tasmania's woodchip industry came crashing down' in *The Monthly*, July 2014, p 21.

Our group believes the state should carefully evaluate the full spectrum of possible uses for the Triabunna port facility, the only deep water facility on Tasmania's east coast, and consider acquiring the mill site from Triabunna Investments to facilitate any such subsequently identified more viable and likely use, and by compulsory acquisition if necessary.

*Compulsory acquisition of access to this taxpayer owned facility should be considered as it should be seen as vital infrastructure.*¹¹⁸

6.63 These concerns were also expressed by Don McShane, Director, Swan River Pastoral Co. Pty Ltd who commented:

*We are firmly of the opinion that the port should not be sold and that access to it be retained – by compulsory acquisition if necessary. Tasmania is an island state – to a large extent ports are our lifeblood. There are ports in the North, North-West and South but the East Coast has no deep sea port to service current or future industries.*¹¹⁹

6.64 Cheryl Arnol, former Mayor of Glamorgan Spring Bay noted the importance of the Port Facility as a safe deep-water port and argued that the wharf should remain in public ownership:

Mr JAENSCH - You made reference to the importance of the export-loading facility at the wharf, and opportunity costs if that is not available. We discussed that briefly with Mr Elphinstone, and I would be interested in your comments. I understand the wharf was owned by Tasports. The wharf is in public ownership, in an awkward position at the moment, but what are the options for retaining the potential of that facility?

Ms ARNOL - The problem is that it is landlocked. There is no real access to the port, other than through private property. The issue is that it is the safest, deepest port south of Eden. It is capable of taking bulk carriers. It seems a pity that we might lose that infrastructure. I do not know what the bulk commodity might be in one to 10 years, but it is a bulk commodity wharf. As a state we need the capacity to ship from that wharf, because we are losing some of that capacity in other areas. If we can utilise that one, let's do it. The issue is it being currently landlocked for access.

Ms WHITE - I want go back to the agreement, and the expectation that the mill would continue operating. You asked why the government did not invoke that clause. We heard from the former deputy premier yesterday. He tabled some correspondence for the committee. He had written to Triabunna Investments asking them to explain what was happening on the site. It is important this community knows that action was taken by the state government. We have not received evidence from the Commonwealth Government. It does state that both parties have to agree for a review. The evidence we received yesterday suggests there was work happening at the state level. Today, there is no TFA, no longer an agreement where you can refer to clauses to evoke a response.

¹¹⁸ Submission no. 21, Huon Resource Development Group, p. 2.

¹¹⁹ Submission no. 18, Don McShane, p. 1.

The Premier has not ruled out compulsorily acquiring the mill. We know the state Government is in negotiations to sell the wharf. Knowing all this and being where we are today, and thinking about what you have said, what options does the state Government have available to it now? What would you like to see, as a member of this community? Do you think that selling the wharf is sensible? It is landlocked but should the Government compulsorily acquire the mill - they have not ruled that out - there is no TFA and no clauses to invoke conditions anymore.

Ms ARNOL - For the mill, it is probably too late for compulsory acquisition. The wharf, though, is a whole different ballgame. The Government should do everything in its power to retain ownership and achieve some sort of access to it so it can be used in the future for bulk commodity exports. It might be down there somewhere but why should the state lose that infrastructure?¹²⁰

- 6.65 The Committee also heard that because the wharf is a public asset that the public should be entitled to have their say about any potential sale of it. As noted by John Hall, Commodore of the Triabunna Boat Club:

Ms WHITE - With respect to the wharf, I understand that is your primary reason for presenting to the committee today. You would have heard us discuss with the previous witness that the state government is currently in negotiations to sell that wharf to Triabunna Investments. You spoke about involving the community in any discussions that might happen for strategic sites like this. How would you like to see community involved in that discussion as it progresses now, because obviously if the sale proceeds and it is sold to Triabunna Investments, it will be privately owned and no longer available for public use? I wanted to get your view on how the community could be involved in discussions around the future of that wharf considering it is currently under negotiation to be sold?

Mr HALL - It is the government of the day's call. They can control the wharf and if they want to they can sell it. There are all sorts of arguments about governments selling off infrastructure. I have been travelling in Queensland and there are signs everywhere up there about the government wanting to sell off the power facilities and what have you. Certainly the community should have some say in what is sold and what isn't. I don't know how, when the government has the power, you control that.

Ms WHITE - It is a good question because you said the government should have consulted with the community when the Triabunna mill was sold to an entity that wasn't going manage it as people hoped. Now we have a situation where the same thing is happening again in the same town about a really important public asset. That was a private asset. As a member of this community, how would you hope the government would talk to you about the sale of a public asset like that?

Mr HALL - We would like to see some consultation regarding the sale of it.

¹²⁰ Transcript of evidence, 23 September 2014, p 25.

Ms WHITE - Community meeting, something of that nature?

Mr HALL - Yes.

CHAIR - Are you saying some consultation, public involvement, because it is a public asset?

Mr HALL - Yes.¹²¹

- 6.66 In a submission to the inquiry Graeme Elphinstone commented on the potential the wharf possessed for the export of other commodities:

*There needs to be a strong push to ensure that the export wharf is available for use for shipping of bulk commodities; not necessarily woodchips. Whilst it is acknowledged that there may not be a commodity in the near future, with downgrading of other port facilities there may well come a time when this State has a bulk commodity that could reasonably be shipped from Triabunna.*¹²²

- 6.67 Mr Elphinstone also commented that the port area provided potential for other businesses to grow noting:

There has been significant work done on the town jetties which has enhanced the future of the area in tourism with a push for more visitors to Maria Island and the utilization by commercial fishermen.

*Further development of a marina in the area close to what is known as Dead Man's Isle would not only provide the opportunity for existing and new businesses to evolve but could provide much needed employment in the area. There is an identified need for marina berths and Triabunna has the ideal safe port to establish a large marina similar to Kettering. Dead Man's Isle could form part of an historical focus for visitors to the area as well. The project would need a significant injection of funds to make it a reality but with careful planning and utilizing established criteria for marinas it could well turn Triabunna into the jewel in the Tasmanian marina facilities crown.*¹²³

- 6.68 Debbie Wisby of the Orford Triabunna Chamber of Commerce also noted the potential of the wharf facility for other business opportunities:

*The Spring Bay deep port is a significant natural resource for the region and State. The wharf facilities previously used by Gunns could be investigated to allow for new opportunities for existing and new businesses in-turn creating employment and economic growth.*¹²⁴

¹²¹ Transcript of evidence, 23 September 2014, p. 32.

¹²² Submission no. 17, Graeme Elphinstone, p. 4.

¹²³ Submission no. 17, Graeme Elphinstone, p. 4.

¹²⁴ Submission no. 12, Debbie Wisby, Orford Triabunna Chamber of Commerce, p. 2.

6.69 In evidence before the Committee, Ms Wisby commented on the port area and its potential:

Mr JAENSCH - A lot of this revolves around the waterfront and where vessels come and go. What do you understand to be the status of the port and the wharf there now in terms of who owns it, who controls it, and the access for these things to happen?

Ms WISBY - I used to run the building and infrastructure of the council for three years. I created that department. I also ran all marine infrastructure for the municipality, so I have a bit of knowledge on that. The main wharf in the town is owned by council. There are private berths at one end, which are still owned by council but leased long term to different people. There is a yacht club opposite the main jetty.

Then you go out to Deepwater Jetty, which is owned by MAST and you can't berth there. There is a load limit on that wharf so semi-trailers can't reverse onto it. It's also a terrible road to get down; there's a cliff face and rocks on the other side so you have to reverse a semi-trailer a long way and then you can't even use that wharf now to put a semi-trailer on there to load it. Then there is SeaFish Wharf, which is privately owned, and the chip mill wharf.

Mr JAENSCH - And is the chip mill wharf at the moment part of the Spring Bay mill proposal? Is that caught up into that proposal?

Ms WISBY - I don't think so. I don't know anything about the proposal but from what I have seen I don't think they are that interested in the wharf infrastructure there. At one point they were but then they said, 'There has to be too much money spent on it', so I think they've changed.

Mr JAENSCH - Is that necessary for some of these other projects to come off?

Ms WISBY - There is something like seven working ports in Tasmania including Strahan, Triabunna, and St Helens. If the orange roughy fishery gets underway - and it looks like it will in St Helens within two years - the closest port to there will be Triabunna. They can't go into the main wharf at Triabunna, they can't use Deepwater Jetty, the fish mill is privately owned and Deepwater Jetty is the answer. Our boat -

CHAIR - Deepwater jetty as in the Spring Bay mill jetty?

Ms WISBY - No, Deepwater Jetty is the middle one, the MAST one, and the water gets deeper as you go out. We've got two fishing vessels; we bought one for squid fishing that's 21 metres long and we've also got a 16-metre vessel for squid, scallops and crays. When we brought our boat into Triabunna wharf under all the normal conditions - ringing the harbourmaster, Stan, and telling him we're bringing the boat through; we'd just been to WA to pick it up - I got a letter from council telling us it had been evicted from the wharf. Go figure why but it was in breach of all terms of reference and so forth of that marine infrastructure committee. Supposedly our boat is too long for that wharf.

*In the new wharf masterplan that nobody's seen yet that council have done, will our new boat, which is only indicative of the future of boats, fit into the new marina? No, it's too wide. Our boat's now out in the bay, but have we been asked? No.*¹²⁵

- 6.70 Paul Weedon, CEO of TasPorts noted that in its current state, the wharf is not suitable as a berthing for large boats or ships. Mr Weedon commented:

Ms O'CONNOR - The port at Triabunna is a beautiful deep-water port that takes big vessels. We had evidence this morning from the Orford-Triabunna Chamber of Commerce about some of the vision they have for the future of that area. What sort of modifications would it take to enable that wharf to take on larger ships, like cruise ships?

Mr WEEDON - That's a bit like how long is a piece of string. What size cruise ships, how often, what infrastructure, what service capacity do you want to provide, and the like? What we have been very clear about is that the current structure does not lend itself to that.

Take a hypothetical: if they wanted to replicate the type of facilities that exist in Hobart then they would be looking at probably up to \$50 million to build the type of wharf with the type of passenger handling and cargo and providedore handling capacity to deliver that service to the cruise lines. You can go from that extreme to an extreme more like Port Arthur, where the local community there has worked with us to provide a safe anchorage for cruise ships and then a shuttle service which brings the passengers ashore. All those options would be available to the local community and Triabunna Investments if it saw that activity as being part of its vision for the future.

Ms O'CONNOR - Is there a safe budget option for a cruise ship wharf that could see some of the existing infrastructure on the wharf you own modified to take on cruise ships? You will have excuse me, I am a bit of a Luddite about these sorts of engineering issues.

Mr WEEDON - Certainly our view is that the wharf itself, no, but there are a number of mooring dolphins, which are large timber structures that are buried in the seabed which the ships tie up to at the bow and stern. Those structures would be useable by any other vessel. The wharf itself is not really suitable for the type of structure that you would safely move passengers from a cruise ship to a shore-based location.

Ms O'CONNOR - What sort of flexibility is there with that asset to use it for other purposes? What are the options?

Mr WEEDON - You could certainly tie up a range of vessels at that berth. It is a big berth. Fishing vessels, tug vessels, pleasure craft and the like could use it. All they can do at the moment, without Triabunna Investments' consent, is tie

¹²⁵ Transcript of evidence, 13 August 2014, pp 38-9.

*up at the wharf, stand on the wharf and get back on the boat again, and that is the extent of their visit.*¹²⁶

- 6.71 Dr Norton, Chairman of TasPorts further advised the Committee that the wharf was essentially purpose built for the woodchip facility and would take substantial reconstruction to be used for other purposes such as those that have been proposed by other witnesses:

Mr SHELTON - It has been mentioned in this committee already that the port facility, that deep water port, is of strategic importance to the forest industry. You have an asset in that location, as in the wharf. Could you give the committee a basic outline of what the facility is, how long it has been there and so on?

Dr NORTON - The wharf is a specific construction wharf that was developed to support the ongoing operations of the Triabunna woodchip mill when it operated in that way. It is specific to that location and specifically designed to accommodate vessels up to around 200 metres in length that would typically call to take a parcel load of woodchip exports from Australia. That side of the bay is a deep water channel which provides good access for large ocean-going vessels. For many years TasPorts, and our predecessor company, the Port of Hobart, ran fairly dynamic woodchip and vessel operations in the port. Historically we had two tug vessels based in that vicinity, which existed primarily to handle those vessels and the operation of those vessels to and from the port. There is no other access to this wharf than through the facility that is now owned by Triabunna Investments. It sounds a little counter-intuitive to call it a 'land-locked asset', but that is essentially what it is. There is no right of way, no easement. It exists solely to provide the wharf structure to link what was historically an export woodchip facility.

Mr SHELTON - You mentioned it is a specific design. There has been comment in the community about ocean-going vessels coming in and using that facility, as in passenger vessels. If it is a specific design I take it that without substantial reconstruction it would not be able to do that?

Dr NORTON - That would be our view, yes.¹²⁷

- 6.72 In addition, to the wharf requiring substantial modification to enable some of the potential ideas to come to fruition, the Committee heard that the wharf is in a poor deteriorated condition. In evidence before the Committee, Graeme Wood commented on the state of the wharf and noted that it would require rebuilding to be fully utilised as a tourism berth:

Mr SHELTON - Sticking with the issue of the wharf, as I recall, your original vision when you first started talking about the purchase of the Triabunna Mill

¹²⁶ Transcript of evidence, 13 August 2014, pp. 77-8

¹²⁷ Transcript of evidence, 13 August 2014, p. 65

site included cruise ships and so on coming. Is that still part of the vision? As I understand it, the vision has changed and morphed over time.

Mr WOOD - That is very true. Pulling a cruise ship up against that wharf was more a fantasy than a vision. Once I understood the state of it, that would be one quick way to demolish the wharf. It is simply not suitable for handling that kind of thing. That does not stop a cruise ship anchoring in the bay, as they do in Coles Bay, and ferrying people either from Coles Bay or from Spring Bay to somewhere where they can disembark and enjoy whatever is going on at the mill and in the surrounding area. Having coaches available to whisk them off for a trip to Port Arthur or the vineyards is perfectly feasible. The original sketches we did also looked at having a marina developed in the area, as an extension of the wharf on the northern side. Now having spoken to people in the marina business and locals, it is probably a little unprotected there for a serious marina. Fine for day visits but a real marina needs to be further up in the bay where the water is a bit shallower and more protected. It is still an idea that needs further investigation and there is always an engineering solution to these things. It is a question of how much it would cost to build the handling gear that would be needed.

Mr SHELTON - What is on the cards now if cruise ships pulled up in the bay? I am going to the fact that the deep water port there is essential for getting large ships in and it is an advantage to whoever is there. You own the site now, of course, but that site originally was a wood chip mill. Is your development site specific? The east coast is a very beautiful place and there are many other opportunities along the east coast that could have suited your development. That site in particular is a deep water port. If cruise ships were coming into the jetty I can see it being an advantage. If they are not coming in, there are other opportunities, I would assume.

Mr WOOD - I have spoken to people in Tasports and other people involved in the marine industry about the idea of super yachts using the wharf and that could work during the Sydney to Hobart race - during the summer period. This year there are about seven super maxi yachts in the race and there are probably 20 boats between 70 and 100 feet. Most of those, when they leave Hobart, turn left and shoot through but some - and this would take some organising, of course - might be convinced to stop over in Spring Bay on the way back inside Maria Island. That could become quite a festive event for that time of year.

That would be an example of using the wharf. The other problem is that the wharf was built specifically for large vessels to carry wood chips so there is no infrastructure for containers. I was advised to not even drive a bus on the stem of the wharf because it might fall in. The wharf is problematic. I think it is 40 something years old, and it was built to last 15 years. The engineering report, which is on Tasport's website, clearly shows the problems that it has. Yes, it is a deep water port, you would have to spend a lot - basically it is a knock down and start again job.¹²⁸

¹²⁸ Transcript of evidence, 25 November 2014, pp 7-8

- 6.73 It was noted by witnesses that there remains in Crown possession a parcel of land around the headland which retains access to the port. Some have argued for a use of this easement to access the wharf as noted by Tom Teniswood who commented:

*There have been a number of calls for this facility to be made available to 'exporters'. My understanding is that it is in poor repair and would require a large investment to restore this infrastructure. It is a bulk materials loading facility abutting a Crown Reserve. It has been suggested that a portable woodchipper could be set up to process chips, also a suggestion that bauxite mined in the Campbell Town area could be exported from this port...*¹²⁹

- 6.74 John Hall, Commodore of the Triabunna Boat Club, considered that with time and money access through the Crown Reserve may be feasible:

Mr JAENSCH - At the moment the wharf isn't part of the parcel of land that is owned by Triabunna Investments and I understand that there is a ribbon of crown land around the waterfront. Do you see a way that the wharf could be used commercially for loading ships with the access arrangement that we have or with the configuration or the tenure of land that we have at the moment, or would it need to change?

Mr HALL - I'm not sure what the ribbon of land or the tenure is. I would imagine it would be quite difficult to, given the topography of the area. But I guess with time and money it could be fixed. I don't know enough about that part of it.¹³⁰

Committee comment:

- 6.75 The Committee considers that the assignment of the Triabunna Wharf lease from Gunns to Triabunna Investments was under spurious circumstances. TasPorts was attempting to negotiate a favourable lease with Triabunna Investments that would have seen income despite the lack of woodchips transiting the wharf. Following a dispute between Triabunna Investments and Tasports over the assignment the stakeholder Ministers at the time signed a letter to TasPorts requiring them to assign the lease on terms that were far from commercial.
- 6.76 Furthermore, the Committee notes that the sale agreement between Gunns Limited and Triabunna Investments contained a lease

¹²⁹ Submission No. 29, Tom Teniswood, p. 5.

¹³⁰ Transcript of evidence, 23 September 2014, pp 29-30

assignment clause¹³¹ and accordingly the Committee considers the negligent and woeful actions of the stakeholder Ministers contributed to the demise of the woodchip mill in allowing the sale to proceed to purchasers who had made it known they intended to turn the mill into a tourism development when Aprin Pty Ltd were still an alternative purchaser.

- 6.77 The Committee notes that the new owners of the Mill, Triabunna Investments, were aware of the strategic importance of the wharf to the forest industry and considers that Triabunna Investments knew that the purchase of the Mill would result in a land-locked port which would effectively shut down the forestry industry in the South of the State.
- 6.78 The Committee considers that the wharf attached to the mill site remains a critical asset to the Tasmanian infrastructure portfolio, not only for the export of woodchip but also for the export of other bulk commodities such as bauxite. This is owing to the navigational properties of the harbor for large vessels. It has been noted that the present wharf is not suitable for the use of passenger vessels and requires significant expenditure to return it to operational status.
- 6.79 The Committee also notes that TasPorts intends to place the wharf on the market with an expression of interest process or otherwise dispose of the asset. However, the Committee considers the wharf to be a key strategic asset of the State of Tasmania and that the Government should maintain public ownership of the wharf and investigate possible future uses and future opportunities for the Triabunna region may require use of the port.

Recommendation 1: That, the Government maintain public ownership of the Triabunna wharf and investigate possible future uses.

¹³¹ See Clause 2(a) of the sale agreement between Gunns Limited and Triabunna Investments, dated 15 July 2011, which makes assignment of the wharf lease by 15 January 2012 a condition for completion of the sale.

7 THE IMPACT OF THE CLOSURE OF THE MILL ON THE INDUSTRY AND TRIABUNNA COMMUNITY

- 7.1 This Chapter considers the impact the closure and dismantling of the mill has had on the forestry industry, particularly in the south of the State. Consideration is given to long-term solutions for wood residue products including viable port options to export woodchips and alternatives for residue products.
- 7.2 The Chapter also considers the impact the closure of the mill has had on the community and the economy of the Triabunna and surrounding region, including the impact of the closure on employment in the area and the impact the loss of jobs has had on the mental health of people and the social fabric of the community.

Impact of the closure of the mill on the forestry industry

- 7.3 The Committee heard from a number of witnesses about the devastating impact the closure of the Mill has had on the forestry industry, particularly in the south of the State. In evidence before the Committee Ron O'Connor commented:

Mr SHELTON - Ron, you indicated the strategic importance of the mill to, particularly, the southern forested area. You were a business operating beforehand and you have stated it made a substantial difference to your business. What sort of reduction in business activity have you undergone through this process without the mill being available?

Mr O'CONNOR - If you go to my yard you will see I have about five trucks running now, out of the 14 I had. I have no bush operations. I have dropped 20-odd people. It has killed the industry. A lot of my friends and a lot of people in our industry are just hanging in there. Those who didn't take the exit package are going to die unless something happens. The wood from the Midlands used to go Triabunna - you have to remember there is the Midlands and the south. So unless something is done in the past, sawlogs will go up and peelers will have to go up because a contractor can't supply a whole tree for half a tree price, he has to be able to get rid of the whole lot. It pushed me up here to Queensland where I bought a mill. It hurt us financially very badly, but such is life.

.....

CHAIR - Following up on the impact of the Triabunna closure and the downturn on your business, you mentioned trucks and jobs. What is the impact on the business and jobs?

Mr O'CONNOR - There are no jobs. Working for Norske, I could do the job with four trucks. I have 20-odd people - mechanics, bushmen, truck drivers - it is colossal. Income died and export logs stopped and it killed our industry and hurt me financially very badly indeed.¹³²

- 7.4 Forestry Tasmania noted that the closure of the Mill has had a detrimental impact on its revenue as it was forced with effectively shut down its operations on the east coast, which has increased transport costs and resulted in a displacement of employees. In evidence before the Committee Steve Whiteley, CEO of Forestry Tasmania commented:

CHAIR - ... Can you be a bit more specific about the impact of the closure of the Triabunna woodchip mill on local communities, and particularly the forest industry?

Mr WHITELEY - In practice, Forestry Tasmania was forced to withdraw its operations from the east coast. It had a direct impact on physically operating in the forest on the east coast, with various other avenues to create some residue solution and movement. It was not viable to operate there at all, so that directly affected people who based their businesses on the east coast. Some of those were able to be transferred to other parts of the south but it was very disruptive to those communities and those people working there, particularly harvest and haulage contractors.

A lot of businesses were based locally in that area and we did not have areas to operate in that area. People were forced to move to other places and that is what we endeavour to do where possible. Many of the contractors were engaged by Gunns and others and they were the ones who have suffered most significantly. From Forestry Tasmania's point of view, we sought to keep as many of the contractors working as possible but it was very disruptive for those who were working broadly on the east coast, including the Tasman Peninsula area.

From a business point of view, this has had a very significant impact on Forestry Tasmania's revenue and cost structure associated with transport. It has both reduced turnover but added very significantly to the transport costs. In terms of kilometres of log trucks carting wood, it has significantly increased the road miles attached to any wood that is being produced. It is much less efficient. We have more movements on some of the other roads, which we endeavour to mitigate by things like putting wood on rail, but there are more log trucks on some of the other roads over greater kilometres. That is largely associated with carting wood up to Bell Bay in limited quantity.

It has also affected some of Forestry Tasmania's employees. Thankfully there was a process where some of those were able to move across to be employed by DPIPW. That has maintained some specialist land

¹³² Transcript of evidence, 12 August 2014, pp. 17-18.

*management skills which otherwise would have been lost to the state. It was very disruptive to the people who work in that area in a broad range of ways.*¹³³

- 7.5 Mark Cornelius of the Tasmanian Oak Growers noted the closure of the Mill had been particularly hard on private land owners within the industry as the lack of a southern export facility for wood residues has made it economically unviable to continue harvesting:

The purpose of our submission is to make it known the effect the Triabunna closure has had on the Tasmanian Oak Grower's. There has been no harvesting on our properties for the last three years due to the forestry downturn, mill closures and lack of demand due to uncertainty in the industry.

Historically, approx.. 50 percent of our residue (woodchips) were shipped from Triabunna. The main reason for this was because of cart distances, half of our properties had a cart of between 70 – 150 kilometres to Triabunna, mostly 90 – 140 kilometres. The cart distances from these same properties to Bell Bay Chipmill is 160-200 kilometres.

Log carting is a major part of the cost of product and because of the long distance to market (Bell Bay) and low price it has been unviable to harvest any timber from these forests therefore not creating any economic activity (employment). The market price has recently recovered slightly but still the returns from the Bell Bay mill is only about \$5.00 per tonne stumpage on a 170 kilometre cart, which to us is unviable.

If Triabunna was open we could achieve a price of approx.. \$5 - \$8 on top of the Bell Bay stumpage which is a viable price due to the shorter cart distances.

The Tasmanian Oak Grower's would like to point out that Forestry Tas and Southern Sawmills have been paid a government subsidy to make it viable to send chips to the northern outlet. Private land owner's were not offered anything or consulted at all in regards to this.

*We feel it is essential to have an export wood facility in the south east of the state or an alternative market outlet of residue (biomass, biofuel, biochar) to enable us to start harvesting and creating economic activity.*¹³⁴

- 7.6 The impact on private land owners was also noted by the Tasmanian Farmers and Graziers Association:

The closure and subsequent sale of the mill and its involvement in the TFA process as a negotiation point has had a significant detrimental effect on private landowners in the South of the State. Residues from native forest logging are a component of producing high quality sawlogs and or veneer peeler logs and in a market with slim margins this low value product often is the difference between profit and loss. Private landowners have not had access

¹³³ Transcript of Evidence, 12 August 2014, pp. 73-4

¹³⁴ Submission no. 4, Mark Cornelius, Tasmanian Oak Grower's.

to government subsidies for transport to port facilities in the North of the State, as a result the closure of the mill has been catastrophic.¹³⁵

- 7.7 Ian Ravenwood from Private Forests Tasmania noted the significant financial impact the closure of the Mill has had on private land owners. He commented:

The unfortunate reality is that private forests within the catchment of Triabunna have produced very little wood for at least the last three years due to the inability to sell pulp wood. Importantly, the native forests in this catchment, which comprises of more than half the total private native forest estate in Tasmania, that is greater than 450 000 hectares, have only made a minimal contribution to the sawlog and peeler supplies of the region over that time. The lack of market opportunities for these mixed quality but in some areas, highly productive forests, is destroying their asset value and many have become liabilities for their owners. If this continues there is a serious risk that these forests will not be managed properly or appropriately protected from fire and they will ultimately become degraded and, in time, would progressively disappear.

This is a significant forest estate of social, environmental and economic value to its owners, the surrounding regional communities and Tasmania as a whole. It is important that its asset value be protected.

As an aside, we are aware that forest owners have used their native forest assets as security for farm development loans and whose banks have called in the loans. The asset backing of the loan now being regarded as worthless. The hardwood plantation estate in this catchment is quite large, comprising in the order of 40 000 hectares or some 23 per cent of the private hardwood plantation total area for Tasmania. It is relatively young, planted predominantly between 2001 and 2010 with the majority planted during the middle of that period at the height of the MIS era.

That said, when it becomes fully productive, it has the capacity to produce significant volumes of wood on a sustainable basis in the order of 450 000 tonnes per annum as a minimum. Granted, some of this estate may be converted to other forms of land use as ownership changes due to the wash up of the MIS schemes. Much will and, in our opinion, should remain. Without local processing or export facilities this resource too is worthless and that is its current status.¹³⁶

- 7.8 Andrew Morgan, Managing Director, SFM Forest Products, noted the Triabunna Mill was a vital piece of infrastructure for the private forest sector and its closure has devalued land prices and restricted the supply of wood from private operators:

¹³⁵ Submission no. 20. TFGA, p. 4.

¹³⁶ Transcript of evidence, 22 September 2014, p. 2.

The Triabunna Woodchip facility was a fundamental piece of infrastructure in providing the private forest sector in southern Tasmania with an outlet for both native forest residues and plantation fibre. The subsequent period since the closure of Triabunna highlights the critical need for a woodchip export solution in the south of the state as private forest harvesting has all but ceased denying landowners an important source of secondary income from their native or plantation estate, has devalued land prices and has restricted supply of sawlog and veneer from private operations.¹³⁷

Committee Comment:

- 7.9 The Committee notes the devastating impact the closure has had on the industry, predominantly in the south, noting in particular private landowners that have not had access to the transport subsidies to transport the wood residues to the north of the State.
- 7.10 The closure of the Mill has seen a decline in jobs, companies closing down operations and devaluation in land. The Committee notes the comments of many in the industry that the Triabunna Mill was a vital piece of infrastructure and considers that a long-term solution must be found for the export of wood residues from the south of the State. This issue is examined further below.

The need for a long-term southern port option

- 7.11 In October 2014 the Committee tabled an Interim Report which called for a woodchip export facility to be established in the south of the State as a matter of urgency. The Minister for Resources, the Hon Paul Harriss MP, subsequently announced in the House of Assembly on 15 October 2014 that the Government had commissioned a detailed report on the feasibility of an export terminal at Macquarie Wharf, with a lifespan of one to five years.¹³⁸
- 7.12 The importance of a southern port to export wood residues was noted by a number of stakeholders in the industry. In its submission to the inquiry the Forest Industries Association of Tasmania (FIAT) commented:

The forest industry require some outlet for these residues as failure to remove them from the forest as part of harvesting operations or from sawmills as part of processing operations will lead to significant adverse consequences e.g. increased risk of intense wildfires, mills having to close etc.

¹³⁷ Submission no. 10, Andrew Morgan, Managing Director, SFM Forest Products, p. 2.

¹³⁸ House of Assembly Hansard, 15 October 2014.

Historically the outlet for these types of residues in Southern Tasmania has been through the Triabunna Mill that was originally constructed by a consortia of sawmillers seeking to recover value from processing and harvesting residues.

The closure of the Mill by Gunns Limited in 2011 has created a significant problem for the industry in Southern Tasmania with the requirement for Government subsidies to move the residues from the South of the State to the chipping and export facilities at Bell Bay and/or Burnie. This is, at best a short term solution to a much more significant and long term problem.

As residues by their very nature are relatively low quality commodities generated as a by-product from harvesting for higher value products the addition of significant cost through transport over long distances creates a situation whereby they cannot be viably sold into the markets. An outlet for these products in southern Tasmania is therefore imperative to ensure the continued capacity to harvest forests in the south to supply sawmills and veneer mill with the higher quality materials.¹³⁹

- 7.13 Bryan Hayes, CEO of Forico Pty Ltd, outlined the importance of a southern port to ensure the southern Tasmanian forestry industry was viable:

As a commercial enterprise, we also face a degree of uncertainty due to the changing conditions of the local forest industry as well as regional timber markets. I would like to provide some examples of how Forico approaches this uncertainty in managing our Southern resource to help inform the inquiry.

Forico's estate includes 8,689 hectares of hardwood plantations in Southern Tasmania, which at an average harvest age of 15 years can yield 170 green metric tonnes (GMT) per hectare. The estate could produce approximately 200,000 GMT per annum starting in 2015-16 and for a period of up to seven years. Of course to harvest these plantations we must seek a positive margin on the harvest, haul, and sale of the timber. At this time we are focused on hardwood chip export opportunities.

Triabunna and Hobart Ports are the logical and natural points of export for timber products from our plantations in Southern Tasmania. In the absence of Southern port access, Forico must consider other viable but potentially less attractive options for our Southern plantations. If these ports are not available to us for export, then we face substantially longer haul distances to our export facility at Long Reach. The Long Reach port faces potential capacity constraints with more than 1 million GMT per annum available from the Northeastern regional wood basket.

Even without capacity constraints at Long Reach, the extra transport costs would render the majority of Southern plantation estate loss-making or only marginally profitable, even if wood chip prices recover significantly.

¹³⁹ Submission no. 8, Forest Industries Association of Tasmania, pp. 8-9.

As such the absence of a Southern port facility will leave the Company with two likely options:

- Liquidation of the Southern estate by removing trees and transitioning properties to agricultural production.
- Managing the estate for solid wood products, which might also be exported through a Southern port facility.

The economics of these options are still being explored and no determination has been made by the Company at this time.

Forico is supportive of Southern port options for woodchip export, and we have provided an estimate of our potential supply for such facilities. If a Southern port facility is developed, as a long-term investor we would expect to be able to commit the resource from our Southern estate for both the current and subsequent rotations of the tree-crop. We could further look to expand our operations in the region over time, whether through direct ownership or the management of 3rd – party private plantation estates as described above. If a facility is not developed, the long-term future of our Southern estate as a provider of plantation based wood products is questionable.¹⁴⁰

- 7.14 Tony Stonjek of AKS Forest Solutions Pty Ltd argued that the native forestry industry in Tasmania could only survive if a southern-based export facility is provided:

Ms O'CONNOR - My final question, and I am happy to let it all go after this. Tony, do you think the native forest industry in Tasmania can survive and be viable into the future without subsidies from state or federal governments?

Mr STONJEK - Not without a southern-based export facility, it won't. It is not viable to continue to bring wood from the south under a subsidy process. It is not. If we haven't got an outlet somewhere else, other than at Bell Bay, then the forest industry - it won't shrivel up and die, but it will be constrained. It will be confined to the north of the state, which is not what we want.

The high quality sawlogs, predominantly, a lot of them are located in the southern part of the state, albeit from the plateau area heading south. The east coast forest, which I have already mentioned and some on the west coast, but not a lot, mostly across those first areas. The north-east certainly holds some and will produce and continue to produce high quality sawlogs, but it will not be able to meet the requirements currently under the contractual agreements that Forestry Tas has.¹⁴¹

- 7.15 The Tasmanian Farmers and Graziers Association also noted that a southern export facility was critical to the industry:

¹⁴⁰ Submission no. 26, Bryan Hayes, CEO, Forico Pty Ltd, pp. 1-2.

¹⁴¹ Transcript of evidence, 22 September 2014, pp 52-3.

The need for a chip mill and export facilities in Southern Tasmania is critical. The private forest sector in Southern Tasmania will not recover unless there is provision to both chip and export residues. We understand that the existing deep water port at Triabunna is still viable, however there are logistical issues around getting residues to the port facility. We urge the Committee to initiate an investigation into the feasibility of gaining access to the Triabunna port with a view to recommencing exports of residues as quickly as possible.

If such a proposition proves not to be viable then we need to stress that an alternative option will need to be found quickly. The issue has received scant attention from government and many private landowners in the South of the State have incurred substantial financial costs while they wait for a resolution. Any operations in the South need as a matter of course to introduce competition within the residue export market and provide certainty moving forward.¹⁴²

- 7.16 The Committee also heard from some stakeholders in the industry about the role the government should play in ensuring appropriate infrastructure for exporting wood residues. Ian Ravenwood of Private Forests Tasmania commented:

Ms WHITE - Just very quickly, following on from our chat earlier about infrastructure needs and obviously what the solutions might be. I am curious to know what role you think government might be able to play to assist the private forests, and your stakeholders.

Mr RAVENWOOD - I guess it is policy settings. I am not sure whether I am just expressing a personal view of what the role of government should be. I believe the market should find its own way that relies on government setting policies that enables that to happen.

Ms WHITE - And not necessarily supporting infrastructure requirements?

Mr RAVENWOOD - It would be nice. I guess if government hands out money for infrastructure developments that would be as good as anything for them to hand out money for. I am a free market person. On a personal level I would like to think that if there is opportunity and there is profit in it, proponents will come to the resource. An old manager of mine wisely said when you have a good forest resource that is uncommitted, and there is very little forest resource around the world that is not committed to either a pulpmill or some sort of industry somewhere, the market will seek it out. That is what I would like to see happen.¹⁴³

- 7.17 In addition, the Committee heard that having a southern port could also be utilized by other industries. Leon Hawker, Chief Operating Officer, Australian Bauxite Limited commented:

¹⁴² Submission no. 20 TFGA, pp. 4-5.

¹⁴³ Transcript of evidence, 22 September 2014, pp. 14-15.

“Australian Bauxite Ltd has been exploring in Tasmania since early 2010 and discovered viable deposits in the Tasmanian Midlands as well as other areas closer to Bell Bay.

.....

For the future we have identified other areas south of Campbell Town (Ross, Tunbridge and further south) however we have not committed to any major expenditure in exploring these leases due to the distance from Bell Bay and the high cost of transport to the Bell Bay port.

We had considered Triabunna as a possible alternative port for bulk shipments but the closure of port facilities at Triabunna put a stop to further consideration. In short, the lack of port capacity in south-central Tasmania stopped us even looking for any opportunity to expand our activities southwards.”¹⁴⁴

Committee Comment:

- 7.18 The Committee acknowledges that during the inquiry it heard from a number of witnesses who considered that Triabunna was the only option for a southern export facility and that the site should be compulsorily acquired by the Government. The Committee also notes that the announcement by the Hon. Paul Harriss MP, Minister for Resources, in October 2014 that Hobart would be the preferred option in the short to medium term (up to five years).
- 7.19 The Committee notes the importance the Triabunna Mill had for the woodchip industry in the south of the State, and as noted in Chapter 6 of this Report, considers the Triabunna Wharf to be an important strategic asset of the state of Tasmania. The Committee has recommended that the Government maintain public ownership of the wharf and investigate possible future uses as future opportunities in the Triabunna region may require use of the port.¹⁴⁵
- 7.20 The Committee recommended in its interim report for the Government to investigate the location and viability of a new multi-use export facility in the Spring Bay area to provide a long-term solution for wood residues. The Committee considers that this investigation should include assessing whether the existing port remains an option if the Spring Bay Mill development proposal does not proceed.

¹⁴⁴ Submission no. 6, Leon Hawker, Chief Operating Officer, Australian Bauxite Limited.

¹⁴⁵ See Recommendation 1

- 7.21 In addition, the Committee notes the comments made by Leon Hawker, CEO of Australian Bauxite Limited that a southern export facility could be utilised by other industries and accordingly the Committee considers that the Government should investigate the option of establishing a multi-purpose export facility in the south of the state with a specific focus within the Triabunna region.

Recommendation 2: That, the Government investigate the option of a medium to long term location for a state of the art wood residue and multi-use export facility in the south with a specific focus within the Triabunna region.

Alternate residue solutions

- 7.22 The Tasmanian Forest Agreement 2012 provided for residue solutions. Clause 30 provided:

As a short term interim approach the Signatories call on Governments to urgently seek to achieve access to the Triabunna processing and export facility and to the Burnie wharf facility and short term woodchip stockpiling arrangements. The Signatories call on all relevant parties to do everything possible to facilitate these short term solutions or to put in place suitable alternatives.¹⁴⁶

- 7.23 FIAT considered that the inclusion of specific ‘residues solutions’ provisions in the Tasmanian Forest Agreement was a recognition that effective use of residues was critical to the success of the Agreement:

... was, along with all other provisions of that Agreement, hard fought but ultimately reflected a recognition by all of the Signatories that the efficient and cost effective use of residues from harvesting and planting operations was fundamental to the success of the TFA.¹⁴⁷

- 7.24 In addition, as part of the Tasmanian Forests Intergovernmental Agreement provision was made to allocate funding for alternative solutions to deal with residual matter.¹⁴⁸

- 7.25 The Committee heard from a number of witnesses about alternate residue solutions. Steve Whiteley, CEO of Forestry Tasmania

¹⁴⁶ Clause 30 of the Tasmanian Forest Agreement 2012, dated 22 November 2012.

¹⁴⁷ Submission no. 8, Forest Industries Association of Tasmania, p. 19.

¹⁴⁸ See funding commitments outlined in the Tasmanian Forests Intergovernmental Agreement, dated 2 May 2013, available at <http://www.environment.gov.au/system/files/pages/1ef3b33d-55c7-4401-b055-1d4dd42b2e80/files/tasmanian-forests-intergovernmental-agreement-2013.pdf> accessed 13 January 2015.

commented on the need to reduce residues through finding alternative solutions:

Ms O'CONNOR - Mr Whiteley, you were talking earlier - and I think we on the committee can all acknowledge there is an issue with residues, and it is a physical issue almost and there is a desire to have a temporary solution of some sort to that. In the longer term, what sort of talks is Forestry Tasmania having with people who are innovators in forestry research - and I believe we have a centre down here at the university - and are very excited by the opportunities available -

Mr WHITELEY - So are we.

Ms O'CONNOR - I want to end on an optimistic note about some of the work that Forestry Tasmania is doing around residue innovation and what opportunities there are here for local innovators and businesses and the timber industry itself.

Mr WHITELEY - You are probably aware of Hardlam, our LVL product. Oak Tasmania has received some funding to build a plant to do that.

Mr SHELTON - Do you class that as a subsidy?

Mr WHITELEY - It is an investment and innovation. Part of what we are driven by - we've been talking a lot about problem solving and there is a large volume that will be residues. But rather than just focus on residues, I agree with the proposition that we need to strive to recover value. We would need to reduce, as much as we humanly can, the amount we deem to be residues. We need to turn as much of that in whatever way we can into something of value. If we've got this basket called 'residues' we need to work very hard to reduce that.

Ms O'CONNOR - What are some of the future possibilities?

Mr WHITELEY - Our view with native forest is it is really about smarter marketing of some of our eucalypt species. What has been the Tas Oak brand, I think we can do some more around marketing that. That has served the industry well but I think we can be smarter about branding some of our native timbers broadly under a Tasmania brand. So try to capture value there for things that aren't traditionally the straight logs that the current sawmilling industry requires and pick up on some of that nature feature and those sorts of things. It's still got very good wood properties and we have a Tasmania story to tell if we can all get together and write it. If we're capable of doing that, I think it needs all those things to unlock some of that value.

Within plantations, most of the plantations have currently been grown for woodchip export but New Forest and any of the other businesses would similarly wish to see local processing or other value-adding to the extent possible. Gunns had a view of a pulp mill and there are a number of other opportunities to make sure we can capture as much of that value locally as possible.¹⁴⁹

¹⁴⁹ Transcript of evidence, 12 August 2014, pp. 89-90

- 7.26 Robert Eastment noted that one alternative to export wood residues in the immediate future was using it for 'green energy':

Mr SHELTON - Do you have any immediate answers for the sawmillers in the sense that they are milling now and they are producing waste, which in the past predominantly went to the woodchip market? There is at least a three- to five-year window until any of these alternatives are in place. Where do we go between now and then?

Mr EASTMENT - Green energy would certainly be one of them. There are certainly companies on the mainland who are using it, and particularly overseas. I spent time in Finland working with some people on that, looking at their power stations. There is certainly an opportunity to do that. To be able to get assistance for green energy credits and a whole lot of other things like that is all held in abeyance now. I know that some of the sawmillers have looked at that very seriously and were seeking assistance, and then suddenly it has been stopped.¹⁵⁰

- 7.27 FIAT noted that identifying alternative uses for residue products in Tasmania was a long term solution and that in the short to medium term that an export facility would be required. In evidence before the Committee Terry Edwards, CEO of FIAT commented:

We need something to move residues from Tasmanian shores whilst we go through that longer term project of identifying alternative uses of residue products in Tasmania. That might be biomass or biodiesel and other opportunities that exist in that space. That work needs time to be done. If we identified two or three options that were available, and there was \$12.5 million funding attached to this from the TFA outcomes to implement those opportunities, our best assessment at this stage would be something like a five-year lead time from identification of opportunity to commercialisation. So we have at least a five-year period that we need to be able to use our residues, or the mills are going to stop or Forestry Tasmania is going to find it not viable to go in to recover sawlogs and rotary- peel veneer billets for the industry, because they cannot use or dispose of the residues that are created as a by-product of that process.¹⁵¹

- 7.28 This was also noted by Steve Whiteley, CEO of Forestry Tasmania:

Ms WHITE - Terry also gave evidence that it would take about five years to find alternatives to the current solution we have for residues.

Mr WHITELEY - I believe there should be a window like that. Obviously part of the state should not just continue to export woodchips, but ideally from a state benefit point of view, the more we can utilise and add value to what we currently call residues locally in some way or another, that is what we should

¹⁵⁰ Transcript of evidence, 13 August 2014, pp 11-12.

¹⁵¹ Transcript of evidence, 12 August 2014, p. 68

*aspire to. In the meantime, I think he is correct in that a window of about five years will be prudent while some of these are happening. So ideally it will be value adding opportunities to maybe do more peeling or various other things. I think that is what we should aspire to, not simply chase infrastructure to export. But, in the meantime, the reality is, failing those other options there needs to be an outlet for those residues.*¹⁵²

Committee comment:

- 7.29 The Committee notes that the evidence it received indicates that there are other uses for wood residues such as biofuels and manufactured timbers. However, experts that gave testimony indicated issues in the implementation of such options making them unviable in the immediate future. Accordingly, the Committee calls on the Government to expedite Hobart Port as an export facility for wood residues in the short to medium term.
- 7.30 However, the Committee considers that such alternate residue solutions, such as biofuels and manufactured timbers, should be pursued in the medium to long term to ensure the need for exporting wood residue product is diminished over time. To this end the Committee notes that the Department of State Growth has appointed URS Australia Pty Ltd to undertake an investigation into alternative uses of wood residues in Tasmania. The Committee calls on the government to continue to support this project. The Committee also considers it is appropriate for the Government to investigate other avenues where it can provide assistance in the development of residue solutions.

Recommendation 3: That, the Government continues to support the Forest Residues Solution Study and investigate other avenues where it can provide assistance in the development of alternate residue solutions.

Impact of the closure of the Mill on the Triabunna Community

- 7.31 The Committee heard from a number of witnesses about the impact the closure of the Mill has had on the Triabunna community, particularly due to the loss of jobs both those directly within the forest industry and also indirect jobs. Ms Jacki Schirmer, a senior research fellow at the University of Canberra who has been researching socioeconomic change in the forest industry, provided the Committee with statistics on the trends forest industry employment by local government area from 2006 to 2013. For the

¹⁵² Transcript of evidence, 12 August 2014, p. 80

Glamorgan-Spring Bay area the statistics for the total number of forest industry workers are as follows:

Aug 2006	Aug 2008	Sep 2010	May 2011	Nov 2013	% change in forest industry jobs, 2008-2011	% change in forest industry jobs, 2011-13
184	193	123	60	7	-68.7%	-88.4%

7.32 In evidence before the Committee, Ms Schirmer commented on her research:

CHAIR - ... I am looking at your attachment. It is the second last page of your report, which is table A2.1 Trends in Forest Industry Employment by Local Government Area 2006-2013. I am just drilling down there and it seems Glamorgan-Spring Bay in August 2006 -184 jobs; August 2008 - 193; and then September 2010 - 123; May 2011 - 60; and November 2013 - 7. We are talking a massive drop in direct forestry jobs. Can you just explain the percentages - you have 2008-2011 and is that 2011-2013?

Ms SCHIRMER - That is right. Those columns at the end are about the change in the number of people directly employed in the forest industry. Up to May 2011, which was just after the closure of the mill, there had been a loss of almost 70 per cent of all forestry jobs by that stage. If you take the number of jobs that you still had in 2011 and look at the decline between then and 2013, of the ones who were still there in May 2011, which was 60 jobs, almost 90 per cent of those had been lost by 2013.

When you have a relatively small community that represents a huge proportion of the labour force. We are talking about almost 10 per cent of every employed person having lost jobs since 2008 just in terms of direct jobs. It would be a larger number of additional jobs on top of that which have been lost due to all the flow-on effects that go from that, as well as the loss of those log truck movements and people buying lunches in town and all the things that go along with that.¹⁵³

7.33 Debbie Wisby of the Orford Triabunna Chamber of Commerce, spoke of the impact the loss of jobs in the region has had on the morale of people living in the Triabunna area:

The closure of the Triabunna Woodchip Mill had an immediate impact on the Triabunna and Orford region. To say the region is in crisis would not be an understatement.

¹⁵³ Transcript of evidence, 22 September 2014, pp. 36-37

Triabunna was built on the back of the forest industry with the majority of businesses and employment derived directly from forestry or as a down-stream consequence.

The local hardware, supermarket, post office, bodyworks, mechanic, in-fact nearly all businesses, were impacted and continue to struggle as a result of the closure. What were once viable businesses closed, then re-opened and then closed once again.

Many residents are seeking employment, and as a consequence of three years now having passed, still remain unemployed without any foreseeable change to their circumstances. The closure of the mill ripped the heart out of the community with morale dropping to an all-time low. Families have been separated due to the need for fathers to work elsewhere in the State or Country and this has added even more pressure to an already fragile region.¹⁵⁴

- 7.34 These sentiments were also expressed by Colin Howlett, former Mayor of Southern Midlands who noted:

*The process used & lack of community consultation with stakeholders had devastating results on the social fabric and economic viability on the Triabunna Region.*¹⁵⁵

- 7.35 Graeme Elphinstone, of Elphinstone Engineering noted the impact the closure has had on the mental health of people who had businesses on contracts with the Mill:

Ms O'CONNOR - Graeme, we have had a lot of passionate people come and present before this inquiry and I really appreciate your passion for the industry and for log trucks. We are interested in exploring with you, as someone who has been a local here for more than 40 years, how people you worked with felt when Gunns decided to close the mill. This is the period before the sale to Triabunna Investments. What was the state of mind of people whom you knew and worked with and who worked for you when the mill was closed and then, how did people feel when it became publicly known that the mill had been sold to a private operator who was not in the industry? The human story is what I am looking for.

Mr ELPHINSTONE - The human side? First up, we felt shocked and we didn't know what the hell really happened, but I can give you one instance of one very good customer of ours who was a multiple-truck operator. I saw him from being a good operator for around 40 years, and that was his life, to him being, although he is not financially down, without a job. I watched him for two years going through his operation and just sitting there each day doing nothing and on anti-depression drugs to keep him viable. I was very concerned for his personal wellbeing only six months ago and we talked with him. That's what I said about the human side of it, he was a logging and trucking contractor but many of the trucking people and the forest operators in the bush - it's not just

¹⁵⁴ Submission no. 12, Debbie Wisby, Orford Triabunna Chamber of Commerce, p. 1.

¹⁵⁵ Submission no. 16, Colin Howlett, p. 1.

*the trucking side, that's what the public see. The people behind the scenes are good, genuine people and it's a way of life for them - to see the way that everything was just taken away from them, for no good reason.*¹⁵⁶

- 7.36 The impact on businesses contracted to Gunns was also noted by Tony Brown a local electrical contractor who commented:

I am a small electrical contractor on the east coast here. I originally came up to work at the woodchip mill, which was Tasmanian Pulp and Forest Holdings, in 1971. I worked for them for three years and then I went electrical contracting and have been electrical contracting on the coast ever since. When I say electrical contracting I mean for domestic people, commercial applications and at a later stage contracting for Gunns Limited to provide them extra manpower at the woodchip mill. I did that up to the time the mill shut down. Since then I have noticed a fair reduction in my work. It is very hard to judge what percentage of work had reduced because I have found I have to go further afield to get work. Hence this morning I was at Coles Bay. Normally I would not have gone to Coles Bay if there was work around the area.

*The closure of the mill impacted not only me but all the other small industries around the area. I went from employing three full-time and one part-time, to employing one full-time - who is me; whether you count me or not is another thing - to one part-time person. I have had a reduction of probably 30 per cent. I still have work but I have to travel further for my work. Hence my operating costs are higher to get to jobs further away. If I am out of the area and there is an emergency, sometimes I am not here. If people need someone for an emergency they have to call someone from Hobart at an additional cost because I am not here. You cannot sit around waiting for work; you have to find work.*¹⁵⁷

- 7.37 As previously noted the closure of the Mill also affected a range of jobs in the Triabunna region indirectly. The impact on indirect employment was outlined by Cheryl Arnol, former Mayor of Glamorgan-Spring Bay who noted:

The subsequent closure of the mill has changed the face and history of Triabunna forever. It has not only changed the history of the direct forest workers but also the indirect workers.

When one of our largest contractors decided to exit the industry and close his business it took 19 jobs out of our community. His annual fuel bill was in the vicinity of \$1.6 million; tyres were \$25,000 per month; maintenance on trucks and trailers \$20,000 per month. Add to this the loss of registration fees and this equates to a loss to the Tasmanian economy of more than \$3,000,000 per annum and that is just one contractor. Other large logging companies have ceased working in the bush or have reduced their employee numbers because the mill is not operational. Multiply the loss of income from one contractor

¹⁵⁶ Transcript of evidence, 23 September 2014, pp. 7-8

¹⁵⁷ Transcript of evidence, 23 September 2014, p 34.

over the total number of harvest and haulage contractors and it soon becomes apparent that the income from the forest industry was in excess of \$1 billion.

The effect on our sawmilling industry and their inability to dispose of their waste timber has had a major influence on the economy of many small rural communities with the closure or restructuring of sawmills and the subsequent job losses.

.....

Many thought that it was ‘only 40 jobs at the mill’ when the mill closed but there was a whole other industry out there that is best summed up by the comments of one of the café owners in the Derwent Valley when she was asked, not long after the industry close down, how was business. She responded by saying “It’s been dreadful since they took my log truck drivers off me”. Many of the drivers had been carting to the Triabunna Mill for at least 25 years and they had forged wonderful relationships with the café and roadhouse owners across Tasmania.¹⁵⁸

7.38 In evidence before the Committee, Ms Arnol elaborated on the flow-on effect the closure of the Mill had on the social fabrication of the Triabunna community through displaced workers:

Ms ARNOL - Mr Chairman and members of the committee, thank you for the opportunity to appear before you today. My submission focused on what could be described as a history lesson of the mill, and its importance to the community of Triabunna and the broader community as the flow-on effect of the forest industry. It is my view that the various reports done into the industry have not delved enough into the indirect jobs that the industry provided. Statistics did not always capture all the jobs that could be attributed to the forest industry. Log truck drivers, for example, are captured as transport industry employees. What about the transport operator who specialised in moving logging equipment around the various coupes, or the owners of the roadhouses in small communities who had 10, 20, 30 or more log truck movements a day past their door, and the subsequent income from those drivers that enabled them to employ young people after school and indeed other people from their community?

.....

Over and above that, of course, is the diversity of skills that has been lost to the community as a result of the closure of the mill, and with it the loss of volunteers to the various service groups and volunteer organisations. With the loss of employment at the mill came a new social structure in the community in the form of single-parent families. All of a sudden we had dads and granddads on fly-in, fly-out, and mums and grandmas left here to raise their children without that partner's support. Regional development is desperately needed, but what will it look like? What do our displaced direct forest workers and indirect forest workers train as? This is especially hard if the forest industry is the only industry they have known for decades. With respect to some of our

¹⁵⁸ Submission no. 25, Cheryl Arnol, p 2 & 4

wonderful log truck drivers, they are big and brawny with hearts of gold but I cannot picture most of them serving coffee and tea and the reality is they don't want to. They want to work in the industry they loved. They want to be able to bring their children through as the next generation to work in the industry.¹⁵⁹

- 7.39 The difficulties faced by displaced workers and how this has affected the Triabunna community was also noted by Tony Brown a local electrical contractor who commented:

CHAIR - Tony, I have a question in relation to the impact of the local community. When it closed and then it was taken over, their hopes were up with Ron O'Connor buying it, continuing the operation of the mill, and then the hopes went down, I understand, when Triabunna Investments purchased it. One, is that your understanding? Secondly, what was the impact on the local community of the closure and continued closure?

Mr BROWN - I can mainly talk for the maintenance blokes out there because I know them personally. Nearly all those people had to move out of the area to find jobs. Probably 80 per cent of them had young families. Now some of their wives stayed here and the men worked away. In the preceding couple of years, some of those wives and families have actually left the area. That has impacted on everything, not only the business houses but also the school. The numbers are down at the Triabunna school to what they were. I am member of our local Rotary Club here and we are finding it harder now to raise money because there are not as many people around, and the people who are around, if their husbands are working away, are trying to keep two houses going - one, if they still have their house here, and two where the husband is renting. They do not have the income for charity organisations. So we are finding it hard like that. The businesses in the town are finding it hard; you only have to go up the main street.¹⁶⁰

- 7.40 The Committee also heard that the closure of the Mill has also impacted on the land values in the area and has subsequently affected the building industry in the area. In a submission to the inquiry Kelly Wilton commented:

I wish to state on the record that the effect of closure, sale and destruction of the mill has been particularly hard for the community of Triabunna, but also for the families working in the timber industry across Tasmania, and for every Tasmanian. My own personal experience of losing \$80,000 in the value of real estate (home and block of land) in the 6-12 months following the sale of the mill is testimony. Our family's plan to build would have provided employment for builders, plumbers, plasterers, brick layers, concreters, tillers, carpet layers and electricians to name a few. I know many who have, like us, had to give up on their dream of building. People were and are still holding onto their money whilst job stability is unsure, especially within the timber industry – but also in

¹⁵⁹ Transcript of evidence, 23 September 2014, pp 17-18.

¹⁶⁰ *Ibid*, p 45

other areas. The flow on affect is on the building and trade industry. 3 years ago, I had a stable fulltime job in the building trade industry – but was made redundant as our retail trade branch (plumbing) closed due to the downturn in the industry post Triabunna. I then gained full time employment for almost 12 months in another retail trade store (flooring), only to be laid off again due to lack of work.¹⁶¹

- 7.41 The Committee heard from a number of witnesses who were disappointed with the assistance and support provided to the Triabunna community in the wake of the closure of the Mill. Cheryl Arnol, former Mayor of Glamorgan-Spring Bay commented on the disappointment the community felt in relation to the conditions placed on the support funding provided by the Australian Government:

*... Much has been said about the regional development funds that were made available from the Federal Government to rebuild communities devastated by the loss of the public native forest industry in their communities. This community had a reasonable expectation that funds would flow from the various forest funds to provide future employment. Some \$1.6 million, I believe, was delivered in the early days, but I understand those funds came with the condition that it had to be spent on the jetty on Maria Island. Whilst the expenditure may increase visitation to the island, it is questionable how many positions would in fact be created in the Triabunna-Orford community.*¹⁶²

- 7.42 David Metcalf, General Manager, Glamorgan-Spring Bay Council also noted his frustration with the way the support funding was allocated:

Mr SHELTON - The Federal money that you talked about or the half a dozen applications. Did the council feel a bit aggrieved that there was a lot of forestry money floating around the place, and out of your applications Maria Island was the only one that received any money, and areas of Hobart received money and this area was substantially left off the map as far as that goes, considering that Triabunna was the most affected area because of this downturn.

Mr METCALF - There is only one word for that - absolutely. Very frustrated and I let people know that. You put out a thing for forestry money, and one of the towns worst affected in Tasmania gets no money. We felt frustrated.¹⁶³

- 7.43 Tom Teniswood, a local resident, also expressed disappointment in the support provided to the community following the closure of the mill. He commented:

There was very little in the way of help provided to the community unlike the 'task forces' we have seen for the people of Queenstown. There was one

¹⁶¹ Submission no. 22, Kelly Wilton, p. 2.

¹⁶² Transcript of evidence, 23 September 2014, pp 17-18.

¹⁶³ *Ibid*, p 52

*'information' session in the Triabunna Hall which I attended where some service providers were in attendance to support those who had been made unemployed. I am not sure who organized this event but unfortunately it wasn't well attended and those present were disappointed.*¹⁶⁴

- 7.44 The Committee also heard that while the closure of the mill had a devastating effect on the community that most people had accepted that the mill would not reopen and were trying to move forward. Debbie Wisby of the Orford Triabunna Chamber of Commerce commented:

Mr SHELTON - Yes. Has the closure of the mill - as far as employment because a lot of people there are unemployed - but in terms of the attitude of the town, has there been a detrimental effect on the whole area because of the demise of the mill?

Ms WISBY - Yes, it has had a detrimental effect. But another big effect is lack of action, going forward, three years, and that is what I have written. It may not be the answer you want but the effect of it -

Mr SHELTON - What we are here to do is find out your opinions.

Ms WISBY - Yes. The mill closing was terrible for Triabunna but I think for 40 years I heard the mill is going to close when you are 10, the mill is going to close when you are 20, the mill is going to close when you are 30 and now you are 40, the mill is closed. I wish, in fishing, we had that much notice when they took quota off us. Whilst it hurt, it happened but the Triabunna people want to see something positive happen there. If the mill is not going to come back we have to have a way forward. We can't just keep sitting around waiting.¹⁶⁵

Committee Comment:

- 7.45 The Committee notes the devastating impact the closure of the Triabunna Woodchip Mill has had on the Triabunna and surrounding area. The evidence received by the Committee indicates that the closure of the Mill has resulted in many job losses, over 90 percent in the forest industry and many more indirectly. These job losses have resulted in a community that has suffered low morale, people with depression and ultimately people leaving the region to seek employment elsewhere.
- 7.46 It is also noted that a number of witnesses raised concerns about the support funding allocated by the Federal Government to areas affected by the downturn in the native forest industry. The Committee considers the former State Government should have

¹⁶⁴ Submission no. 29, Tom Teniswood, pp. 2-3.

¹⁶⁵ Transcript of evidence, 13 August 2014, p 35

lobbied their Commonwealth counterparts more to ensure the Triabunna region was provided with appropriate financial support following the closure of the mill and as part of the wider scheme of payments as part of the reductions in the Tasmanian native forest industry.

- 7.47 The Committee also notes with concern that the evidence it received indicates that little was provided in terms of support by the former State Government to displaced workers and the Triabunna community generally when the Mill was closed. The Committee considers that rather than closing down more of the forest industry, in the absence of the former Gunns mill, the former Government should have developed a plan to increase forestry in the Triabunna region to spring board off existing skills and experience and keep people in jobs and promote development. In addition, the former Government could have assisted other infrastructure and development projects and worked with developers to ensure that those projects were expedited thus leaving a reduced impact on job losses in the community.
- 7.48 The Committee considers that the Triabunna and surrounding community were let down by the former State Government, which failed to ensure that the area received appropriate financial compensation under the funding for reductions in the Tasmanian native forest industry and that such failure should not occur again.
- 7.49 Accordingly, the Committee considers that in circumstances where a region in Tasmania experiences economic transition due to the closure of a large industry, that working groups are formed to determine appropriate financial assistance and projects to boost job creation. Such working groups should be along similar lines to the working group that was formed following the closure of the Mount Lyell copper mine at Queenstown.
- 7.50 The Committee notes comments from witnesses that the Triabunna region needs to move forward and this issue is given further consideration in Chapter 8 of this Report.

8 FUTURE DEVELOPMENT OPPORTUNITIES FOR TRIABUNNA AND THE SURROUNDING AREA

- 8.1 This Chapter looks forward and considers the future development opportunities for Triabunna region and surrounding area including the proposed tourism development for the Mill site announced by Graeme Wood. It also considers the role government should play in assisting regional communities in economic transition.

Development proposal for the old mill site

- 8.2 As noted in Chapter 6 of this report Graeme Wood announced his intention of transforming the Triabunna Woodchip Mill into a tourism complex in September 2013 when it was announced that the mill would be decommissioned.¹⁶⁶ Since this time many media reports have been made regarding Mr Wood's visions for the site.¹⁶⁷ In a submission to the inquiry, Mr Wood outlined his plans for the Mill site:

The vision for the Spring Bay Mill and the Triabunna region is specifically focused on fostering growth particularly in the tourism aspect of this assessment (and draw upon examples of success in other areas of Tasmania). The hope is to bring to Triabunna what MONA and Hobart Baroque Festival provided Hobart and the surrounding areas.

... the vision of the Spring Bay Mill is that it will embody a variety of niche markets/ attractions within the one area and all of which will represent growing aspects of Tasmania's economy. Education and Training opportunities will be fostered via the culinary school, whilst simultaneously building the region's (and Tasmania's) fine foods brand by working with and promoting locally sourced products. The botanical gardens project will be targeted at attracting tourists from all over the world. And throughout the year the Mill will host a variety art and cultural events – uniting the community as well as attracting visitors both within the state and interstate.

As with any successful regional economic development – the Spring Bay Mill project will be strongly community oriented – and will help with education to regional business networking. The hope is the project will provide the perfect springboard/catalyst the region needs to move into a new and sustainable socio-economic paradigm.¹⁶⁸

¹⁶⁶ See article by John van Tiggelen, 'Timber! How Gunns and Tasmania's woodchip industry came crashing down' in *The Monthly*, July 2014, pp 17-29.

¹⁶⁷ See for example, 'Wotif.com founder Graeme Wood unveils plan for new timber technology at Triabunna mill', in *The Mercury*, 6 March 2014 and 'Triabunna mill site tourism vision revealed for first time', *The Mercury*, 1 June 2014.

¹⁶⁸ Submission no. 19, Graeme Wood, pp. 16-17

- 8.3 While the Committee was undertaking the inquiry, it became apparent that the vision of the Mill site becoming a tourism complex was not a vision that the two co-owners, Graeme Wood and Jan Cameron, shared.
- 8.4 Early in the inquiry process the Committee received advice from Ms Cameron's legal representatives that Mr Wood had no authority to speak on her behalf nor Triabunna Management Pty Ltd, Triabunna Investments Pty Ltd or their board of directors.¹⁶⁹ The dispute between Mr Wood and Ms Cameron became more evident in October 2014 when Mr Wood commenced legal proceedings against Ms Cameron to wind up Triabunna Investments.¹⁷⁰
- 8.5 In evidence before the Committee Mr Wood commented on the legal proceedings and its impact on the proposed development:

CHAIR - Perhaps we could start with the \$50 million tourist development proposal, Mr Wood. You previously advised there would be a development application in January but we are obviously aware that work on the site has ceased and that is on the public record. I presume it is based on undertakings you have given to Ms Cameron. So when did work on the site cease? For how long will it cease and what are the prospects for a \$50 million tourist development on your site?

Mr WOOD - Well the prospects are still good, certainly from my point of view. There was a sudden change of attitude from my fellow investor in terms of supporting a development. I found that untenable and took legal action, or initiated legal action, to see if it could be resolved. That is in front of the courts at the moment, plus other action that she then responded with to force me to stop any work. Work ceased a couple of weeks ago. Not all work has ceased. The rehabilitation phase was in full swing and getting close to completion. We have a pile of woodchips that has been taken off the original woodchip pile and put on the tarmac, and it represents a significant fire risk. We are right now moving that into a more orderly and less dangerous form on one of the neighbour's paddocks, to look after that problem.

*The work on the development application has been put on hold until all of this is resolved, all though we are a fair way down the track with that and it will not be hard to pick that up and continue with it.*¹⁷¹

¹⁶⁹ Correspondence received from Peters Linnette Lawyers, dated 12 August 2014.

¹⁷⁰ See Media Release from Spring Bay Mill, 'Legal proceedings commenced', dated 28 October 2014, available at: <http://springbaymill.com/news/> accessed 8 January 2015.

¹⁷¹ Transcript of evidence, 25 November 2014, pp. 2-3.

8.6 When questioned about whether the project could be delivered given the dispute with Ms Cameron, Mr Wood commented that he could not guarantee the project would be delivered:

Mr JAENSCH - Mr Wood, in the last few minutes you have talked to us about how you and Ms Cameron were partners in a \$10 million investment, but you hadn't met and you did not meet the vendor and you weren't involved in the negotiations. You employed an environmentalist to run a woodchip mill, who did not give a toss about your plans for the property in the future. As a result of that process, there has been a loss of industry access to, and control of, a very strategic piece of infrastructure, which has now been disabled and partially removed, and there has been a loss of access to a deep water port.

There has been a lot of opportunity cost in this for the Triabunna community and for the state, and the Government has gone to considerable lengths over the last few months to assess options for future outlets for export forest residues now that Triabunna is no longer operational. Everyone is quite excited about the things you have talked about, but what guarantees can you give Triabunna and Tasmania that at the end of all this they are not going to end up with nothing?

Mr WOOD - I don't give guarantees. I rest on my business record. A very large percentage of every business that I go into works, and works well. There are no guarantees in business life. There are no guarantees in the legal process. There is an element of risk in everything. There was an element of risk in the forestry industry.

People denied the reality of the price of woodchips in Asian markets. They denied the reality of competition developing rapidly in South America, and in Vietnam. If there is any denialism going on, it can be shared around pretty widely.

The opportunity cost of keeping it open as a woodchip facility is the real revenue that would come in from a vibrant tourism industry. They are opportunity costs both ways. In the fullness of time I am more than convinced that the trajectory tourism is on will certainly surpass the employment opportunities that any size of woodchip operation would have provided, and tourism doesn't need subsidies to keep it going.

Mr JAENSCH - I understand that. I think that we're all nodding and speaking the same language when it comes to the tourism potential of Tasmania and that area. The sorts of vision you have talked about are common concepts that we're all aiming for, I think, in the long term. However, for this inquiry it is the circumstances which I have just read back to you, and the situation that we have got to in the last few months, where you've been in the press and in other formats, very concerned that there is a \$50 million investment in Triabunna that would be denied if the Government did or didn't take certain actions, et cetera. We've tried to clear the way for that, and yet, now, again it looks like you're not able to deliver that. There is -

Ms O'CONNOR - No, you haven't. With respect, no, you haven't tried to clear the way for that at all. You've tried to obstruct at every turn.

Mr WOOD - Hang on. Can I interrupt there? I didn't say I'm not able to deliver it. You asked me can I guarantee. No, I cannot guarantee. I can never guarantee anything in business. I never guarantee anything because there is no 100 per cent certainty in anything. The balance of probability is on my side here, that's what I believe. I'm not going to mislead anyone by saying, 'Sure, it will happen. Don't worry, we will all be fine.' No-one could say that.

Mr JAENSCH - But you were able to say that unless we ruled out compulsory acquisition, that a \$50 million project would not go ahead. Were you in a position to bring that project on?

Mr WOOD - Sorry, I missed part of that.

Mr JAENSCH - Were you in a position to make the \$50 million project that you've talked about happen? Are you?

Mr WOOD - Right now I'm not because of this legal problem that I'm working my way through. It's only a legal problem and I'm sure it will be sorted out. If you're asking for absolute certainty, right now I cannot give it to you.¹⁷²

- 8.7 The Committee notes that recent media reports indicate that Ms Cameron sold her half shares in Triabunna Investments to Mr Wood in December 2014.¹⁷³ While the resolution of the dispute between Mr Wood and Ms Cameron may provide more certainty for the proposed development, the Committee heard that to be completed the project would require third party investment. In evidence before the Committee, Mr Wood commented:

Mr SHELTON - Mr Wood, as far as the funding, you have mentioned it is a \$50 million project, and I know there are issues around the certainty because of the court case, how do you see it being funded? Are you after other third-party investors to come in or are you going down the track of 'build it and they will come'? Are you taking on the expense of the \$50 million?

Mr WOOD - First of all, \$50 million is a pretty round number and I am not sure who came up with that. It would be the result of stages 1, 2, 3 and 4 all added up and thrown to a quantity surveyor, I think that's where that came up. It's a very staged approach.

CHAIR - So you don't back the number? Do you back the number, \$50 million?

Ms O'CONNOR - He is trying to explain the number.

Mr WOOD - Do I what?

CHAIR - Do you support the \$50 million figure?

¹⁷² Transcript of evidence, 25 November 2014, pp. 10-12.

¹⁷³ See 'Jan Cameron sells Spring Bay mill stake to site co-owner Graeme Wood' in *The Mercury*, 16 December 2014.

Mr WOOD - Well, yes. You have to take into account inflation and everything. Stage 1, stage 2, stage 3, stage 4 would be over a number of years. You asked me do I build it and they will come? I'm very happy to get stage 1 going with my own financing and prove that the concept will work. Then it's a much easier way to attract other financial partners, where they can see the foundation of a project like this is working well. Hopefully they will be queued up at the door by then. I will certainly underwrite stage 1 or 2 myself and prove that there are great investment opportunities there arising from that.¹⁷⁴

Committee comment:

- 8.8 The Committee notes the proposed development proposal has the potential to bring many opportunities to the Triabunna and surrounding regions including employment opportunities and other business opportunities that may thrive on the back of the major tourism development. The Committee also notes the education and training aspects of the culinary school proposed by Mr Wood for the development.
- 8.9 However, the Committee notes its concern that at the time Mr Wood announced his plans for the former woodchip mill that he did not have the consent of his co-owner to make such an announcement. While the dispute between the two co-owners appears to have been amicably resolved and Mr Wood is at liberty to continue with his development, it may equally have resolved in the alternative, whereby Mr Wood would not have been able to continue with his proposed development leaving many locals, businesses and others who had an *in globo* or specific interest in the project in a difficult position.
- 8.10 The Committee further notes its concern that Mr Wood announced his plans for the site knowing he did not have the authority, support or consent of his co-partner. He continued to propagate this development for over nine months knowing of potential and real litigation. He did so to a region that was reeling from the original closure of the mill, without the appropriate authorisation and certainty in place before doing so.
- 8.11 The Committee notes that the litigation between Mr Wood and Ms Cameron, while resolved, caused significant delays to the project and has potentially deterred third party investors to invest in the project. This is of concern given Mr Wood's evidence that the project will need to attract third party funds to be completed. Another issue of

¹⁷⁴ Transcript of evidence, 25 November 2014, pp. 14-15.

concern in relation to whether the project is viable is the fact that Mr Wood has reportedly compared the development to be similar to that of MONA¹⁷⁵, which its owner, David Walsh has recently stated makes a \$6 million loss each year.¹⁷⁶ This fact was not lost on the previous co-owner Ms Cameron who has also questioned the viability of the project.¹⁷⁷

- 8.12 The Committee's interim report noted the Committee's support for the Spring Bay Mill tourism development proposal and called on the Government to assist in facilitating the proposed development where possible. The Committee continues to support the development noting the potential opportunities such a tourism development will bring to the Triabunna and surrounding regions but notes concerns raised about the viability of the project. Accordingly, the Committee reiterates its recommendation that the Government should provide such assistance and facilitation as is reasonable and appropriate in the circumstances to progress the development.

Recommendation 4: That, the Government provide such assistance and facilitation as is reasonable and appropriate in the circumstances to progress the development of the Spring Bay Mill.

Community attitude to the development proposal

- 8.13 The Committee notes heard that many within the Triabunna community were supportive of Mr Wood's development proposal. Tom Tenniswood, a local resident who has held executive positions with both the Orford-Triabunna Chamber of Commerce and the Eastcoast Regional Development Corporation, commented:

The announcement in late 2013 by Spring Bay Mill for their plans for the 'Mill' site was well received; the community were once again looking to a bright, vibrant future with this exciting development. In January 2014 as part of the Monafoma festival I attended a concert in "The Tin Shed" at the mill site. Tickets sold out within hours and I was pleased to see that there was a very strong attendance by local residents who spoke so enthusiastically about this performance and what the future held.

.....

¹⁷⁵ See 'Wotif founder Graeme Wood promises a new era is coming Triabunna' in *The Mercury*, 3 December 2013.

¹⁷⁶ See media article <http://www.abc.net.au/news/2014-09-29/gambling-is-mostly-immoral-says-mona-director-david-walsh/5777538> accessed 8 January 2015.

¹⁷⁷ See 'Jan Cameron sells Spring Bay mill stake to site co-owner Graeme Wood' in *The Mercury*, 16 December 2014.

On 6th March Graeme Wood was guest speaker at a very well attended Orford Triabunna Chamber of Commerce meeting where he outlined the proposal for Spring Bay Mill to turn the site into something world class – accommodation, food garden and culinary school/restaurant – “a magical place and a legacy for the future” – “a drawcard similar to MONA”. He spoke of the developing partnerships with the Royal Tasmanian Botanical Gardens in designing and landscaping the site and the creation of an ‘Innovation Hub’ – collaborating with others in industry with “clever Tasmanian solutions” to develop and market to the world. Graeme showed a chair which was made from plantation timber using new ‘Australian’ technology to bend the timber – opportunity to create furniture, architectural products etc. Graeme received tremendous support from the members present with one member saying that “this is the best thing that could happen for the East Coast”!¹⁷⁸

- 8.14 Phil Lamb, Managing Director of Spring Bay Seafoods Pty Ltd noted his support for the Spring Bay Mill complex and argued that it would bring benefits to many businesses in the area such as his own seafood company. In a submission to the inquiry he commented:

I employ more than 40 staff here in Triabunna, who are engaged in shellfish aquaculture and related downstream activities. You will know that we are neighbours to the site now owned by Mr Wood. You may not know that 6 of my employee’s worked at the woodchip mill in its previous life, including several of the key management staff. They all now make an effective and valued contribution to our business at Spring Bay Seafoods, and are genuinely very excited about the future of our business!

You should all now know that the woodchip mill site is no longer capable of being used for its original purpose – the plant has been completely decommissioned and the wharf is in a total state of disrepair. It would take an incredible, if not ridiculous investment to restore it to its original working state.

In the meantime you have a very willing and enthusiastic investor who, according to law as I know it, owns the property and should be given the freedom and support to develop it. Most importantly, he also has a plan for its future – which I believe has merit, is very real and is actionable!

Mr Wood not only appears very committed to developing the site for various tourism related purposes, but his actions and the activities on site, which we observe regularly, clearly reflect this. Included in his plans is a proposal for a culinary school/restaurant and gardens. And other projects with exciting possibilities.

All of these things have significant potential and a very positive benefit to our business and the sale of our mussel products, both domestically and internationally. Of note is that I have several extremely high profile and credentialed Australian Chef’s, who as friends and supporters of our Spring Bay brand, have confirmed their interest and excitement at the possibility of

¹⁷⁸ Submission no. 29, Tom Teniswood, p. 3.

*participating in food/produce/cooking related activities on the Spring Bay Mill site. Every year we bring numerous chef's trips to our farm and hatchery to "show-and-tell" the mussel story and the Spring Bay/Tasmania story! Tetsuya; Kylie Kwong; George Colombaris; Colin Fassnidge; Frank Camorra; Pete Evans; Simon Bryant ... to name just a few...!*¹⁷⁹

- 8.15 Laura Smith, a shareholder of the Spring Bay Group Pty Ltd, argued that the Spring Bay Mill project would boost the region's economy and would draw further investment to the area. In a submission to the inquiry she commented:

The new plans for the Spring Bay mill site have enormous potential to give the area a much needed boost in both the economy and the energy of the town. The changes proposed for Triabunna were certainly part of the reason why I was excited to invest in the area.

*The compulsory acquisition of the site would undoubtedly impact confidence in the area to the detriment of the town. The message a compulsory acquisition sends to potential investors is one that Triabunna (and, more broadly, Tasmania) should be striving to quash, not promote. I would urge the government to think very carefully about the impact a compulsory acquisition would have on the area, particularly in relation to attracting future investors.*¹⁸⁰

- 8.16 The Committee also heard that while many in the community supported the Spring Bay Mill project that there were concerns amongst supporters that the project may not actually come to pass. Debbie Wisby of the Orford-Triabunna Chamber of Commerce commented:

People are quite positive about the Spring Bay Mill, certainly people around our Chamber table are positive. I suppose because we have had too many shovel-ready projects for too long, we would like to see some action or some new jobs created, whether it is the mill or we just need something to happen there. In respect of the mill, it probably 50:50 - 50 per cent of people think the mill project will go ahead and 50 per cent don't think it will go ahead. The majority of people would be happy for it to go ahead because a lot of people feel that the mill is not going to come back. It is a matter of moving on to something and it could be tourism. What I have written there is about looking at existing businesses and how we can expand those and create new businesses.

.....

Mr JAENSCH - You said previously that people were interested in the Spring Bay mill project but there was a 50:50 of people who thought it would go ahead or not. If it's a good thing why aren't people more confident about it?

¹⁷⁹ Submission no. 27 Phil Lamb, Managing Director, Spring Bay Seafood Pty Ltd.

¹⁸⁰ Submission no. 31, Laura Smith.

Ms WISBY - It's not 50:50 between who thinks it's good or not, it's 50:50 as to whether it will go ahead.

Mr JAENSCH - Okay, what would make it not go ahead? What's in the way?

Ms WISBY - We've had three years of shovel-ready projects; we've had a 10-year Solis project sitting there and we drive past it every day as reminder of 'Gee, that's going to happen soon'. The Boat Hills is going to happen soon, and then they say the Spring Bay mill will happen soon - you know what I mean? We've been bitten too many times to go 'Yippee!' It's just the reality.

Mr JAENSCH - Yes. You're not alone; there are lots of regional places with the same sort of feeling.

Ms WISBY - But the difference up there is we've got the people, the power and the knowledge to actually change that - and we've got the desire to do it. That's the difference in our community.”¹⁸¹

- 8.17 The Committee also heard from witnesses who raised concerns about the development proposal. In particular, concerns were raised that the move from being reliant on the forest industry to being reliant on tourism would not help the region in the long term. Graeme Elphinstone commented:

*We talk about the tourism industry taking over but the tourism industry is a seasonal thing. You have to have a base industry for businesses to provide the services. Your tourism industry is still very important but if we don't have the base industry to support the businesses, we don't have the services for the tourism industry.*¹⁸²

- 8.18 The Committee also heard that many of the workers displaced by the closure of the Mill are not suited to work in the tourism industry and that tourism cannot replace the industry that sustained the Triabunna region for decades. In evidence before the Committee Tony Brown, a local electrical contractor commented:

Ms O'CONNOR - Do you think there was a level of completely understandable but almost denial on the part of the town that the day would come but might not deliver the outcome or the future they had hoped for? It seemed to be such a shock to this community.

Mr BROWN - Like anything, if you lose a major employer out of an area it is going to be a shock to everyone. I'm probably not as bad as some people because my workshop has wheels on it; I can take my workshop and work elsewhere. But for people who have bricks and mortar in the town, who relied on the industry, it was a big shock for them. You noticed there were quite a

¹⁸¹ Transcript of evidence, 13 August 2014, pp. 35 and 39

¹⁸² Transcript of evidence, 22 September 2014, p. 5.

few businesses shut down. Some of them have reopened, but not all of them. Some of them are still struggling.

Ms O'CONNOR - *What has underpinned businesses being able to reopen here? What has changed or improved?*

Mr BROWN - *I don't know. I suppose there are a few more tourists around. There are a few more tourists going to Maria Island. The numbers got really low there and they have picked up a bit lately, so there are a few people there. A few other smaller things have been proposed, whether they get off the ground. People are starting to think that there might be something on the horizon, but something on the horizon that can't take the place of what we had here. People talk about the employees at the woodchip mill. In my case I'm not so bad off; I can move elsewhere and go and work. But for argument's sake there were - I'm not sure of the exact numbers - 90-something log trucks in the heyday. Don't get me wrong with the log truck drivers; they are all good hardworking blokes. But can you imagine a big, burly log truck driver serving you a latte? You say something to him he is just as likely to throw it on you. Those sort of people are not cut out to do tourism work. They are good workers, good blokes, nothing wrong with them, but they would sooner have a fight than a feed. That's the way they were brought up. You've got to have an industry for those sort of people to be employed in. They are labourers, basically hard workers. They are not tourism operators.*¹⁸³

Committee comment:

- 8.19 The Committee notes that community attitude towards the development is divided. While some residents of the region are supportive of the development, others see it as a betrayal of the region and its traditional industries. The Committee also notes that within those members of the community that are in support of the development that there is a subset of citizens who support the development but believe that the development will not transpire in the long term.
- 8.20 The Committee hopes that this is not the case and has recommended the Government assist in facilitating the Spring Bay Mill project where possible in the interests of the Triabunna region. In addition, the Committee notes concerns raised by witnesses in relation to Triabunna moving from having dependence on forestry to potentially having dependence on tourism and considers economic diversification of the region to be of high importance. This issue is considered further below.

¹⁸³ Transcript of evidence, 23 September 2014, p 43.

Other development opportunities for Triabunna and surrounding regions

- 8.21 The Committee heard that the Triabunna region has many development opportunities apart from the Spring Bay Mill project. David Metcalf, General Manager of Glamorgan Spring Bay Council spoke to the Committee about two significant projects, the East Coaster and the Solis development:

Ms WHITE - Could I ask for an update on the other two projects that you mentioned, the East Coaster and the Solis development?

Mr METCALF - With the East Coaster, Ross Harrison is down there developing at the moment. He has an approved subdivision. He has a lot of future plans depending on what happens with Solis. As you can imagine, that can be the commercial or residential or accommodation and tavern-type amenities that the golf club will need. I've been quite successful in getting the three developers together, and they've agreed to work together and to market together, which is hugely important for the area. They are not in opposition to each other. They are talking constantly and will work together and they will market different products to different people for the betterment of the east coast.

Ms WHITE - About Solis, obviously you were successful in securing a funding commitment from the state Government?

Mr METCALF - Correct.

Ms WHITE - And the council will put a contribution forward. Is there a contribution that has been promised from the Federal Government?

Mr METCALF - There has been no promise, but we are working on a submission to the Federal Government to get \$3 million.

Ms WHITE - Is that critical for the project to proceed?

Mr METCALF - It's critical for the project entirety to proceed, but not as such, no. We can do two-thirds of it if we have to, but we don't want to do two-thirds. For instance, we want to put the sewerage infrastructure in there for 100 per cent for the project rather than staging it.

Ms WHITE - And that, I'm assuming, will be large cost, then you can begin the residential subdivisions and development?

Mr METCALF - Correct. Part of the deal is that the first 88 lots will go in, so the first 88 residential lots will be available. That's the commitment from the developer. After that of course, depending on sales, there are up to 600 lots. It will become another mini town as such.¹⁸⁴

¹⁸⁴ Ibid, p 50.

- 8.22 Mr Metcalf also advised the Committee that the Council were working to rebrand the Triabunna region as a recreational area in line with many of the proposed developments:

Ms O'CONNOR - I'm interested in exploring with you a little bit more about the work the council is doing with Triabunna Investments. There is a lovely montage poster as you walk into council chambers here that looks at some of the projects that Triabunna Investments is working on with council, and community capacity building. You have some cultural infrastructure there. Do you want to talk about that project?

Mr METCALF - Sure. We were likely to partner with Triabunna Investments in getting the head of Monash University School of Architecture, who happened to be the architect who did the Spring Bay mill. We have been able to get a future of Triabunna through community consultation. I believe students with UTAS and Monash were here on about four occasions. They have developed certain modules. We are waiting for the master plan of Triabunna to come back from them.

Ms O'CONNOR - When you talk about a master plan for Triabunna, it sounded really exiting. Does it link Triabunna Investments, Spring Bay development, Solis, and the East Coaster? Are we talking more about a regional master plan?

Mr METCALF - We are. We are talking about rebranding Triabunna from what it is to what it could be.

Ms O'CONNOR - What is the theme of the brand?

Mr METCALF - Town entrances, marinas, beautiful walks, gateway to Maria, with a decent ferry service - water activities, basically.¹⁸⁵

- 8.23 The Committee also heard about a number of other developments in the Triabunna region. Tom Tensiwood commented on the work that has been undertaken on the Triabunna Marina:

The work undertaken to date by the Council has made a vast difference to the 'wharf' area and, I believe, there is quite a waiting list for berths. I believe there is a strong demand for marina berths from interstate boat owners who can fly in and be on their boat within an hour of Hobart Airport. The waters of the east coast particularly Maria Island and Freycinet Peninsula provide some wonderful cruising opportunities. This development provides opportunity for allied services such as chandlers, boat builders, slip facilities, providores etc – there would also be opportunity for cafes, restaurants and associated businesses to expand or be opened.

In the development of the Marina and the Spring Bay Boat's Club marina there has been little regard for berthing commercial fishing vessels, some of which

¹⁸⁵ Ibid, p 51

are quite large, to load, unload and for maintenance – this does need to be addressed.¹⁸⁶

- 8.24 Graeme Elphinstone also commented on the benefits a large marina in the area would bring and considered that a recreational marina could co-exist with a multi-purpose export facility:

CHAIR - Finally, about your marina and other plans, which Rebecca asked about, they are very important to this inquiry. I noticed in your submission you talk about the large marina and the recommendations to grow that. What do you think that will do for the community if that came to be, and can you describe that? You talk about having an ideal safe port to establish a large marina similar to Kettering, can you expand on that?

Mr ELPHINSTONE - For everyone who knows Kettering, 25 years or 30 years ago it was like Triabunna. There were very few boats there. That has developed to a very intense boating area and I have seen that opportunity here in Triabunna. If you look out through the window there is an ideal spot here where we could develop probably around a 200-boat marina and it would be one of the most protected marinas anywhere in the country. Out of that we could get people to bring boats from Melbourne, Sydney and leave them here because it would be a cheaper place to moor. They could probably come down half a dozen times a year and it would still be cheaper than mooring in Melbourne or Sydney, and look at the beautiful scenery we have here for sailing, fishing, anchorages. I know because I enjoy sailing as my hobby. I know how good it is. Perhaps we shouldn't sell it to everyone else.

Mr JAENSCH - Could you have a marina as you have described and an operating export loading facility across the way, both at the same time?

Mr ELPHINSTONE - Yes, why not? Definitely.¹⁸⁷

- 8.25 John Hall, Commodore of the Triabunna Boat Club, also considered that the development in marinas was an important part of enabling the development of both recreational and commercial boating as a significant economic driver for the area:

Ms O'CONNOR - John, as someone who is of the town and has lived in the town for a very long time, what is your vision for the future of Triabunna? What opportunities are there here? I appreciate you want to see woodchip exports out of this town if possible and other potential bulk commodity exports. What is the potential of Triabunna for the future, because part of this inquiry's reference is not just to explore what happened, but also how we as a parliament, and Tasmanians as a community, can help Triabunna and work with Triabunna to paint that future and make it real?

¹⁸⁶ Submission no. 29, Tom Tenniswood, p. 5.

¹⁸⁷ Transcript of evidence, 23 September 2014, p 13.

Mr HALL - I would like to see woodchips still being exported out of there, but I cannot see that happening. I am a passionate boating person, so state-of-the-art boating facilities in this area. I spoke earlier to Roger about the Triabunna wharf, but Triabunna harbour as such is the only safe deep-water port between Hobart and Eden. There are no barways or anything to cross and it is sheltered water once you get into the harbour.

There is the boat club; we have expanded our marina and the council is doing an excellent job in expanding their marina. I see the marine side - pleasure boating and commercial boating - as a mainstay for this area. I am not sure what other industries could be attracted to the area.

I have been retired for nearly 10 years, so I am away from the coalface a bit. If we can promote Triabunna as a boating destination, that is one option that would be very worthwhile.¹⁸⁸

- 8.26 The Committee also heard about the potential development opportunities for the region. In his submission to the inquiry Graeme Wood commented:

*Jonathon West's 2012 assessment of the Southern Sub-region (including the Glamorgan Spring Bay region) determines that the potential growth sectors in this region include tourism, wine, horticulture and aquaculture. Therefore, we would like to encourage the Government and the community to look at ways in which these sectors can be supported in Triabunna in a sustainable way moving forward.*¹⁸⁹

- 8.27 In evidence before the Committee, Graeme Wood outlined some of the work he had done with the community in relation to unlocking the potential development opportunities in the region:

Ms WHITE - I represent the electorate of Lyons, which includes the town of Triabunna. I was wondering if you could elaborate for the committee on the work that you have done in Triabunna with the community. I think initially there was concern that with your proposal, smaller businesses in the town would miss out on opportunities that might arise. I understand you've worked with the Chamber of Commerce. Can you give a perspective to the committee from your point of view and the work that you've done in the community about how you're trying to grow opportunities for the whole region, not just for your own enterprise?

Mr WOOD - Triabunna is the mid-point on the east coast, and the east coast is a fabulous tourism opportunity. The Great Eastern Drive, or whatever it has been dubbed, which is the bitumen bit that goes, I think, from St Helens to Orford, is a good example, but if that were continued through to Port Arthur, then that is indeed a terrific drive, like the Great Ocean Road in Victoria, which has been a very successful tourism magnet. One of the things we have always planned to put on the Spring Bay Mill site, apart from an extensive botanical

¹⁸⁸ *Ibid*, pp 32-3.

¹⁸⁹ Submission no. 19, Graeme Wood, p. 16.

garden, just to make it a very attractive place, is a culinary school with lots of produce grown on site. That's a business model that has been well proven to work. But going wider to incorporate east coast wineries, anybody who is producing good quality agricultural product as well as something like Spring Bay Mussels next door to us, and seafood supply from the east coast. When you put all that together it's difficult to come up with any other region in Australia that will compete successfully with that.

The quality of Tasmanian wine, the quality of Tasmanian food, and given the clean, green style, the wholesome organic style produce that comes there, I think will attract premium prices. The tourists who go there will pay premium prices to enjoy those things.

That's just on that business point of view. The other things we've done in Triabunna are: we have run a number of arts events; we have consulted widely with the local community and the council; we engaged the architect who was doing the preliminary design for the mill, Ross Brewin. We paid for him to work with the council to revitalise the village itself, and to focus the visitors' attention on some really interesting history there. We have also done the same thing with the Weedings' property next door, which is a 10 000-acre sheep farm. It has some fascinating history and we're very keen to promote farm stays, things like visits to the shearing shed when they are shearing the sheep.

There are lots of little businesses there that are already enjoying an uplift. Visitation to the east coast is up 20 per cent from memory, year on year.

The East Coast Tourism Organisation - although they only have a small budget, they have a lot of energy. I have had several discussions with people from that organisation, including the major tourism operators, up and down the east coast. My proposition to them is - you cannot rely on government backing to do these things. The major operators should put some money on the table and put together a campaign for the whole east coast, that runs sympathetically with Tourism Tasmania projects and really brings attention to that part of the world.

Maria Island is a sleeping giant, in my opinion. It has the mystique of Ayers Rock to me. You don't even have to visit it, if you just stand on the land at Spring Bay Mill and look at it, it has the same aura, the same appeal that Ayers Rock does when it first comes above the horizon.

There are many business opportunities for those who want to go and engage in them. Another thing - I have instructed the project manager appointed to Spring Bay Mill to make sure that tenders, when they are let in the construction phase, will include many small tenders that will be suitable - that will be of a scale - that east coast tradesmen and small businesses can compete for them and hopefully win. We really do want the locals involved in this and the general response we have had so far has been extremely positive. Of course there are some people who will hang out and disagree with what we do, but that is natural.¹⁹⁰

¹⁹⁰ Transcript of evidence, 25 November 2014, pp 6-7

- 8.28 Other witnesses also spoke about recent development projects that have been undertaken in the Triabunna region. Tom Tenniswood commented on the Triabunna Tomorrow project in his submission to the inquiry:

This project, jointly funded by Spring Bay Mill and Glamorgan Spring Bay Council, is being undertaken by 5th Year Architecture students from Monash and UTAS. There have been 3 visits to Triabunna, the first was for a few days spent getting to know the town and its people and a workshop where they engaged with the community, generating ideas that could be turned into achievable projects. The second and third visits were to present their projects to the community. Their lecturers are Ross Brewin and Anna Glibey both of whom have worked with Mona and are now working with Spring Bay Mill.

There was overwhelming support and participation by a large cross section of our community who welcomed these young and creative minds into our town. All were encouraged by some of the individual projects and many could see another side to our future – one of creativity.

Many of the projects set out to generate the town's identity with art works, sculptures etc – most are simple and could be easily achieved with minimal funding.¹⁹¹

- 8.29 The Committee notes that the Triabunna Tomorrow project has been funded in part by Graeme Wood but heard that while Mr Wood has been a driving force in attempting to develop the economy for the area, that the Triabunna Community is conscious of the need to ensure the town does not become reliant on one person's vision for the area. In evidence before the Committee Tom and Jane Tenniswood commented:

Mr JAENSCH - ... In what I read and what I have heard from some of the community members who are positive about the future now, sometimes this list of the school and MONA project, and the oyster link there, the Spring Bay Mill, the botanical gardens, the Maria Island visions, the Triabunna Tomorrow and the Graeme Wood 100-year vision, I detect in that something of a cult of Graeme. Is there a risk that a community leaves one thing and looks to embrace another big one thing as a prime mover to hitch to? That is what we are a little bit used to and there is a risk in that. My question is, again, without intending the pun, what if? I do not know Mr Wood or Ms Cameron. I have not met them and heard from them the way you have. I cannot explain how they have come this far and then discover that they do not support each other's vision for what they are doing. How are you going to change, rezone the land that you both own for tourism development but not have the conversation about it? What I am concerned about is: is Triabunna strong enough if that partnership does not come through the way it is hoped to; has Triabunna enough other things driving it, going for it, enough equity in its vision for itself,

¹⁹¹ Submission no. 29, Tom Tenniswood, p. 4.

not Graeme Wood's vision, to make it happen? Is that what government should be supporting, those people?

Mrs TENISWOOD - We have only picked up Graeme Wood because of the inquiry focus, that is all. I must admit when the latest legal stuff hits the paper and we have organised the 20 players, just one of the 20 is from the mill. All the other players are doing all sorts of other different things in the community, including tourism, etcetera and tourism not dependent on the mill. We have the rangers from Maria Island and so on. It is just one component. I think it is incredibly important for Tasmania that we look very strategically at which industries government supports because otherwise we just have this endless thing of supporting failing business. I was in regional partnerships and I am very strong about the fact that we look for successful businesses across the state and we give them additional funding if they are already a successful business to go into employment.

Going back to your question, I do not believe it is all about Graeme Wood. It is because we have had the press stuff and the focus has all come. But just recently, Maria Island Walks won awards. You have the wine industry.

Mr TENISWOOD - The wine industry is huge. Brown Brothers are making huge investments on the east coast. Works have started at the new Tassal plant. Spring Bay Seafoods - and there are a lot of people. The other comment I would make is, through the community consultations that have occurred from Triabunna Tomorrow, people are starting to look outside the square, looking at something beyond what has been in the past normally. Whilst I would not like to see it disappear, I think we are resilient enough to start looking for other opportunities.

Mrs TENISWOOD - The oysters, for instance, the oyster story. The oysters were already happening before Graeme Wood, but it was just the connection with MONA linked to the school now through his foundation, not through his other stuff. It is just how you make connections.¹⁹²

- 8.30 The need for the Triabunna region to have a number of development projects on foot to help in its economic recovery was emphasised by Associate Professor Robyn Eversole. The Committee heard that for regions such as Triabunna, which have been dependent on one key industry, there is a need for economic restructuring to ensure diversification of industry and business and that government should play a role in facilitating this restructuring. In a submission to the inquiry Associate Professor Eversole commented:

Like many regions in Tasmania, Australia, and elsewhere around the world, this region is in a period of economic transition. Triabunna's economic situation is not unique; economic restructuring and industry transition are common in regions around the world. The loss or reduction of a key industry base is never easy, least of all in rural regions, which are less likely than urban regions to have other industries to 'pick up the slack'. The good news, however, is these

¹⁹² Transcript of evidence, 10 November 2014, pp. 58-60

situations of economic restructuring have been studied extensively around the world. We now know a great deal about what local communities can do to manage economic transition, as well as the sorts of roles that government can play.

.....

... there are various ‘methodologies’ or approaches to ‘doing something’ about economic development in rural regions undergoing economic restructuring. Many different economic development methodologies have been tried around the world, and we have learned a few things in the process:

- Government-led economic development solutions imposed from the ‘top down’ tend not to provide economic answers for rural communities facing restructuring. This is because external policy initiatives generally operate from incomplete information about local assets, capabilities, opportunities and needs;
- ‘Bottom-up’ community-led economic development methodologies (such as Economic Gardening, Enterprise facilitation, Community Economic Development, Microenterprise Finance) tend to be somewhat more effective in mobilizing local assets for local development, but the results are uneven. The results depend heavily on the extent of local capabilities, assets, motivation, and access to information and contacts along the value chain (suppliers, markets) as well as the extent to which the bureaucratic environment keeps the transaction costs of business startup low (or high). Importantly, heavily bottom-up ‘self-help’ approaches risk placing additional costs and expectations on already-stressed communities;
- The most promising economic development approaches are ‘hybrid’ place-based approaches that leverage both internal and external resources to construct innovative platforms for economic advantage from the ground up. Place-based platform approaches (Such as Regional Development Platform Method and Knowledge Partnering) bring together leaders from different sectors of the community to share their knowledge and identify place-based platforms for economic development. Place-based platform approaches enable cross-sector synergies to provide unique responses to market opportunities. These may take the form of traditional enterprises, social enterprises, or other examples of social innovation.¹⁹³

8.31 In evidence before the Committee Associate Professor Eversole commented on how knowledge partnering has worked for certain communities and how important it was to provide opportunities for a range of people, who may not usually talk, to be brought together to discuss economic development opportunities for the community:

Ms O’CONNOR - I am interested to explore with you an example of a similar situation to Triabunna either interstate or overseas, a town or a community

¹⁹³ Submission no 25, Associate Professor Robyn Eversole, Institute for Regional Development, University of Tasmania, pp. 1-2.

that has been hit by significant market change or economic circumstance change. What I am looking for here is a case study of a place that has made a hybrid-based approach work.

A/Prof. EVERSOLE - One of the examples we use a lot with our regional development students - there are many examples around the world - would be the work that was done in Finland around looking for alternative economic opportunities. That was the example that Harmaakorpi and Pekkarinen published around the use of the regional development platform method in which they got various leaders within and outside the local community together and went through a process of strategically assessing what the local assets were, what the local strengths were and what the global market environment was telling them, and then doing a comparison of what they could offer locally and what trends and a bit of scenario-based planning was telling them might work well into the future. It is quite an interesting story, Turning the Corner has used it a couple of times in a public forum because they came up with their ageing population as a potential strength and built a series of development platforms around the economic opportunities offered by an ageing population. That is just one example.

In terms of some of the work that we have done here, we have done a number of projects that have looked at specific issues such as place-based workforce planning, such as provision of retirement living - again, for ageing populations - and have brought different kinds of knowledge together to identify both what is working really well at a local level already, and also to identify where potentially additional investment needs to be made.

Ms O'CONNOR - Thanks, Robyn. How would you see then the experience, for example, of Finland translating locally? How could we - when I say 'we' I am not talking about this committee, I am talking about the Tasmanian community, if you like, more broadly - practically or mechanically apply that learning in Triabunna in order to have a positive economic and social effect?

A/Prof. EVERSOLE - I think it is very much about taking that kind of place-based approach that is neither purely top-down nor purely bottom-up. That is a big leap in its own right because there is a policy tendency to try to solve problems at desk level. We are expected to solve problems so we cook up a solution, but it is generally an incomplete solution. There is also a lot of interesting effort going on on the ground in communities around Tasmania and elsewhere to cook up solutions from the ground up. There are some fantastic ideas out there and there is some fantastic work being done, but often it hits roadblocks. It hits obstacles and so if you can look at what is there already in any given community, and you can identify where the ideas already are and what is blocking them, that is often a good place to start, but sometimes you need to take a step back and do a bit of strategic planning with a group of people who have knowledge of various sectors.

What tends to happen, we have all been through search conferences and things like that where you get people together and you do a bit of strategic community visioning and those processes, a bit like the bottom-up experience, sometimes work really well and sometimes they work really poorly. The secret there tends to be who you get around the table. If you get the same sort of people around the table, what is also known colloquially in community

development circles - Cassy, you might be familiar with the usual suspects - they will tend to rehearse the same script that has continually been rehearsed. It is the same aspirations but no concrete assets. The same great ideas but no concrete strategy for how to get there.

We have found with the knowledge partnering approach, which we have been using successfully in the Institute for Regional Development, that it provides a process for bringing together people who do not normally talk with each other. Often that is not a search conference, it is not one big workshop because if you bring everyone together in one big workshop, they tend not to talk with each other because there is no comfortable parameter for the conversation so the loudest voice of the usual suspects continues to talk. Everyone sits back, drinks a cup of tea and thinks, 'Why am I here, am I wasting my time?'

The knowledge partnering process allows them to go through a process of identifying the various sectors within any given place-based community and beyond that community that can tell us something. If there is a strategy around developing local food systems, farmers' markets, there is a whole range of local stakeholders, not all of whom are necessarily talking with each other, that can be brought together, sometimes in small group conversations or targeted workshops to discuss where they see the local assets, capabilities and opportunity.

There is also a number of stakeholders beyond the local area, people who have run similar projects elsewhere, people who have an understanding of the value chain for the products that are being discussed, and they can be brought in. We have done this in the Institute of Regional Development and with the Tasmanian Institute of Agriculture and brought in targeted people to share knowledge with the locals about 'If this is what you are planning to do, here is one way you might go about doing it'.¹⁹⁴

- 8.32 The Committee heard that the Triabunna community had already developed their own form of knowledge partnering. Tom Tenniswood noted the networking that had been facilitated by the East Coast Regional Development Organisation (ERDO):

ERDO in partnership with Colony 47 convene this network of over 100 service providers, training bodies, community groups, and agencies that provide services to the East Coast. A facilitated meeting every 6-8 weeks will see 30-40 people at The Village share their services, find what is missing and how to fill the gaps. It has been a very rewarding process and continues to grow.¹⁹⁵

- 8.33 In evidence before the Committee Jane and Tom Tenniswood spoke about some of the other partnering and networking opportunities that are being facilitated in the region:

¹⁹⁴ Transcript of evidence, 10 November 2014 pp 39-41

¹⁹⁵ Submission no. 29, Tom Tensiwood, p. 6.

Mrs TENISWOOD - ... The other new thing to add is that we are involved in a partnership through ERDO with Break O'Day Enterprise Centre. One of the things that was interesting listening to Robyn is that we have Colin Jones coming to Triabunna to the village on the 27th for a closed group that we have targeted, as well as that which is open to everyone, which is China-Ready, accountancy and hospitality, et cetera with some very good presenters and they are running down the coast with the funding Break O'Day received. We are doing that. We are having a session with -

CHAIR - Where will that be and when?

Mrs TENISWOOD - It's all the dates, from St Helens and Bicheno and then at the village in Triabunna. That is open to everyone and is free of charge.

CHAIR - When will that be in Triabunna?

Mr TENISWOOD - Friday 21 November.

Mrs TENISWOOD - On the following Friday 27 we are having a session with Colin Jones who is a university lecturer in Australian innovation. Through this process we have already connected him to Helen Norrie. He was not aware of the Triabunna Tomorrow project but he now is.

CHAIR - You would deal with that -

Mrs TENISWOOD - Absolutely. That is really how we work. The other thing is we have chosen representatives, people who think outside the square, we believe, who are in some way connected to Triabunna through either the network process or their own work. We are looking at the resources we already have, which is the village which Tom has spent the last 10 years building for nothing because we ran out funding, but it is now ready; we are looking at Maria Island connections; the Spring Bay mill site; looking at existing resources and how we better connect them. Colin Jones works across the world in changing towns and working with towns but I think he is very interested in people who think a bit differently.

We have selected carefully and one of things we have done is not select anyone with a pet project they want to get up. We want people to be hopeful but we have representatives from tourism, education, Colony 47, the new mayor, councillors, village students, Maria Island, regional partnerships et cetera all coming around the table. They have all been connected to Triabunna, as I said, in some way so we don't have to go back over the past. We want to look at the resources we have with his leadership. I don't know whether anyone here has worked with him.¹⁹⁶

- 8.34 While much of these networking opportunities have been organised through regional organisations such as the East Coast Regional Development Organisation (ERDO), Associate Professor Eversole noted the important role government should play in facilitating and

¹⁹⁶ Transcript of evidence, 10 November 2014, pp 52-3.

where appropriate resourcing knowledge partnering arrangements in the interest of stimulating economic development. In evidence before the Committee she commented:

Ms O'CONNOR - Thanks, Robyn. Given all that and the significant logistical complexities in bringing an effort like that together, what do you think the role of government is here and particularly in relation to Triabunna? Despite the varying political views at the table here, all of us want to see Triabunna flourish and prosper and be economically resilient into the future. What role can government practically play?

A/Prof. EVERSOLE - May I paraphrase you, Cassy, because you did break up a couple of times during that? You are interested in my thoughts on what role government can play in a case like Triabunna, correct?

Ms O'CONNOR - Yes.

A/Prof. EVERSOLE - There is certainly a facilitative role I have seen governments successfully play. It tends to be less of a high-level policy role and much more of a modest resourcing and facilitative role that enables those linkages to be made - in a sense, almost an unintentional version of knowledge partnering where you have someone working on the ground with the community that is also very well networked beyond the community and can help link people, resources and conversations and is also able to strategically identify opportunities.

Sometimes if there is, within an economic development office, someone who has that role within their mandate and they have the skills to do what we call translation and brokerage with communities, so they can work across different interest groups, stakeholder groups, organisations, even across disciplines and sectors, and make them mutually comprehensible, understand where the opportunities lie and communicate that back to the key movers and shakers in the local community, that can be an enormously important role. It is a professional role; it is a role that someone needs to do as part of their professional activities. It is not generally a role that volunteers take on, although I have met a few outstanding volunteers in my day who do something very similar.

It is supporting that sort of role on the ground and potentially providing some modest resources for pilot initiatives and so forth. Those are the sorts of things where government can be very effective. I do not think government can solve the problem but government can be a supporter of problem-solving and linkages.¹⁹⁷

- 8.35 A number of other witnesses also considered government had a role to play in regional development, particularly in relation to ensuring primary industries still has a future within regions such as Triabunna. In evidence before the Committee, Cheryl Arnol, former Mayor of Glamorgan-Spring Bay, commented:

¹⁹⁷ *Ibid*, p 41.

Ms WHITE - I might start with the last point, thinking about the future for Triabunna and we have spoken a lot in this committee about the reasons why we may have come to this point. As a passionate local and working at Elphinstone for many years, you know about the job opportunities that a business like that can create. What other opportunities do you see for Triabunna at the moment? You mentioned perhaps the State Government might need to get involved with regional development here in this town. Have you thought about what that might look like?

Ms ARNOL - Probably not, Ms White. I haven't really thought about it to a great extent. I think what we need to focus on is what type of work can be provided in the community for those hands-on people, the people who want to do industrial-type work. It is probably a difficult question to answer in the big scheme of things. I truly don't know what it would look like and that is what I have said in my statement. I really don't know what regional development would look like. The difficulty again is that those people who are displaced in the industry don't know what it's going to look like either so they don't know what to retrain as. It is a very difficult question to answer. I think I can probably only go back to, again, a history lesson.

When the woodchip industry started here in the 1970s, there were houses built in the area. There were a large number of students at the school. It is trying to evolve into that - an industry that might come into the area that can employ people. It will create employment for builders, building more houses or whatever. As I said, I don't believe tourism is the answer.

Ms WHITE - The area has relied heavily on primary industries - forestry, farming, fishing. I think there is still a future in all of those areas for the community. Would you agree with that?

Ms ARNOL - Absolutely. The problem we have faced is that the fishing industry has also lost some of their licences over the years. There has been a downturn in various industries and what we have to do is find a way to pick those back up again. I believe Tasmania has the resources. We certainly have the capability and the ability to do it. We just have to find the way to do it.¹⁹⁸

- 8.36 Debbie Wisby of the Orford-Triabunna Chamber of Commerce also considered the government could play a role in assisting primary industries, particularly fishing and fish processing, which had great potential to be a major economic stimulus for the region. In evidence before the Committee Ms Wisby commented:

Ms WHITE - In reference to the comments that were made on page 2 when you talked about government of all levels and the hope that more could be done and you talked about having all the puzzle pieces in Triabunna and the people power and the capacity. In the time that I have known you there have been things that have happened in Triabunna. NBN has gone through, good or bad, but it does provide an opportunity for the region. There is a trades training

¹⁹⁸ Transcript of evidence, 23 September 2014, pp. 18-19.

centre where we can skill up people, so we have an opportunity keep people in the town and provide training that is relevant for the job market for them there. The Solis development hopefully may continue. There are things that have happened, the wifi network et cetera. You are right, there are pieces in the puzzle that governments of all levels have contributed to developing over time. But it is now finding an industry and that is where you are talking about tourism being a key part of that Spring Bay Mill.

You talked about processing and we have talked about this in the past and how it is a fantastic port facility. We still have a lot of fisherpeople using that. What sort of fish would you see processed and what would be required to enable that to happen?

Ms WISBY - It would not require an awful lot. In 2006 we had 21 boats. I was in charge of the wharf at that point and we had 21 scallop boats at that wharf which was amazing. This season for the scallop industry in Tasmania there were five boats.

Ms WHITE - For the whole industry?

Ms O'CONNOR - Not just in Triabunna?

Ms WISBY - No. That is working out of Stanley, five boats. We dropped down from 21 to five boats. Going back to 1980 there were more than 200 boats in the industry and a lot of that is coming down to a lack of markets. It is not really a lack of markets; it is a lack of people doing new things to get to the markets. They are not lifting their game to the level required; they are not value adding to the product. Unfortunately, a lot of our scallops go to the mainland, get split and come back into Tasmania because we are the biggest buyer of scallops. Therefore it floods the market. Whilst we have Stanley Fish and Tony Garth and George Town Seafood splitting here, as the three main factories, the scallops are good and there are so many scallops coming through and because it is so up and down, it is hard to keep the workers. It does not need to be that up and down if it is managed better and that is at government level too.

Ms WHITE - I understand all of that.

Ms WISBY - It is not that much; it is about probably sitting around the table with people like Michael Kent and talking to him about what Woolworths would see as a good packaging option. Then you can crumb them or you can batter them or you can do whatever you need to them or you can package them how the small restaurants want them so there is a lack of waste. We can get fish into the IGAs, for example. You do not go into the IGA and see Tasmanian fish in a two-people pack, sitting there next to your two pieces of steak. There are many opportunities there. The existing facilities around Tasmania have relied on the old way of business. Now they are starting to look at, 'Okay, they want them half-kilo Cryovac'd or one-kilo Cryovac'd' - lifting their game a bit. There are many opportunities and it doesn't require a big facility, it doesn't smell - quality will ensure that doesn't happen. Everybody needs to lift their game and work together and it would come together fairly easily.

Ms WHITE - And you could process scallops, squid, and other fish all in the same facility?

Ms WISBY - Yes.

Ms WHITE - So you need to understand market demand, and that is where you talk to the buyers, but also developing technologies. Would you see opportunities to talk to, say, the University of Tasmania?

Ms WISBY - Yes. AFMA contacted me last week and they are very interested now in doing research on the location of squid, so we can target them. There is no issue with squid quantities, so we can target squid and make it more viable for businesses. There are 54 squid licences available. Can you imagine 54 boats in Triabunna going hard at squid fishing? There is no issue on sustainability or resource so that would be massive. Twenty-one boats was massive and that set the town up for two years. The amount of money the local businesses put through that town in six months was amazing.¹⁹⁹

- 8.37 Debbie Wisby also commented that all tiers of government have a role to play in regional development, but that their role needs to be one of action as opposed to merely setting out strategic plans:

CHAIR - You have said in your submission that you felt:

It cannot apply to government because for many years leading up to the closure of the mill, the mill has had a limited life expectancy. What did government do for the decade leading up to the imminent closure and to prepare our region for the future?

So you felt let down?

Ms WISBY - Absolutely.

CHAIR - Because government wasn't involved, participating -

Ms WISBY - That is all tiers of government. Where is the strategic plan? I have attended so much of my life to these strategic plans that I am strategic planned out. I do not like wordy words or those statements that mean I cannot even see the word 'job' in there.

CHAIR - You are keen to see:

Three years on I have not seen a short, medium or long-term strategic plan for our region.

You are keen to see action going forward?

Ms WISBY - I don't know if I want to see another strategic plan; I want action.

CHAIR - Yes, you want action.

¹⁹⁹ Transcript of evidence, 13 August 2014, pp. 42-3.

Ms WISBY - I would rather sit around a table with a group -

CHAIR - Jobs, jobs and more jobs.

Ms WISBY - Yes - and sort it out. Those things I put forward are real stuff and are really achievable. I have been asked to set up an Australian Squid Association. AFMA rang me last week to ask me to set that up. That is huge. That association is not huge, but the potential there for Triabunna is huge with so much of our fish being sent to Melbourne and then we buy it back for some weird reason. We don't even have a processing facility here yet there are a dozen over there and they buy their new Ferrari every two years. It is like there is something wrong with this picture. We have the seafood, they take it out of our waters and then we ship it across our waters to there and then we ship it back.²⁰⁰

Committee comment:

- 8.38 The Committee notes that the development of the mill site is only one of many exciting developments in the region. Others include the Solis residential and tourism development with its 18-hole golf course designed by Greg Norman, Tassal's fish by-product processing facility and a new marina. The further development of the Maria Island National Park would also be advantageous for the region. The Committee supports all these initiatives.
- 8.39 In addition, the Committee notes the Swan River irrigation scheme being implemented by Tasmanian Irrigation, which will deliver substantial benefits for agriculture and fruit growing in the surrounding regions of Triabunna. The Committee notes that the project is planned and supported by the Tasmanian Government and the local community but is subject to funding support of the Australian Government. Accordingly, the Committee considers the State Government should double its efforts to lobby the Australian Government to ensure funding support for the project is delivered as soon as possible.
- 8.40 In relation to tourism in the Triabunna region, the Committee considers the government has a role in promoting the East Coast and its tourist drawcard appeal following Lonely Planet's favourable rating of Tasmania and the consolidation of an "East Coast Brand". The Committee considers that the Government should support the establishment of the Orford/Triabunna region as the gateway to the East Coast, from the south, and that appropriate marketing, branding

²⁰⁰ Transcript of evidence, 13 August 2014, p 41.

and other initiatives be undertaken to promote this region as a significant tourist location.

- 8.41 In regards to this, the Committee notes that the Government is actively rebranding the Tasman Highway between Orford and St Helen's as the "Great Eastern Drive". The Committee supports this great Eastern Highway tourism project and considers that it will be a significant tourism feature in the Triabunna-Orford region that will act as a gateway to the East Coast. The Committee considers that the Government should consider the merits of requests to extend the great eastern highway to Port Arthur in the south and Bridport in the north in the long term and subject to budgetary constraints.
- 8.42 In addition, the Committee considers the Government should support an increase in marketing and promotion of appropriate heritage adventure and other tourism developments on Maria Island. Such support should include private sector tourism and accommodation developments on the island that will substantially increase visitors. To support such tourism developments the Committee considers the Government must facilitate improved and easy access to Maria Island. The Committee also considers that the Government should increase promotion of the Freycinet National Park as a popular tourist destination on the East Coast as part of its East Coast promotion.
- 8.43 To assist in the development of the East Coast as a major tourist destination, the Committee considers that the Government should consider supporting the upgrading of tourism infrastructure in the area specifically in the form of a new marina development for Triabunna.
- 8.44 In addition, to achieve such initiatives, the Committee considers a working group should be established following consultation with the local chamber of commerce, the East Coast Regional Tourism Organisation, the local council and other key stakeholders. The Committee considers it important for the Government to consider further investment in the area given the Triabunna region received no forestry compensation funding under the former State and Australian Governments.
- 8.45 The Committee considers that the Triabunna region, with its deep-water access remains the ideal location for the development of a multi-purpose export facility, which can co-exist with these other recreational and commercial developments. Taking advantage of the natural assets of the Triabunna region, of which the deepwater

harbour is one, is an important part of ensuring the medium to long-term economic survival of the region.²⁰¹ To this end the Committee has recommended the Government investigate the option of a medium to long term location for a state of the art wood residue and multi-use export facility within the Triabunna region. Such a facility remains critical to the State's forest policy.

- 8.46 The Committee acknowledges the importance of networking and partnerships in regional communities to enable development opportunities to be identified by sharing ideas. In this regard, the Committee notes the work that the Triabunna community has already undertaken in facilitating economic development in the region through a form of knowledge partnering.
- 8.47 The Committee considers there is also a role for government in facilitating network opportunities and potential economic development across the State including establishing partnerships with interstate and overseas investors willing to undertake investment in Tasmania. To this end the Committee considers there are opportunities to leverage off the highly successful TasInvest summit. In addition, the Committee considers the government should provide continued support for the forestry, agriculture and fishery industries.

Recommendation 5: That, the State Government lobby the Australian Government to seek funding support for development projects in Triabunna and surrounding regions including the Solis Development and the Swan River Irrigation Scheme.

Recommendation 6: That, the State Government support the establishment of the Orford/Triabunna region as the gateway from the south to the East Coast and the Great Eastern Drive, and that appropriate marketing, branding and other initiatives be undertaken to promote the area as a significant tourist destination.

Recommendation 7: That, the State Government establish a working group to investigate and develop a range of East Coast renewal initiatives.

Recommendation 8: That, the State Government facilitate networking and partnering forums for regional areas, communities and potential investors to encourage investment in those regions.

²⁰¹ This point was noted by Associate Professor Robyn Eversole in evidence before the Committee, see Transcript of evidence, 10 November 2014, p 47.

9 CONCLUSION

- 9.1 This inquiry has provided the Triabunna community with an opportunity to express their views about the closure of the Triabunna Woodchip Mill and the impact it has had on their lives and the economy of the region. It has also enabled discussion on the proposed Spring Bay Mill development and other development opportunities in the Triabunna region.
- 9.2 The inquiry provided stakeholders in the forest industry with an opportunity to raise issues about the current state of the industry, particularly in the south of the State and the need for a residue solution to be found as a matter of urgency and for longer term solutions to be investigated. To this end the Committee considers its recommendations calling on government to investigate the feasibility of a new export facility in the south of the state with a specific focus on the Spring Bay region, and to provide support for alternate residues solutions are crucial in ensuring long term solutions.
- 9.3 In relation to past events, the inquiry brought to light the former Government's mishandling of the Triabunna Mill following its closure by Gunns Limited. In particular, the inquiry highlighted the failure of the former Government to ensure the mill reopened under the new owners Triabunna Investments. With an end result being no Bell Bay Pulp Mill, no Triabunna Woodchip Mill, a landlocked port at Triabunna, no export facility in the south of Tasmania and a decimated native forest industry with thousands of jobs lost with particular hardship in the Triabunna region.
- 9.4 The inquiry also brought to light a number of issues that had concerned stakeholders in the forestry industry and others, particularly in relation to the compensation payment Gunns Limited received. The Committee found that the compensation paid to Gunns Limited of \$23 million was voluntarily paid and was for political expediency in order to ensure the Intergovernmental Agreement process could be completed.
- 9.5 The inquiry found that Gunns accepted an offer of \$10 million rather than one that was on the table for \$16 million on the basis that compensation, which was subsequently \$23 million, was received from government for exiting the native forest industry and in an attempt to obtain a social licence for a Bell Bay pulp mill. This

compensation payment was supported by the Greens, which supported Gunns exit from native forests and because the purchasers of the Triabunna Mill were environmentalists who would ensure the Triabunna woodchip mill remained closed.

- 9.6 While the inquiry cannot change past events it has provided an opportunity to put their handling on the public record, and will help ensure that the lack of accountability, transparency and responsibility in decision making by the former state government will never happen again.
- 9.7 As noted by some witnesses, the inquiry has provided some closure and in terms of looking at future development opportunities, the inquiry has been able to assist the community in moving forward.
- 9.8 The Committee considers that its recommendations calling on the Government to establish a working group to investigate and develop a range of east coast renewal initiatives and to actively promote the area as a gateway to the East Coast and the Great Eastern Drive, will assist the Triabunna and surrounding region in its economic recovery.
- 9.9 In addition, the Committee considers that its recommendations calling on the Government to facilitate networking and partnering opportunities to encourage investment in regional areas will assist communities in economic transition such as the Triabunna region.
- 9.10 The inquiry has also provided an opportunity for the community to hear about a number of exciting development opportunities for the area and the Committee considers that its positive recommendations will assist the Triabunna and surrounding regions in moving forward.

**Parliament House
HOBART
12 February 2015**

**Guy Barnett MP
CHAIR**

DISSENTING STATEMENT OF MS REBECCA WHITE MP, LABOR MEMBER FOR LYONS

Overview

- 1.1 The Labor Member of the committee has significant concerns about elements of this Report and therefore cannot support the report in its current form.
- 1.2 The report was blatantly political and biased to suit the Liberal Party narrative. The Liberal party members on the committee used their numbers to produce a report that presents opinion and conjecture as fact and tries to legitimise doing so by using the status of the Parliamentary Committee for Community Development.
- 1.3 There are parts of the report where a quick fact check will reveal the statements to be untrue; however, these statements continue to stand as part of the report despite being raised with the Chair.
- 1.4 The Liberal members of the committee refused to acknowledge Solicitor General advice provided to the Government at the time Gunns sought payment for residual value when they exited native forestry. This advice provided a legal imperative for the Government to pay Gunns and is fundamental evidence to include in order to understand the reasoning behind Government decision making at the time.
- 1.5 The continued reference in the report to the payment of this residual value as a compensation payment is misleading and fails to acknowledge the legal necessity for this payment. Instead the Liberal members of the committee have tried to classify it as compensation in order to imply the only reason for this payment was due to a political desire to progress the Intergovernmental Agreement by ensuring Gunns sold the mill to Triabunna Investments. This is not true.
- 1.6 The report of the committee falsely claims that the former State and Federal Government did little to provide financial support to the Triabunna community following the closure of the woodchip mill by Gunns. This statement fails to list the \$1.6 million that was provided to improve the jetty at Maria Island, including funding for an eco-tourism development study for the Island, funding of \$3.85 million that was provided to Tassal to build a fish

processing factory in the community, funding that was provided to ensure the full entitlements of employees who lost their jobs at the mill was provided for, funding that was provided for the buy-back of sawmill quotas, funding that was provided for the voluntary exit of contractors from the native forest industry and most spectacularly fails to note that the Abbott Federal Government has still not released all of the funds made available under the \$100 million economic diversification fund for Tasmania that was established under the Tasmanian Forests Agreement.

- 1.7 All other matters discussed in this report were addressed in the interim report, particularly the dissenting statement of the Labor Member of the committee. Readers are encouraged to refer to the Labor Member's dissenting statement as the findings and recommendations remain valid.

**Parliament House
HOBART
16 February 2015**

**Rebecca White MP
LABOR MEMBER FOR LYONS**

DISSENTING STATEMENT OF MS CASSY O'CONNOR MP, TASMANIAN GREENS' MEMBER FOR DENISON

1. APPOINTMENT AND TERMS OF REFERENCE

- 1.1 The Standing Committee on Community Development was established by resolution of the House of Assembly on 26 June 2014 to inquire into and report upon any issues and legislative proposals arising within the scope of the Committee as follows:

- (i) aboriginal affairs;
- (ii) arts;
- (iii) corrections;
- (iv) health;
- (v) human services;
- (vi) justice;
- (vii) police and emergency management;
- (viii) racing;
- (ix) sport and recreation; and
- (x) women.

2. INQUIRY

- 2.1 The Committee resolved at its meeting of 16 July last to inquire into the Triabunna woodchip mill and future development opportunities for the Triabunna community and surrounding regions with the following Terms of Reference:

- (a) The circumstances surrounding the closure, sale and ultimate dismantling of the Triabunna woodchip mill;
- (b) Identify development and other opportunities for the Triabunna Community and the surrounding regions; and
- (c) Matters related and incidental thereto.

3. ESTABLISHMENT AND CONDUCT OF THE INQUIRY

- 3.1 The establishment of the Inquiry into the circumstances surrounding the closure, sale and ultimate dismantling of the Triabunna mill was a political exercise embarked on by a newly elected Liberal majority government in an attempt to invent a web of conspiracy and smear key players in the closure and sale of the Triabunna wood chip mill, and in the Tasmanian Forests Agreement process. In this, it has failed.
- 3.2 From the outset, this Inquiry has been partisan and its outcome and findings largely predetermined due to the fact that the Liberal members of the Inquiry have a majority on the Committee. The published Minutes of meetings, Hansard transcripts and the Chair's public statements reflect this fact.
- 3.3 Non-government members of the Committee were blocked in their efforts to expand the scope of the Inquiry to include future economic opportunities for other regional communities affected by global market shifts, including Scottsdale and Queenstown.
- 3.4 Liberal members of the Committee also blocked efforts to call certain key witnesses or obtain documents that did not fit their chosen narrative, including forestry analyst, John Lawrence, whose submission on the finances of Forestry Tasmania and the former Gunns Pty Ltd, and the failure of public policy and good governance can be found on the Committee website. <http://www.parliament.tas.gov.au/ctee/House/Submissions/John%20Lawrence.pdf>
- 3.5 The Committee also voted against a bid to request documents from the Tasmanian Development Board in relation to its reasoning behind the decision to approve a \$6 million loan to Fibre Plus (TAS) Pty Ltd, despite significant concerns raised by the Department of Treasury and Finance in a letter from then Secretary, Martin Wallace, dated 16 June 2011. This information was available to Committee members and is on the Parliament of Tasmania website. [http://www.parliament.tas.gov.au/ctee/House/Submissions/Treasury%20Part%202%20\(i\).pdf](http://www.parliament.tas.gov.au/ctee/House/Submissions/Treasury%20Part%202%20(i).pdf)

- 3.6 In its final Report, the Committee has made a number of false assertions based on a selective reading of the evidence and of testimony given to the Committee in hearings.
- 3.7 In refusing to present the facts in an impartial manner and make recommendations based on sound public policy principles rather than base politics, government members of the Committee have done the people of Triabunna a disservice.
- 3.8 They have also smeared entrepreneur, Graeme Wood, and sought to cast doubt over his intentions for the former mill site. This has sent a regrettably negative message to potential ethical investors in Tasmania.
- 3.9 Despite the best endeavours of government members of the Committee, the Inquiry has failed to establish any evidence of a conspiracy in relation to Gunns Pty Ltd's decision to accept a cash offer of \$10 million for the Triabunna site from Triabunna Investments Ltd in July 2011.
- 3.10 The Inquiry has also found no evidence of wrongdoing or unlawful conduct on the part of Triabunna Investments Pty Ltd in decommissioning the former Triabunna woodchip mill.¹
- 3.11 This dissenting statement is submitted on the basis that the majority report of the Committee brings the Parliament into disrepute. At significant cost to the taxpayer, the resources of the Parliament have been spent on the political equivalent of the Salem witch hunt.
- 3.12 The final majority Report of the Committee is deeply flawed, dishonest, highly politicised and divisive. It is based more on fantasy than reality and therefore, cannot be supported.
- 3.13 It has not been possible in the time made available to prepare a dissenting statement to rebut all the fallacious arguments and findings put by government members of the Committee or to provide a full summary of evidence presented.

¹ Hansard Transcript of evidence, witness Alex Schaap, Director Environment Protection Authority, p.19-30

- 3.14 Persons with an interest in understanding the truth of this matter should disregard the majority Committee report and instead read the Hansard transcripts of evidence from public hearings, as well as documentation provided by the Department of Premier and Cabinet, Department of Treasury and Finance, Forestry Tasmania, and submissions from key players in this saga, all of which are available on the Committee website.
<http://www.parliament.tas.gov.au/ctee/House/HAComDev.htm>

4. SUMMARY OF FINDINGS

- 4.1 This dissenting statement finds that on the evidence presented, the market for native forest woodchips had been in substantial decline prior to Gunns Pty Ltd's decision to exit native forest logging and place the Triabunna mill on the market in the first quarter of 2011.²
- 4.2 This dissenting statement finds that on the evidence presented, the global pulp market is heavily reorientated towards plantation timber on the basis of higher quality and improved profit margins.³
- 4.3 This dissenting statement finds that on the evidence presented, the market for uncertified native forest woodchips is largely restricted to China, which is an unreliable market with an emphasis on ship by ship contracts and spot prices, along with poor environmental standards.⁴
- 4.4 This dissenting statement finds that Forestry Tasmania's business model in the decades preceding the collapse of Gunns Pty Ltd and the sale of the Triabunna woodchip mill was wholly reliant on the fortunes of a single product and a single company, as well as substantial public subsidies.⁵

² Submission: Public Hearing to the Inquiry into the Triabunna Woodchip Mill and Future Development Opportunities for the Triabunna Region, Gregory L'Estrange p. 5, 6

³ Hansard Transcript of evidence, witness Robert Eastment, p. 11, 13, 15

⁴ Ibid, p. 9

⁵ Submission: House of Assembly Standing Committee on Community Development Inquiry into the Triabunna Woodchip Mill, John Lawrence, August 2014, p.5-11

- 4.5 This dissenting statement finds that the evidence is unarguable that the native forest woodchip industry is not viable without substantial ongoing public subsidies.⁶⁷
- 4.6 This dissenting statement finds that at the time Gunns Pty Ltd placed the Triabunna mill site on the market for sale it was experiencing serious cash flow problems, with a ‘catastrophic’ decline in profits for the first half of the 2010 financial year.⁸
- 4.7 This dissenting statement finds that on the evidence presented, there were questions over the ongoing viability of the major bidder for the former Triabunna mill, Aprin Group (Fibre Plus (TAS) Pty Ltd), that were raised in correspondence between the Department of Treasury and Finance and the Department of Economic Development in relation to a proposed Tasmanian Development Board (TDB) loan of \$6 million to assist with the purchase of the Triabunna mill from Gunns Pty Ltd.⁹
- 4.8 This dissenting statement further finds that the Aprin Group, at the time of the proposed loan and purchase, had been the recipient of an estimated \$2.6 million in financial assistance from State and Australian governments since 2007; that it was highly geared and producing operating losses over the previous four years.¹⁰
- 4.9 This dissenting statement finds that should the \$6 million TDB loan to Aprin Group have proceeded, the financial risk would have been borne entirely by Forestry Tasmania and therefore, Tasmanian taxpayers.¹¹¹²
- 4.10 This dissenting statement finds that, on the evidence, the relationship between Gunns Pty Ltd and Forestry Tasmania had become extremely acrimonious but can find no evidence to support the assertion made by

⁶ Submission: Public Hearing to the Inquiry into the Triabunna Woodchip Mill and Future Development Opportunities for the Triabunna Region, Gregory L’Estrange p.6,7

⁷ ‘Support for Tasmanian Forestry 1997-98 to 2007-08’, Associate Professor Doctor Graeme Wells, Wells Economic Analysis

⁸ Submission: House of Assembly Standing Committee on Community Development Inquiry into the Triabunna Woodchip Mill, John Lawrence, August 2014, p.2,3,4

⁹ Part 2 – Documents for Release, Department of Treasury and Finance, October 2014. p.4

¹⁰ Ibid.p.5

¹¹ Ibid.

¹² Ibid, p.7,9

- industry witnesses that this influenced the decision to sell the mill to Triabunna Investments Pty Ltd.¹³
- 4.11 This dissenting statement finds that officers of Gunns Pty Ltd exercised their fiduciary duty to shareholders in accepting the \$10 million cash offer from Triabunna Investments Pty Ltd for the Triabunna mill site.
- 4.12 This dissenting statement acknowledges advice provided by the Solicitor General to Government that it was appropriate for an ex-gratia payment to Gunns Pty Ltd as provided under clauses 22 and 34 of the Tasmanian Forests Intergovernmental Agreement (TFA) in order to provide certainty over the extinguishment of contracts of sale and to progress the objectives of the TFA.
- 4.13 This dissenting statement finds that on the evidence presented, the mill's new owners, Triabunna Investment Pty Ltd, did not reopen the mill because no potential operator had, in the initial EOI process, demonstrated a preparedness to source and supply timber product to the mill from non-contentious forest areas - that is, there was an assumption from key industry players that the mill would reopen on a business-as-usual basis.¹⁴¹⁵¹⁶
- 4.14 This dissenting statement acknowledges that the closure and subsequent sale of the Triabunna wood chip mill caused significant financial and psychological distress to the communities of Orford and Triabunna, as well as contractors and private saw millers in the south of the state.
- 4.15 This dissenting statement asserts that, on the evidence, despite knowing the Triabunna woodchip mill had a limited life expectancy and that the native forestry industry was subject to significant market downturns, successive Labor majority governments failed to prepare the Orford and Triabunna communities for change, compounding the pain and suffering when change inevitably came.¹⁷

¹³ Hansard Transcript of evidence, witness Ron O'Connor p.6

¹⁴ Submission: Inquiry into the Triabunna Woodchip Mill and Future Development Opportunities for the Triabunna Region, Alec Marr, p.4,5

¹⁵ 'An ecologically responsible *modus operandi* for woodchip exports from Triabunna', prepared by Rod Knight, CEO Natural Resource Planning, 1 August 2011

¹⁶ Submission to the Parliament Inquiry into the Triabunna woodchip mill and future development opportunities for the Triabunna Region, Graeme Wood, p.9

¹⁷ Hansard Transcript of evidence, witness Debbie Wisby, 13 August 2014, p.32

- 4.16 This dissenting statement agrees that the Orford Triabunna region requires long term strategic planning and investment on the part of local, state and federal governments, in order for it to attract sustained private investment and generate economic diversification that builds on the region's substantial natural, economic and social assets.
- 4.17 This dissenting statement strongly disagrees with the majority Report's finding that there is any future in the export of native forest woodchips from Triabunna and the currently landlocked wharf, and further asserts that if government proceeded down this path it would raise false hopes of a recovery in a dying industry, returning the region to the past at the expense of a more diversified, prosperous, sustainable marine-based industry and visitor-focussed future.
- 4.18 This dissenting statement strongly agrees that the deep water port of Triabunna is a key social, environmental and economic asset for the region.
- 4.19 This dissenting statement expresses regret that the establishment and conduct of the Inquiry have had the effect of casting a slur on the owner of Triabunna Investments Pty Ltd, Mr Graeme Wood, and his intentions for the former mill site.
- 4.20 This dissenting statement asserts that the Triabunna community has expressed a desire to move on and look to a future beyond woodchip exports, and that all three levels of government have an important role to play in ensuring that future is realised and that Triabunna and the surrounding region realises its substantial potential both socially and economically.
- 4.21 This dissenting statement asserts that the proposed Spring Bay Mill development has significant potential to provide economic stimulus for the region and it should be strongly supported by local, state and federal governments as an important component of the region's recovery and economic diversification.

5. RECOMMENDATIONS

1. That local, state and federal governments work with the Orford Triabunna community to develop a Strategic Plan for the region with a focus on

immediate job creation opportunities as well as medium to long-term economic diversification, marine-based industries and sustainable, eco-tourism development.

2. That the Tasmanian Government allocate funding in its 2015-16 State Budget to improve the amenity of the Triabunna township in line with the *Triabunna Tomorrow* vision, in consultation with the local community and Glamorgan Spring Bay Council.

3. That the Premier of Tasmania expresses strong, unqualified support for the proposed Spring Bay Mill development and apologises to Mr Graeme Wood for the damage to his business reputation as a result of this highly politicised Parliamentary Inquiry.

**Parliament House
HOBART
16 February 2015**

**Cassy O'Connor MP
TASMANIAN GREENS' MEMBER
FOR DENISON**

APPENDICES

APPENDIX A: Submissions received²¹⁹

1. Mr David Zani – Submission dated 22 July 2014
2. Mr Alec Marr – Submission dated 3 August 2014
3. Mr Tony Bennett, Managing Director, Bennett's Logging – Submission dated 5 August 2014
4. Mr Mark Cornelius – Submission dated 6 August 2014
5. Mr Alex Schaap, Director, Environment Protection Authority – Submission dated 6 August 2014
6. Mr Leo Hawker, CEO, Australian Bauxite Limited – Submission dated 7 August 2014
7. Mr Chris Roberts - Submission dated 10 August 2014
8. Terry Edwards, CEO, Forest Industries Association of Tasmania – Submission dated August 2014
9. Dr Dan Norton AO, Chairman, Tasports – Submission dated 11 August 2014
10. Mr Andrew Morgan, Managing Director, SFM forest products – Submission dated 11 August 2014
11. Mr David Metcalf, General Manager, Glamorgan Spring Bay Council – Submission dated 11 August 2014
12. Ms Debbie Wisby, OBO, Orford and Triabunna Chamber of Commerce – Submission dated 12 August 2014
13. Mr Denis Iles – Submission dated 12 August 2014
14. Mr John Lawrence – Submission dated August 2014
16. Mr Colin Howlett – Submission dated 14 August 2014
17. Graeme Elphinstone – Submission dated 15 August 2014
- 17.a Graeme Elphinstone – Submission dated 29 September 2014
- 17.b Graeme Elphinstone – Submission dated 18 November 2014
18. Don McShane – Submission dated 17 August 2014
19. Graeme Wood – Submission dated 18 August 2014
20. Tasmanian Farmers and Graziers Association – Submission dated 18 August 2014
21. George Harris – Submission dated 19 August 2014
22. Kelly Wilton – Submission dated 25 August 2014
23. Greg L'Estrange – Submission dated 29 August 2014
24. Cheryl Arnol – Submission dated 19 September 2014
25. Associate Professor Robyn Eversole, Director, Institute for Regional Development,

²¹⁹ Does not include submissions received on a confidential basis.

University of Tasmania – Submission dated 30 September 2014

26. Bryan Hayes – CEO, Forico Pty Limited – Submission dated 6 October 2014

27. Phil Lamb, Managing Director, Spring Bay Seafoods Pty Ltd – Submission dated 2 October 2014

28. Tony Ibbott – Submission dated 2 October 2014

APPENDIX B: Documents received²²⁰

1. The Monthly, July 2014 – Article by John Van Tiggelen – The Destruction of the Triabunna Woodchip Mill and the Fall of Tasmania’s Woodchip Industry.

2. Email dated 11 August 2014 to Mark Sealy from Bob Homer Finance Hotline Pty Ltd.

3. Statement of Mark Sealy to the House of Assembly Community Development Committee.

4. Email dated 18 July 2014 from Carmel Torenus to Adrian Lacy – re: correspondence with Alec Marr.

5. Invoice from Kellara Transport to Timber World Pty Ltd dated 12/11/2013
Invoice from Kellara Transport to Timber World Pty Ltd dated 20/11/2013
Invoice from Kellara Transport to Timber World Pty Ltd dated 18/2/2014.

6. Letter dated 21 December 2011, to General Manager, Triabunna Investments from Bob Gordon re: Expression of Interest to Operate the Triabunna Woodchip Mill.

29. Tom Tenniswood – Submission dated October 2014

30. Jane Tenniswood – Submission dated October 2014

31. Laura Smith – Submission dated 7 October 2014

Letter dated 16 March 2012 to Alec Marr from Bob Gordon re: Re-opening of the Triabunna Woodchip Mill.

7. Letter dated 12 August 2014 addressed to Guy Barnett, MP from Peters Linnette Lawyers acting on behalf of Ms Jan Cameron.

8. Media Release – Motion Picture Company – Triabunna Inquiry Exceeds Authority of Parliament.

9. Memorandum to the Chair of the Standing Committee on Community Development.

10. Graphs showing hardwood chip exports by States and Years.

11. Graph showing hardwood plantation by State.

12. Book entitled – Industry Edge – Forest & Wood Strategic Review 2013: A comprehensive analysis of the opportunities & growth constraints of the Australian forest & wood products industry.

13. Ms Debbie Wisby – Copy of Submission given before the Committee.

14. Gunns documents received from KordaMentha:

²²⁰ Does not include documents received on a confidential basis

Document 1: Gunns Limited, Company Announcement, Australian Securities Exchange, dated 14 June 2011, re Triabunna Mill;

Document 2: Gunns Limited Media Release, dated 13 July 2011, re Triabunna Mill Sale;

Document 3: Gunns Limited Media Release, dated 13 July 2011, re Triabunna Mill Sale;

Document 4: Gunns Limited Opinion Piece by Greg L'Estrange, dated 16 July 2011 re Triabunna;

Document 5: Letter from R J Ruddick, Ruddicks Chartered Accountants, to The Directors, Gunns Limited, dated 18 April 2011 re Southern Woodfibre Pty Ltd Indicative offer to Gunns Ltd for the acquisition of the Triabunna woodchip facility;

Document 6: Deed between Tasmanian Pulp and Forest Holdings Limited and The Crown in the Right of Tasmania, dated 16 December 2011, surrendering the lease for certain land in Triabunna;

Document 7: Letter from Brendon O'Connor, Aprin Group of Companies, to Gunns Limited, dated 19 May 2011, re terms for the purchase of the Triabunna Mill;

Document 8: Gunns Limited, Triabunna Woodchip Facility, undated;

Document 9: Deed between Gunns Limited and Triabunna Investments Pty Ltd, dated 13 July 2011, re sale of the Triabunna Mill;

Document 10: Letter from Jacinta French, Shields Heritage Barristers and Solicitors to Gunns Limited, dated 25 January 2012 re

surrender of lease signed by Tasmanian Pulp and Forest Holdings Ltd with the Crown;

Document 11: Letter from Alex Schaap, Director, Environment Protection Authority, to Darren Davis, Manager, Gunns Forest Products, dated 23 June 2011 re acknowledgement of change of person responsible conditions G4 & LO4, Environment Protection Notice 7942/1;

Document 12: Tasmanian Forests Signatories Agreement, undated;

Document 13: Annexures to sale contract for Triabunna Mill, undated;

Document 14: Letter from Jacinta French, Shields Heritage Barristers and Solicitors, to Gunns Limited, dated 9 August 2011 re sale of Triabunna Mill to Triabunna Investments attaching a copy of the sale agreement, a copy of the variation to the contract relating to works, a copy of the Deed between the parties and evidence the purchase is registered for GST;

Document 15: Copy of sale agreement between Gunns Limited and Fibre Plus (Tas) Pty Ltd, undated.

15. Forestry Tasmania – figures on native forest and plantation wood residue production.
16. Wise Lord and Ferguson – 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.

17. Residue Solutions Project – Forest Residues – Forestry Tasmania and Private Forests Tasmania January 2014.
18. Socio-economic impacts of forest industry change – Tasmanian forest industry employment and production, 2012-13 – Draft Phase 1 report April 8 2014 – Jacki Schirmer, Caroline Dunn, Edwina Loxton University of Canberra.
19. Collection of newspaper clippings relating to the Triabunna woodchip mill.
20. Letter dated 20 January 2012 from Hon Bryan Green, MP to Ms Jan Cameron and Mr Graeme Wood Directors Triabunna Investments.
21. Email dated 19 September 2014 from Rodd Peters, Peters Linnette Lawyers addressed to Mr Guy Barnett.
22. Documents received from Forestry Tasmania:
Document 1: Briefing note prepared for Bryan Green MP, Minister for Energy and Resources, re: Rail Transport to the north, dated 21 June 2010;
Document 2: Briefing note prepared for Bryan Green MP, Minister for Energy and Resources, re: log transport \$1.1M Assistance Package, dated 30 April 2010;
Document 3: Briefing note prepared for Bryan Green MP, Minister for Energy and Resources, re: Transport options under consideration, dated 23 March 2012;
Document 4: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Alec Marr, General Manager, Triabunna

Investments, dated 16 March 2012, re: re-opening of the Triabunna Woodchip Mill;
Document 5: Letter from Bob Gordon , Managing Director, Forestry Tasmania to Bertrand Cadart, Mayor, Glamorgan Spring Bay Council, dated 10 January 2012 re: Triabunna Chip Mill;
Document 6: Letter from Bob Gordon, Managing Director, Forestry Tasmania to The General Manager, Triabunna Investments, dated 21 December 2011 re: Expression of interest to operate the Triabunna Woodchip Mill;
Document 7: Briefing note prepared for Bryan Green MP, Minister for Energy and Resources re Expression of interest: Triabunna Woodchip Mill, dated 21 December 2011;
Document 8: Advertisement for expressions of interest to operate the Triabunna Woodchip Mill;
Document 9: Letter from Betrand Cadart, Mayor, Glamorgan Spring Bay Council to Bob Gordon, Managing Director, Forestry Tasmania, dated 19 December 2011, re: Triabunna Chip Mill;
Document 10: Briefing note prepared for Bryan Green MP, Minister for Energy and Resources re: proposal to amend allocation of \$1.1 Million provided to Forestry Tasmania to address the closure of export facilities, dated 28 November 2011;
Document 11: Letter from Lara Giddings, Premier, to A. Kloden, Chairman, Forestry Tasmania, dated 18 November 2011, re:

Payments under the Tasmanian Forests Intergovernmental Agreement;

Document 12: Letter from Adrian Kloeden, Chairman, Forestry Tasmania, to Lara Giddings MP, Premier, dated 9 November 2011, re Payments under the Tasmanian Forests Intergovernmental Agreement;

Document 13: Briefing note prepared for Bryan Green MP, Minister for Energy and Resources re: impact of Triabunna closure/log stockpiles and pressure on contractors, dated 7 October 2011;

Document 13A: Letter to Adrian Kloeden, Chairman, Forestry Tasmania, from Lara Giddings, Premier, dated 12 September 2011, re Forestry Statement of Principles process;

Document 14: Letter to Adrian Kloeden, Chairman, Forestry Tasmania from Lara Giddings, Premier, dated 5 October 2011, re acceptance of offer;

Document 15: Deed between Forestry Tasman and Gunns Limited, dated 14 September 2011;

Document 16: Deed between The Crown in Right of Tasmania and Gunns Limited, dated 14 September 2011;

Document 17: Deed between The Crown in Right of Tasmania and Forestry Tasmania, dated 14 September 2011;

Document 17A: Tasmanian Forests Intergovernmental Agreement between the Commonwealth of Australia and the State of Tasmania, dated 7 August 2011;

Document 18: Government Media Statement, Lara Giddings, MP Premier re commercial

settlement reached with Gunns Limited, dated 14 September 2011;

Document 19: Gunns Limited, Company Announcements Platform Australian Securities Exchange re: Market Update – Tasmanian Forest Agreement, dated 14 September 2011;

Document 20: Letter to Lara Giddings, Premier from Adrian Kloeden, Chairman, Forestry Tasmania, dated 31 August 2011, re Deeds of Release – The Crown in right of Tasmania, Gunns Limited and Forestry Tasmania;

Document 21: Deed between The Crown in Right of Tasmania and Forestry Tasmania;

Document 22: Deed between Forestry Tasmania and Gunns Limited;

Document 22A: Evaluation of Wood Resource Scenarios relevant to the *Tasmanian Forests Statement of Principles to lead to an Agreement* –Final Report to Signatories, dated 6 June 2011;

Document 23: Letter from Lara Giddings, Premier, to Adrian Kloeden, Chairman, Forestry Tasmania, dated 26 August 2011, re offer of payment under the Tasmanian Forests Intergovernmental Agreement;

Document 24: Letter from Mike Farrow, Chief Operations Officer, Forestry Tasmania to Bryan Hayes, General Manager, Forest Products, Gunns Limited, re dispute over invoices;

Document 25: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited, to Mike Farrow, Chief Operations Officer, Forestry Tasmania, dated 8 August 2011, re contract of sale 917 – take or pay (2010/11);

Document 26: Email correspondence between Bryan Hayes, General Manager, Forest Products, Gunns Limited and Mike Farrow, Chief Operations Officer, Forestry Tasmania dated between 12/7/2011 and 1/8/2011, re wood supply contracts;

Document 27: Media article 'Greenies buy woodchip mill, *The Age*, dated 14 July 2011;

Document 28: Forestry Tasmania and Fibre Plus Management agreement, undated;

Document 29: Letter to Bob Gordon, Managing Director, Forestry Tasmania from Greg L'Estrange, Managing Director, Gunns Limited, dated 30 June 2011, re new agreements for wood supply contracts;

Document 30: Email from Nic Waldron, Director, Business Response, Department of Economic Development, Tourism and the Arts, to Mike Farrow, Chief Operations Officer, Forestry Tasmania re Triabunna proposal, dated 29 June 2011;

Document 31: Letter from Dr Hans Drielsma, Executive General Manager, Forestry Tasmania to Nic Waldron, Director, Department of Economic Development, Tourism and the Arts re contract with Fibre Plus Tasmania, dated 30 June 2011;

Document 32: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Bill Kelty, dated 29 June 2011, re Forestry Tasmania's view of the Signatories Agreement dated 22nd June 2011;

Document 33: Letter from Bryan Green MP, Minister for Energy and Resources to Bob Gordon, Managing Director, Forestry

Tasmania, dated 29 June 2011, giving approval for Forestry Tasmania to participate in Triabunna proposal with Fibre Plus;

Document 34: Letter from Jonathan Wood, Deputy Secretary, Department of Economic Development, Tourism and the Arts to Messrs R D and B C O'Connor, dated 28 June 2011, re loan from the Tasmanian Development Board;

Document 35: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited to Mike Farrow, General Manager, Forestry Tasmania, dated 27 June 2011 re variation notice;

Document 36: Email from Brendon O'Connor and Mike Farrow, Chief Operations Officer, Forestry Tasmania, dated 26 June 2011 re Draft Services Agreement for the Triabunna Woodchip Mill;

Document 37: Letter from Dr Hans Drielsma, Acting Managing Director, Forestry Tasmania to Bryan Green, Minister for Energy and Resources, dated 23 June 2011, seeking approval to enter into a profit share arrangement with the proposed purchasers of the Triabunna Woodchip Mill, Fibre Plus (Tas) Pty Ltd;

Document 38: Briefing note prepared for Bryan Green, Minister for Energy and Resources re Triabunna Wood Chip Mill, dated 23 June 2011;

Document 39: Gunns Limited Company Announcement Platform, Australian Securities Exchange, re Sale of Triabunna Mill, dated 14 June 2011;

Document 40: Letter from Mike Farrow, General Manager Sales and Operations, Forestry Tasmania, to Bredon O'Connor, Aprin Group of Companies, dated 3 June 2011, re services contract proposal – Triabunna Mill and Port Facility;

Document 41: Email from Michael Wood, Assistant General Manager, Strategic Business, Forestry Tasmania to Alan Morgan, Department of Justice, dated 30 May 2011, forwarding commercial in confidence correspondence between Gunns Limited and Forestry Tasmania regarding dispute over contracts;

Document 42: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited, to Mike Farrow, General Manager, Operations and Sales, Forestry Tasmania, dated 18 April 2011, re Contract of Sale 917 2009/10 Take or Pay dispute resolution;

Document 43: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited, to Mike Farrow, General Manager, Operations and Sales, Forestry Tasmania, dated 18 April 2011, re variation notice – 1 April 2011;

Document 44: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited, to Mike Farrow, General Manager, Operations and Sales, Forestry Tasmania, dated 16 May 2011, re Reconciliation of China Sales Agreement volume and value;

Document 45: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited, to Mike Farrow, General Manager,

Operations and Sales, Forestry Tasmania, dated 16 May 2011, re contract of sale 917 – 2009/10 Take or Pay dispute;

Document 46: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Chief Executive Officer, Gunns Limited, dated 7 May 2010, re Gunns debts to Forestry Tasmania;

Document 47: Letter from Greg L'Estrange, Chief Executive Officer, Gunns Limited to Bob Gordon, Managing Director, Forestry Tasmania, dated 12 May 2010, re Gunns debts to Forestry Tasmania;

Document 48: Email from Adrian Kloeden, Chair, Forestry Tasmania to Chris Newman, Chairman, Gunns Limited, dated 4 May 2011, regarding contractual relationships;

Document 49: Letter from Mike Farrow, Chief Operating Officer, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 24 May 2011, re Reconciliation of China Sales Agreement volume and value;

Document 50: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited, to Mike Farrow, General Manager Operations and Sales, Forestry Tasmania, dated 16 May 2011, re Formal proposal to amend contracts of Sale 917 and 918;

Document 51: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited, to Mike Farrow, General Manager Operations and Sales, Forestry Tasmania, dated 16 May 2011, re Contract of sale 917 – 2009/10 Take or Pay dispute;

Document 52: Letter from Bryan Hayes, General Manager, Forest Products, Gunns Limited, to Mark Pettit, Manager Domestic Forest Products Sales, Forestry Tasmania, dated 10 May 2011, re Contracts of Sale 917 and 918 – Annual Supply Notice for 2011/12;

Document 53: Letter from Adrian Kloeden, Chair, Forestry Tasmania to Chris Newman, Chairman, Gunns Limited, dated 4 May 2011, regarding contractual relationships;

Document 54: Letter from Lara Giddings MP, Premier to Adrian Kloeden, dated 26 August 2011 re Offer of payment;

Document 55: Letter from Mark Pettit, Manager Domestic Forest Product Sales to Bryan Hayes, Gunns Limited, dated 29 April 2011 re Contracts of Sale 917 and 918 – Annual Supply Notice for 2011/12;

Document 56: Letter from Mike Farrow, General Manager Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 20 April 2011, re Contract of Sale 917 2009/10 Take or Pay Dispute;

Document 57: Letter from Mike Farrow, General Manager Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 20 April 2011, re Formal proposal of 10 April 2011 by Gunns Limited – to amend Contracts 917 and 918;

Document 58: Letter from Mike Farrow, General Manager Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 19 April 2011, re Formal proposal of 10 April 2011 by Gunns Limited – to amend Contracts 917 and 918;

Document 59: Letter from Mike Farrow, General Manager Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 19 April 2011, re Contract of Sale 917 2009/10 Take or Pay Dispute;

Document 60: Letter from Chris Newman, Chairman, Gunns Limited to Adrian Kloeden, Chairman, Forestry Tasmania, dated 18 April 2011, re relationship between Gunns Limited and Forestry Tasmania;

Document 61: Letter from Mike Farrow, General Manager Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 6 April 2011, re Variation Notice – 1 April 2011;

Document 62: Letter from Bryan Hayes, Gunns Limited to Mike Farrow, General Manager Operations and sales, Forestry Tasmania, dated 1 April 2011, re variation notice;

Document 63: Gunns Limited, Company Announcements Platform, Australian Securities Exchange, dated 1 April 2011, re Triabunna Mill;

Document 64: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Managing Director, Gunns Limited, dated 22 March 2011, re Status report – various matters;

Document 65: Synopsis of Meeting Gunns/FT 16 March 2011: take or pay dispute;

Document 66: Letter from Greg L'Estrange, Managing Director, Gunns Limited to Bob Gordon, Managing Director, Forestry Tasmania, dated 15 March 2011 re outstanding debts;

Document 67: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Managing Director, Gunns Limited, dated 10 March 2011, re Status report – various matters;

Document 68: Letter from Mike Farrow, General Manager, Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 2 March 2011, re deliveries to the Tamar Mill;

Document 69: Letter from Greg L'Estrange, Managing Director, Gunns Limited, to Bob Gordon, Managing Director, Forestry Tasmania, dated 22 February 2011, re notice of dispute – contract of sale 917;

Document 70: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Managing Director, Gunns Limited, dated 9 February 2011, re contract of sale no. 917 and no. 918;

Document 71: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Managing Director, Gunns Limited, dated 9 February 2011, re Notice of dispute – contract of sale 917;

Document 72: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Managing Director, Gunns Limited, dated 19 January 2011, re outstanding payment issues;

Document 73: Letter from Mike Farrow, General Manager, Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 14 December 2010, re meeting held 10 December 2010;

Document 74: Letter from Greg L'Estrange, Managing Director, Gunns Limited, to Bob Gordon, Managing Director, Forestry Tasmania, dated 1 December 2010, re contract of sale No. 917 and No. 918;

Document 75: Letter from Marius Nesar, Manager Forest products sales, Forestry Tasmania, to Bryan Hayes, Gunns Limited, dated 19 November 2010, re contract of sale 917 – take or pay (2009/10);

Document 76: Letter from Bryan Hayes, General Manager - Forest Products, Gunns Limited to Marius Nesar, Forestry Tasmania, dated 3 November 2010, re contract of sale 917 – take or pay (2009/10);

Document 77: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Managing Director, Gunns Limited, dated 27 October 2010, re outcomes of meeting on 20 October 2010;

Document 78: Letter from Mike Farrow, General Manager, Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 14 October 2010, re China sale;

Document 79: Letter from Bryan Hayes, Gunns Limited to Mike Farrow, General Manager Operations and sales, Forestry Tasmania, dated 6 October 2010, re China sale;

Document 80: Letter from Mike Farrow, General Manager, Operations and Sales, Forestry Tasmania to Bryan Hayes, Gunns Limited, dated 1 October 2010, re short payment iro China sale;

Document 81: Briefing note prepared for Bryan Green, Minister for Energy and Resources,

dated 30 June 2011, re Negotiations with Gunns re contracts 917 & 918;

Document 81A: Letter from Greg L'Estrange, Managing Director, Gunns Limited, to Bob Gordon, Managing Director, Forestry Tasmania, dated 30 June 2011, re new agreements;

Document 82: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Bill Kelty, dated 29 June 2011, re Forestry Tasmania's view of the Signatories Agreement dated 22nd June 2011;

Document 83: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Managing Director, Gunns Limited, dated 8 June 2010, re amounts outstanding for Log Supply;

Document 84: Letter from Bob Gordon, Managing Director, Forestry Tasmania to Greg L'Estrange, Managing Director, Gunns Limited, dated 7 May 2010, re Gunns debt;

Document 85: Email from Michael Wood to Bryan Hayes and Bob Gordon, dated 7 May 2010, re terms for shipments to China and attached deed of variation to contract 918;

Document 86: Email from Michael Wood to Tony Attwood, Lily Burgess, Hans Drielsma, Mike Farrow, Bob Gordon, Ken Jeffreys, John Mazengarb, Paul Smith, Martin Stone, Steve Whiteley, dated 29 April 2010, re dispute provisions within Gunns' wood supply agreement and attached Gunns dispute resolution procedures;

Document 87: Memorandum from Michael Wood and Hans Drielsma to Managing

Director, Forestry Tasmania, dated 4 December 2009, re contract of sale 918: Letter from Gunns CEO dated 30 November 2009;

Document 88: Letter from Marius Naser, Manager Forest Product Sales, Forestry Tasmania, to Bryan Hayes, Gunns Limited, dated 15 May 2009, re Contract of Sale 917 – Clause 4.5 (Take or Pay).

23. Documents received from Department of Treasury and Finance:

Document 1: Email from Tony Ferrall to Danny McCarthy re Probity Audit – Offer to Gunns Limited – Part 1, dated 12/9/2011;

Document 2: Email from Danny McCarthy to Tony Ferrall re Probity Outcome, dated 13/9/2011;

Document 3: Email from Tony Ferrall to Danny McCarthy re Probity Audit – Offer to GUNns Limited – Part 1A, dated 12/9/2011;

Document 4: Letter to Gunns Limited from the Premier, dated 26 August 2011 making an offer to settle (including copy of Deed);

Document 5: Email from Tony Ferrall to Danny McCarthy re Probity Audit – Offer to GUNns Limited – Part 1B, dated 12/9/2011;

Document 6: Letter to Forestry Tasmania (A Kloden) from the Premier dated 26 August making an offer to settle (including copy of Deed);

Document 7: Email from Tony Ferrall to Danny McCarthy re Probity Audit – Offer to GUNns Limited – Part 2, dated 12/9/2011;

Document 9: Letter dated 2 September 2011 from Gunns Ltd to the Premier rejecting the State's offer;

Document 10: Letter from Tony Burke faxed from the office of the Prime Minister to the Premier on 5 September 2011 indicating support for the process;

Document 11: Email from Tony Ferrall to Danny McCarthy re Probity Audit – Offer to Gunns Limited – Part 3;

Document 12: Letter dated 7 September from Gunns Ltd to Mark Sayer returning marked up copies of the draft deed and stating that they would accept an offer on \$23M;

Document 14: Email from Tony Ferrall to Danny McCarthy re Probity Audit – Offer to Gunns – Part 4;

Document 15: Undated letter from the Premier to Tony Burke advising the current status of the negotiations and requesting his agreement;

Document 16: Letter dated 9 September 2011 from Tony Burke advising the current status of the negotiations and requesting his agreement;

Document 17: 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;

Document 18: Undated letter from the Premier to Gunns making a further offer;

Document 19: Various copies of the three Deeds of Settlement attached to letters;

Document 22: Email from Tony Ferrall to Kim Hudson re: Documents to be tabled, dated 16/9/2011;

Document 23: Email from Tony Ferrall to Danny McCarthy re: 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, dated 15/9/2011;

Document 24: Email to Mark Sayer from Tony Ferrall re Notes on Probity Review for Media Discussion, dated 14/9/2011;

Document 25: Email from Tony Ferrall to Michael Stedman re forestry documents for release, dated 14/9/2011;

Document 27: Email from Tony Ferrall to Greg Johannes re Probity Audit, dated 12/9/2011;

Document 28: Email from Tony Ferrall to Mark Sayer re Probity Audit, dated 9/9/2011;

Document 29: Email from Tony Ferrall to Linda Voumard re preparing to release probity auditor advice, dated 2/9/2011;

Document 30: Email to Mark Sayer, Gary Swain and Rhys Edwards re Final copy of probity report, dated 24/8/2011;

Document 31: Email to Mark Sayer and Gary Swain re Probity Audit, dated 24/8/2011.

24. Documents received from Department of Premier and Cabinet:

Document 1: Memo B Green to L Giddings – GBE Act Section 10(6) Notice, dated 28/6/2011;

Document 2: Email J Cameron to L Giddings r – Gunns *Triabunna woodchip mill site*, dated 29/6/2011;

Document 3: Memo L Giddings to B Green – Forestry Tas – Profit Share Arrangement, dated 5/7/2011;

Document 4: Memo from Minister for Economic Development to M Kelleher on Loan

to Fibre plus attached memo from Treasurer to Minister on this subject, dated 5/7/2011;

Document 5: Letter to FIAT to B Green, dated 18/7/2011;

Document 6: Letter L Giddings to Gunns, dated 19/7/2011;

Document 7: Letter Gunns to L Giddings, dated 21/7/2011;

Document 8: Letter FIAT to L Giddings Re: Triabunna Woodchip Mill, dated 21/7/2011;

Document 9: Letter Bryan Green to Jan Cameron and Graeme Wood, dated 20/1/2012.

25. Documents received from Treasury and Finance:

Document 1: Email from TDR confirming that State has no loans with Gunns, dated 15/7/2011;

Document 2: Ministerial letter re request for loan assistance from Fibre Plus (Tas) to purchase Triabunna wood chip facility, dated 13/7/2011;

Document 3: Draft response for Minister for Economic Development to TDR – Loan Assistance, dated 5/7/2011;

Document 4: Memo to Minister for Economic Development re loan assistance for Fibre Plus, dated 5/7/2011;

Document 5: Email to Martin with links to Memo re Loan Assistance for Fibre Plus that was forwarded to the Treasurer, dated 5/7/2011;

Document 6: Scanned Probity Report and Letters for website, dated 20/9/2011;

Document 7: Scanned Deeds for website, dated 20/9/2011;

Document 8: Letter from Greg L'Estrange, Gunns, dated 2/9/2011;

Document 9: Forestry/Gunns Deed, dated 8/9/2011;

Document 10: Letter from Premier to Mr G L'Estrange, Managing Director, Gunns Limited, dated 26/8/2011;

Document 11: With covering letter – Wise Lord and Ferguson – Review of Process Gunns Limited and Forestry Tasmania – Intergovernmental Agreement, dated 24/8/2011;

Document 12: Memo from Treasurer to Minister for Energy and Resources, dated 26/8/2011;

Document 13: Probity Advice Terms of Reference, dated 16/8/2011;

Document 14: Email from Tony Ferrall re media release Jobs axed as woodchip mill closes Triabunna, dated 3/6/2011;

Document 15: Email from Greg L'Estrange re FTas – net position at 31 May, dated 21/6/2011;

Document 16: Email from Karen Vadasz re letter from Greg L'Estrange, dated 10/8/2011;

Document 17: Email from Tony Ferrall re Proposed Engagement – Review of process for determining Forestry Transactions, dated 16/8/2011;

Document 18: Email from Tony Ferrall re Fw: FT Deed/IGA, dated 17/8/2011;

Document 19: Email from Tony Ferrall re Request from Michael Leary of the DAC, dated 17/8/2011;

Document 20: Email from Bob Rutherford re: FW: emailing: Triabunna Wood Chip Mill – Briefing Note, Letter to the Treasurer, Government Business Enterprises Act 1995

(GBE Act) Section 10 (6) Notice, dated 28/6/2011;

Document 21: Email from Rhys Edwards re letter to Gunns, dated 16/8/2011;

Document 22: Email from Mark Sayer to Tony Ferrall re Premiers letter of offer and deeds, dated 9/9/2011;

Document 23: Email from Mark Sayer to Tony Ferrall re letter of offer from Premier, dated 9/9/2011;

Document 24: Email from Danny McCarthy to Tony Ferrall re IGA Gunns, dated 19/9/2011;

Document 25: Email from Mark Sayer to Tony Ferrall re Gunns ASX Announcement, dated 19/9/2011;

Document 26: Email from Nick Merse to Tony Ferrall re Forest Tasmania invoice copy, dated 22/9/2011;

Document 27: Email from Wayne Champan to Tony Ferrall re Gunns Limited Settlement, dated 23/9/2011;

Document 28: Email from Wayne Champan to Tony Ferrall re Invoice Settlement Gunns, dated 23/9/2011;

Document 29: Email from Cam Crawford re Gunns Release, dated 18/8/2011;

Document 30: Email from Tony Ferrall to Wayne Chapman re Settlement, dated 23/9/2011;

Document 31: Email from Tony Ferrall to Wayne Chapman re Settlement, dated 23/9/2011;

Document 32: Email from Tony Ferrall to Harvey Gibson re: Proposed Engagement – Review of process for determining Forestry Transactions, dated 16/8/2011;

Document 33: Email to Greg L'Estrange re Deeds forwarded by email 26/8/2011, dated 1/9/2011;

Document 34: Email from Tony Ferrall to Wayne Chapman re Executed Documents, dated 13/9/2011;

Document 35: Email from Tony Ferrall to Mark Sayer re Letter from Premier, dated 9/9/2011;

Document 36: Email to Mark Sayer from Tony Ferrall, dated 9/9/2011;

Document 37: Email from Tony Ferrall to Greg L'Estrange re: Deeds Forwarded by email 26/8/2011, dated 1/9/2011;

Document 38: Email to Nick Merse re Gunns letter, dated 4/7/2011;

Document 39: Email to Cam Crawford re FTas – net position at 31 May, dated 24/6/2011;

Document 40: Email to Tony Ferrall re Gunns ASX release, dated 18/8/2011;

Document 41: Email to Rhys Edwards re Proposed Engagement – Review of process for determining Forestry Transactions, dated 17/8/2011;

Document 42: Email to Gary Swain and Rhys Edwards Commercial in Confidence, dated 20/6/2011;

Document 43: Letter to Adrian Kloeden from the Premier re Additional Payment, dated 4/10/2011;

Document 44: Letter from Tony Burke on Sources of funding within Tasmanian Forests IGA, dated 23/9/2011;

Document 45: TF's notes on Probity Review for media discussion, dated 14/9/2011;

Document 46: Letter of response to Kloeden from Treasurer Min31403-4, dated 14/9/2011;

Document 47: Response from Treasurer to min31403-4 – L'Estrange, dated 14/9/2011;

Document 48: Letter from Premier to Forestry, dated 26/8/2011;

Document 49: Letter from Premier to Greg L'Estrange, Gunns, dated 26/8/2011;

Document 50: Advice to DEDTA proposed loan assistance to Fibre Plus, dated 16/6/2011;

Document 51: MJW File Note on Forestry Tasmania/Fibre Plus, dated 6/7/2011;

Document 52: Email to Tony Ferrall - \$1.1m log subsidy payment to Forestry Tasmani, dated 7/10/2011;

Document 53: Email – media release – Triabunna Mill, dated 1/4/2011;

Document 54: MIN52099 – Confirmation of Gunns Ltd and Forestry Tasmania agreement RE: Termination of Gunns former contracts for supply of sawlogs, dated 27/4/2012;

Document 55: Triabunna Port transfer, dated 4/5/2011;

Document 56: 2010-11 Transfer: Triabunna port funding from DIER, dated 6/5/2011;

Document 57: Advice to DEDTA Treasury advice on Triabunna mill loan, dated 16/6/2011;

Document 58: Advice from DEDTA Board decision on Triabunna mil loan, dated 17/6/2011;

Document 59: SPM advice re Triabunna tolling arrangement, dated 22/6/2011;

Document 60: Brief Forestry Tasmania – Financial Impacts – Triabunna, dated 19/7/2011;

Document 61: Triabunna Wharf lease, dated 13/10/2011;

Document 62: Memo to Minister for Infrastructure re Assignment of Triabunna Wharf Lease by Tasports, dated 18/10/2011;

Document 63: Email from Tony Ferrall to Martin Wallace re Triabunna – Tasports, dated 23/10/2011;

Document 64: Gunns Forestry Tasmania – Forestry Agreement, dated 23/6/2011;

Document 65: Clearance Sheet – Question Without Notice – Forestry Tasmania – Gunns Debts, dated 19/9/2011;

Document 66: Question without notice – Forrest – Gunns' debt to Forestry Tasmania, dated 19/9/2011;

Document 67: Exchange of letters between Premier Giddings and Minister Burke – Forestry Tasmania, Gunns and funding under the Tasmanian Forests Intergovernmental Agreement, dated 7/10/2011;

Document 68: Min 31403-6 Forestry Tasmania – Payment to FT under Deed of Release – Clause 35 TFA, dated 11/11/2011;

Document 69: Email from Tony Ferrall to Bob Gordon re Forestry Deeds of Release, dated 13/9/2011;

Document 70: Email from Tony Ferrall to Mark Sayer re Premiers Letter, dated 9/9/2011;

Document 71: Brief Forestry Tasmania – Financial Impacts – Triabunna, dated 19/7/2011;

Document 72: Glamorgan Spring Bay Council – Funding for Triabunna Port Studies (Transfer from DIER to DEDTA).

26. Documents received from Tasmanian Fire Service:

Document 1: Fire Investigation Report, Fire Incident, 555 Freestone Point Road Triabunna, 8th February 2014: TFS Incident Number:

214181;

Document 2: Fire Investigation Vegetation Fire, 555 Freestone Point Road Triabunna, 21st March 2014, TFS Incident Number: 215766.

27. Dr Julian Amos, Aide Memoir, tabled 10 November 2014

28. “Assessing Direct Government Subsidies Paid to Tasmanian Industries”, tabled by Dr Julian Amos, 10 November 2014.

APPENDIX C: Minutes

Wednesday, 16 July 2014

The Committee met in Committee Room 2 Parliament House, Hobart at 9.03 a.m.

Members Present:

Mr Barnett (Chair)

Mr Jaensch – via telephone

Ms O'Connor

Mr Shelton – via telephone – (proxy for Ms Courtney, Deputy Chair)

Ms White

Resolution of the House:

The Secretary distributed and read the Resolution of the House which established the Committee.

Consideration of Chair's reference:

The Committee discussed the Chair's proposed reference for an inquiry into the Triabunna woodchip mill and development opportunities for the Triabunna Community and surrounding regions with the following Terms of Reference:

- (a) The circumstances surrounding the closure, sale and ultimate dismantling of the Triabunna woodchip mill;
- (b) Identify development and other opportunities for the Triabunna

29. Jane Teniswood “Regional Tourism Snapshot: East Coast, Tasmania as at September 2014”, tabled 10 November 2014.

30. Tom Teniswood “Are you ready to make more of your business? The Coast is Open for Business”, tabled 10 November 2014.

- Community and the surrounding regions;
- (c) And matters related and incidental thereto.

Ms O'Connor proposed that the Terms of Reference be amended as follows:

DELETE ‘(a) The circumstances surrounding the closure, sale and ultimate dismantling of the Triabunna woodchip mill’; and
(b) Identify development and other opportunities for, DELETE, ‘Triabunna and the surrounding regions’ ... INSERT ‘struggling communities in regional Tasmania including, but not limited to, Triabunna, Queenstown, Scottsdale and the surrounding regions’.

The Chair put the question that the proposed amendment be agreed to.

The Committee Divided

Ayes

Ms O'Connor

Ms White

Noes

Mr Barnett

Mr Jaensch

Mr Shelton

The question was resolved in the negative.

In respect to proceeding with the inquiry the Committee;

Resolved, That the reference be adopted.
(Mr Shelton)

Ms O'Connor expressed her opposition and asked that it be noted.

Advertisement:

The Committee considered the draft newspaper advertisement seeking public submissions to the inquiry and the closing date for submissions.

Resolved; That the advert be placed in the three major Tasmanian newspapers for Saturday 19 July 2014 and also in community papers around the Triabunna region.
(Mr Jaensch)

Resolved, That the closing date for submissions be Monday, 18 August 2014. (Mr Shelton)

Nomenclature:

The Committee agreed that the inquiry be referred as:

'The Inquiry into the Triabunna Woodchip Mill and Future Development Opportunities for the Triabunna Region'

Public Hearings:

The Committee discussed possible dates for public hearings and agreed to proceed with Tuesday 12 August 2014 for Hobart hearings and Wednesday 13 August 2014 at Triabunna.

Witnesses:

The Chair provided the following list of witnesses to be invited to public hearings:

1. Greg L'Estrange - Former CEO Gunns Ltd
2. Graeme Wood
3. Jan Cameron
4. Alec Marr
5. John Van Tiggellen - Editor of *The Monthly*
6. Tasmanian Forest Agreement signatories including:
7. Terry Edwards - FIAT
8. Vica Bailey - Wilderness Society
9. Bob Gordon - Former FT
10. Unsuccessful bidders for the Mill
11. Mayor, Councillors and GM of Glamorgan – Spring Bay Council
12. Triabunna/Orford Chamber of Commerce
13. Triabunna community representatives

Public Servants

1. Secretary of DPAC

2. Secretary of DIER
3. CEO of Tasports
4. Other relevant public servants

Members and Former Members of Parliament

1. Lara Giddings MP - Premier of Tasmania at the time of the sale and closure.
2. Bryan Green MP - Minister for Resources and Deputy Premier at the time of the sale and closure.
3. Brian Wightman - Attorney General at time of sale and closure.
4. David O'Byrne - Infrastructure Minister.
5. Nick McKim MP - Greens leader at time of sale and closure, member of Cabinet

Ms O'Connor and Ms White expressed concern in relation to the witness list as presented – stating that it inadequately addressed the Terms of Reference relating to 'development opportunities' – the Committee agreed to ask all members to forward suggested witness for future hearings to the Secretary.

The Committee *Resolved;* That the witnesses as listed be invited to hearings of the Committee in conjunction with others who Members may wish to add at a later date.
(Mr Shelton)

Research Officers:

Resolved; That unless otherwise ordered, Officers of the Parliamentary Research Service be admitted to the proceedings of the Committee whether in public or private session. (Mr Shelton)

Deputy Chair:

In the absence of Ms Courtney, the Chair sought nominations for the position of Deputy Chair. Mr Jaensch nominated Mr Shelton, who accepted the nomination. There being no other nominees Mr Shelton was duly elected.

At 9.40 a.m. the meeting was adjourned until 12 August next.

Friday, 25 July 2014

The Committee met in Committee Room 2
Parliament House, Hobart at 1.10 p.m.

Members Present:

Mr Barnett (Chair) via telephone
Mr Jaensch – via telephone
Ms O'Connor
Mr Shelton – via telephone
Ms White – via telephone

Minutes:

The minutes of the meeting held on Wednesday 16 July 2014 were circulated, read and confirmed as amended. (Mr Shelton)

Orders for papers:

The Committee considered the following motions:
(A) That the Committee Order Tasports Pty Ltd to provide:

1. Any document between the stakeholder Minister or Ministers and Tasports Pty Ltd or their delegates or agents of the same in respect of or directing the assignment, novation, transfer or otherwise of any lease of any Tasports infrastructure at Triabunna or in the Spring Bay area from Gunns Ltd (or their subsidiary company known as Tasmanian Pulp & Forest Holdings Ltd) to Triabunna Investments Pty Ltd.
2. Any lease or contract document or documents between Tasports Pty Ltd (or the Hobart Ports Corporation) and Gunns Ltd (or their subsidiary company known as Tasmanian Pulp & Forest Holdings Ltd or any company incidental thereto) over infrastructure currently owned by Tasports Pty Ltd at Triabunna or in the Spring Bay area.
3. Any lease or contract document or documents between Tasports Pty Ltd and Triabunna Investments Pty Ltd (or company related thereto) over infrastructure currently owned by Tasports Pty Ltd at Triabunna or in the Spring Bay area.
4. Any documents related to the formation of the leases noted above in paragraphs 2 & 3.
5. Any correspondence or other documents between Tasports Pty Ltd and the following persons in respect of the Triabunna woodchip mill:
 - a) Gunns Ltd or their subsidiaries
 - b) Triabunna Investments Pty Ltd
 - d) Mr Gregory Phillip L'Estrange
 - e) Mr Graeme Wood AM
 - f) Ms Janet Heather "Jan" Cameron
 - g) Mr Alexander "Alec" Marr

6. Any other documents relevant to the terms of reference of the inquiry advertised in *The Mercury* on Saturday 19 July 2014."

- (B) That the Committee Order the Environmental Protection Agency to provide the following documents:
- a) the Decommissioning and Rehabilitation Plan approved the EPA for the Triabunna woodchip mill site formerly owned by Gunns Limited and currently owned by Triabunna Investments Pty Ltd.
 - b) Documents and correspondence related and incidental to the Decommissioning and Rehabilitation Plan for the Triabunna mill site.
 - c) The permit issued by the EPA or its predecessor for the operation of the Triabunna woodchip mill by Gunns Limited or its subsidiary.
 - d) Any other documents relevant to the terms of reference of the inquiry advertised in *The Mercury* on Saturday 19 July 2014."

(C) That the Committee Order the Administrators and Receivers of Gunns Limited to provide the following:

A. That the Administrators and Receivers of Gunns Limited (in Liquidation) to provide a copy of the sale agreement between Triabunna Investments Pty Ltd (or subsidiaries) (the Purchaser) and Gunns Limited and/or Australian Pulp and Forest Holdings Limited (or its subsidiaries) (the Vendor) for the sale of the Triabunna woodchip mill located at 555 Freestone Point Rd Triabunna.

Further orders the Administrators and Receivers of Gunns Limited (in Liquidation) to provide copies of all documents related or incidental to the following:

- a) The formation or performance of the agreement of sale between the Vendor and the Purchaser;
- b) Negotiations between the Vendor and the Purchaser or negotiation or communications between any attempted purchaser for the purchase of the Triabunna mill or person providing an Expression of Interest in its purchase.
- c) Any other matters within the terms of reference of this inquiry.

B. That the Committee requests Triabunna Investments Pty Ltd (or its subsidiaries) to provide a copy of the sale agreement between Triabunna Investments Pty Ltd (the Purchaser) and Gunns Limited and/or Australian Pulp and Forest Holdings Limited (or its subsidiaries) (the Vendor) for the sale of the

Triabunna woodchip mill located at 555 Freestone Point Rd Triabunna.

Further requests Triabunna Investments Pty Ltd to provide copies of all documents related or incidental to the following:

- a) The formation or performance of the sale agreement between the Vendor and the Purchaser;
- b) Negotiations between the Vendor and the Purchaser for the purchase of the Triabunna mill.
- c) Documents related to the tender process for the operation of Triabunna mill.
- d) Any other matters within the terms of reference of this inquiry.

A discussion arose.

Ms O'Connor questioned the need to 'Order' the production of documents, in the first instance, rather than the Committee request that they be provided.

The Chair explained that this was necessary in order not to extend the time of the inquiry.

Resolved; That the Committee Order Tasports Pty Ltd to provide the following:

1. Any document between the stakeholder Minister or Ministers and Tasports Pty Ltd or their delegates or agents of the same in respect of or directing the assignment, novation, transfer or otherwise of any lease of any Tasports infrastructure at Triabunna or in the Spring Bay area from Gunns Ltd (or their subsidiary company known as Tasmanian Pulp & Forest Holdings Ltd) to Triabunna Investments Pty Ltd.
2. Any lease or contract document or documents between Tasports Pty Ltd (or the Hobart Ports Corporation) and Gunns Ltd (or their subsidiary company known as Tasmanian Pulp & Forest Holdings Ltd or any company incidental thereto) over infrastructure currently owned by Tasports Pty Ltd at Triabunna or in the Spring Bay area.
3. Any lease or contract document or documents between Tasports Pty Ltd and Triabunna Investments Pty Ltd (or company related thereto) over infrastructure currently owned by Tasports Pty Ltd at Triabunna or in the Spring Bay area.
4. Any documents related to the formation of the

leases noted above in paragraphs 2 & 3.

5. Any correspondence or other documents between Tasports Pty Ltd and the following persons in respect of the Triabunna woodchip mill:

- a) Gunns Ltd or their subsidiaries
- b) Triabunna Investments Pty Ltd
- d) Mr Gregory Phillip L'Estrange
- e) Mr Graeme Wood AM
- f) Ms Janet Heather "Jan" Cameron
- g) Mr Alexander "Alec" Marr

6. Any other documents relevant to the terms of reference of the inquiry advertised in *The Mercury* on Saturday 19 July 2014."(Mr Shelton)

Resolved; That the Committee Order the Environmental Protection Agency to provide the following documents:

- a) the Decommissioning and Rehabilitation Plan approved the EPA for the Triabunna woodchip mill site formerly owned by Gunns Limited and currently owned by Triabunna Investments Pty Ltd.
- b) Documents and correspondence related and incidental to the Decommissioning and Rehabilitation Plan for the Triabunna mill site.
- c) The permit issued by the EPA or its predecessor for the operation of the Triabunna woodchip mill by Gunns Limited or its subsidiary
- d) Any other documents relevant to the terms of reference of the inquiry advertised in *The Mercury* on Saturday 19 July 2014." (Mr Shelton)

Resolved; That the Committee Order the Administrators and Receivers of Gunns Limited to provide the following:

A. That the Administrators and Receivers of Gunns Limited (in Liquidation) to provide a copy of the sale agreement between Triabunna Investments Pty Ltd (or subsidiaries) (the Purchaser) and Gunns Limited and/or Australian Pulp and Forest Holdings Limited (or its subsidiaries) (the Vendor) for the sale of the Triabunna woodchip mill located at 555 Freestone Point Rd Triabunna.

Further orders the Administrators and Receivers of Gunns Limited (in Liquidation) to provide copies of all documents related or incidental to the following:

- a) The formation or performance of the agreement of sale between the Vendor and the Purchaser;
- b) Negotiations between the Vendor and the

Purchaser or negotiation or communications between any attempted purchaser for the purchase of the Triabunna mill or person providing an Expression of Interest in its purchase.

c) Any other matters within the terms of reference of this inquiry.

B. That the Committee requests Triabunna Investments Pty Ltd (or its subsidiaries) to provide a copy of the sale agreement between Triabunna Investments Pty Ltd (the Purchaser) and Gunns Limited and/or Australian Pulp and Forest Holdings Limited (or its subsidiaries) (the Vendor) for the sale of the Triabunna woodchip mill located at 555 Freestone Point Rd Triabunna.

Further requests Triabunna Investments Pty Ltd to provide copies of all documents related or incidental to the following:

- a) The formation or performance of the sale agreement between the Vendor and the Purchaser;
- b) Negotiations between the Vendor and the Purchaser for the purchase of the Triabunna mill.
- c) Documents related to the tender process for the operation of Triabunna mill
- d) Any other matters within the terms of reference of this inquiry. (Mr Shelton)

Witness List:

The Chair expressed his concern at reports that the Committee's draft list of potential witnesses had been published on the internet.

A discussion arose.

Ms O'Connor and Ms White also expressed concern that documents confidential to the Committee had been made public.

Ms O'Connor suggested, and the Committee agreed, that Members should examine their office procedures to discover how this document was made public.

Further witnesses:

Ms O'Connor proposed that the Committee invite EPA, CEO Mr Alec Schaap and Mr Simon Currant. The Committee agreed.

Ms White asked that the following be also invited to appear before the Committee.

Regional development Australia- Tasmania

University of Tasmania - institute for regional development
Australian innovation research centre
The Australia institute - Andrew Macintosh
Mr Saul Eslake
The Minister for growth, Matthew Groom; and
Senator Eric Abetz, Federal Employment Minister.

The Committee deliberated and whilst agreeing with the suggested witnesses some felt that it was not appropriate for the Federal Employment Minister to appear.

The Chair put the question that Senator Abetz be invited to appear before the Committee.

The Committee Divided

Ayes	Noes
Ms O'Connor	Mr Barnett
Ms White	Mr Jaensch
	Mr Shelton

The question was resolved in the negative.

Mr Jaensch also suggested that the Committee consider inviting the Department of State Growth to brief the Committee on the Regional Economic Development Plan.

Hearing Dates:

Due to the number of witnesses being invited to the Hobart hearings the Committee agreed that both 12 and 13 August next be used to hear evidence in Hobart.

At 2.00 p.m. the meeting was adjourned until 12 August next.

Friday, 8 August 2014

The Committee met in Committee Room 2
Parliament House, Hobart at 3.05 p.m.

Members Present:

Mr Barnett (Chair) via telephone
Mr Jaensch – via telephone
Ms O'Connor
Mr Shelton – via telephone
Ms White – via telephone

Minutes:

The minutes of the meeting held on Friday 25 July 2014 were circulated, read and confirmed. (Mr Jaensch)

Publication of submissions:

The Committee discussed the publication of submissions.

Ms White suggested that this matter be further considered at the next meeting to give Members time to read the submissions.

Resolved, That the Committee meet prior to the first witness on Tuesday 12 August next to make a decision on which submissions are to be published. (Mr Shelton)

Public hearings schedule:

Resolved, That the schedule for the public hearings on 12 and 13 August next be placed on the Parliamentary Web Site at 12 noon on Monday 11 August next.

Further witnesses:

The Chair proposed that the following witnesses be invited to appear before the Committee: - Mr Bryan Hayes, Gunns Limited, Mr Wayne Chapman, Secretary, Gunns Limited and Mr Robert Eastment, forestry consultant.

Resolved; That Mr Bryan Hayes, Mr Wayne Chapman and Mr Robert Eastment be invited to appear before the Committee. (Mr Shelton)

Request for confidential submission:

The Committee considered a request from a member of the public for a written submission to be treated as confidential.

Resolved; That the request for confidentiality be granted. (Mr Shelton)

Hearing dates:

The Committee discussed possible dates for future hearings.

Resolved, That Monday 22 and Tuesday 23 September be set aside for further hearings. (Mr Shelton)

Media Release:

Resolved, That the Chair release a statement to the

press to alert the public about the Committee's hearings. (Mr Shelton)

At 3.30 p.m. the meeting was adjourned until 12 August next.

Tuesday, 12 August 2014

The Committee met in Committee Room 2 Parliament House, Hobart at 9.04 a.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch
Ms O'Connor
Mr Shelton
Ms White

Minutes:

The minutes of the meeting held on Friday 8 August 2014 were circulated, read and confirmed as true and accurate record. (Mr Jaensch)

Publication of submissions:

The Committee considered the following motion:

That pursuant to the provisions of Standing Order 363, the following submissions be published:-

Submission 1 Mr David Zani

Submission 2 Mr Alec Marr

Attachment 1 An ecologically responsible *modus operandi* for woodchip exports from Triabunna
Attachment 2 EPA letter dated 18 October 2013 re: Guidelines

Attachment 3 Decommissioning and Rehabilitation Plan

Attachment 4 EPA letter dated 4 Feb 2014 Decommissioning Approval

Submission 3 Mr Tony Bennett

Submission 4 Mr Mark Cornelius

Submission 5 Mr Alex Schaap, Director, EPA

Attachment 1 Licence to operate scheduled premises - conditions

Attachment 2 Environment Protection Notice No. 7942/1

Attachment 3 Environment Protection Notice No. 8631/2
Attachment 4 Letter dated 18 Oct 2013 to Alec Marr - Triabunna Investments Pty Ltd – Triabunna Woodchip mill Notification of Cessation
Attachment 5 Decommissioning and Rehabilitation Plan Site of Triabunna Mill Triabunna Investments Pty Ltd January 2014
Attachment 6 Letter dated 4 Feb 2014 to Alec Marr – Approval of Decommissioning and Rehabilitation Plan Triabunna Woodchip Mill
Attachment 7 Letter dated 29 May 2014 to Stuart Loone – Environment Protection Notices 8631/3 & 9035/1 Triabunna Investments Pty Ltd – Triabunna Woodchip Mill
Attachment 8 Environmental Protection Notice No. 8631/3
Attachment 9 Environmental Protection Notice No. 9035/1
Attachment 10 Tasmanian Planning Commission – Draft Amendment 01/14 to the Glamorgan Spring Bay Planning Scheme 1994
Attachment 11 Letter dated 20 June 2014 to Roger Howlett – Draft Amendment 01/14 – Glamorgan Spring Bay Planning Scheme
Attachment 12 Letter to Alex Schaap dated 24 June 2014 Decommissioning and Rehabilitation Plan Extension Request Attachment 13 Letter Stuart Loone 3 July 2014 – Extension to Date of Completion.

Submission 6 Mr Leon Hawker, CEO, Australian Bauxite Limited

Submission 7 Mr Chris Roberts

Submission 8 Terry Edwards, CEO, Forest Industries Association of Tasmania

Submission 9 Dr Dan Norton AO, Chairman, Tasports and attachments 1 - 35

Submission 10 Mr Andrew Morgan, Managing Director, SFM forest products

Submission 11 Mr David Metcalf, General Manager, Glamorgan Spring Bay Council

The Committee agreed that the submissions should be published except for submission 4, Mr Cornelius and Submission 9, Tasports until the Committee

had an opportunity to hear from the authors in relation to their confidentiality concerns.

Resolved, That Submissions, 1, 2, 3, 5, 6, 7, 8, 10 and 11 be taken into evidence and made public. (Mr Shelton)

Evidence:

Resolved, That the Monthly magazine article by John Van Tiggelen in the July, 2014 issue entitled – The Destruction of the Triabunna Mill and the Fall of Tasmania’s Woodchip Industry – be taken into evidence. (Mr Jaensch)

Register of Interest:

The Chair informed the Committee of a share in a family company that has a shares in Gunns Limited wood lots.

Witnesses:

Mr Ron O’Connor via telephone from Queensland was called and examined in public. Mr Mark Sealy was called, made the Statutory Declaration and was examined in public.

Papers:

Mr Sealy tabled the following papers:

- Email dated 11 August 2014 to Mark Sealy from Bob Homer Finance Hotline Pty Ltd.
- Statement of Mark Sealy to the House of Assembly Community Development Committee.

The witnesses withdrew.

Suspension of sitting:

At 10.20 am the sitting was suspended until 10.50 am.

Witness:

Mr Leigh Arnold was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Witness:

Mr Robert Torenus was called. The witness made the Statutory Declaration and was examined by the Committee in public.

Paper:

The Mr Torenus tabled the following paper:

- Email dated 18 July 2014 from Carmel Torenus to Adrian Lacey re: correspondence with Alec Marr.

The witness withdrew.

Witness:

Mr Ken Hughes was called. The witness made the Statutory Declaration and was examined by the Committee in public.

Papers:

Mr Hughes tabled the following papers:

- Invoice from Kellara Transport to Timber World Pty Ltd dated 12/11/2013
- Invoice from Kellara Transport to Timber World Pty Ltd dated 20/11/2013
- Invoice from Kellara Transport to Timber World Pty Ltd dated 18/2/2014

The witness withdrew.

Suspension of sitting:

At 12.30 pm the meeting was suspended until 2.00 pm

Witnesses:

Mr Glenn Britton, Chairman and Mr Terry Edwards, CEO, Forest Industries Association of Tasmania, were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

The witnesses withdrew.

Witness:

Mr Steve Whiteley, CEO, Forestry Tasmania, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

Papers:

The witness tabled the following papers:

- Letter dated 21 December 2011, to General Manager, Triabunna Investments from Bob Gordon re: Expression of Interest to Operate the Triabunna Woodchip Mill.
- Letter dated 16 March 2012 to Alec Marr from Bob Gordon re: Re-opening of the Triabunna Woodchip Mill

The witness withdrew

Correspondence received:

The Chair tabled a letter dated 12 August 2014 addressed to Guy Barnett, MP from Peters Linnette

Lawyers acting on behalf of Ms Jan Cameron.

Evidence:

Resolved, That the submission from Ms Debbie Wisby be taken into evidence and made public. (Mr Shelton)

Resolved, That the documents tabled this day be taken into evidence. (Mr Shelton)

Resolved, That the correspondence from Ms Jan Cameron be made public. (Mr Jaensch)

At 4.47 p.m. the meeting was adjourned until 13 August next.

Wednesday, 13 August 2014

The Committee met in Committee Room 2 Parliament House, Hobart at 9.55 a.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch
Ms O'Connor
Mr Shelton
Ms White

Media Release:

The Chair tabled a media release from Mr Graeme Wood – entitled Triabunna Inquiry Exceeds Authority of Parliament.

Written advice:

The Chair also tabled written advice from the Deputy Clerk of the House affirming the Committee's right to conduct its inquiry into the Triabunna woodchip mill.

Briefing from the Clerk of the House:

The Clerk of House met with the Committee and reiterated that: "as a creature of the House the proceedings of the Community Development Committee, which would include whether or not an inquiry is undertaken by the Committee is being properly conducted, are subject only to the supervision of the House itself."

Documents made public:

Resolved, That the media release from Mr Graeme Wood and the written advice from the Deputy Clerk of the House be made public. (Mr Jaensch)

Witness:

Mr Robert Eastment was called. The witness made the Statutory Declaration and was examined by the Committee in public.

Papers:

The witness tabled the following papers:

- Graphs showing hardwood chip exports by States and Years
- Graph showing hardwood plantation by State
- Book entitled – Industry Edge – Forest & Wood Strategic Review 2013

The witness withdrew.

Correspondence:

The Chair read into Hansard the letter received from Linnette Lawyers acting for Ms Jan Cameron.

Witness:

Mr Alex Schaap, Director, Environment Protection Authority, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Suspension of sitting:

At 11.57 am the meeting was suspended until 12.15 pm.

Witness:

Ms Debbie Wisby, Orford Triabunna Chamber of Commerce, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

Paper:

The witness tabled the following paper.

- Copy of submission

The witness withdrew.

Suspension of sitting:

At 1.10 pm the meeting was suspended

until 2.10 pm.

Mr Bob Gordon, Former Managing Director, Forestry Tasmania was called.

The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Witnesses:

Mr Dan Norton, Chair and Mr Paul Weedon, Chief Executive Officer, Tasports were called. The witnesses made the Statutory Declaration and were examined by the Committee both in Camera and in public.

In Camera evidence heard from 3.18 pm until 3.43 pm.

The witnesses withdrew.

Suspension of sitting:

At 4.33 pm the meeting was suspended until 4.37 pm

Witness:

Mr Peter Skillern, Policy and Advocacy Manager, Tasmanian Farmers and Graziers Association and Mr Mark Cornelius were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

Declaration of interest:

Mr Shelton advised the Committee that he is a member of the TFGA.

Status of submission:

The Committee discussed with Mr Cornelius his request for his written submission to be confidential. Mr Cornelius withdrew his request and agreed that the submission could be made public.

The witnesses withdrew.

Evidence:

Resolved, That the documents tabled on this days sitting be taken into evidence. (Mr Shelton)

At 5.30 p.m. the meeting was adjourned until a date to be fixed.

Friday, 15 August 2014

The Committee met in Committee Room 2
Parliament House, Hobart at 11.02 a.m.

Members Present:

Mr Barnett (Chair) via telephone
Mr Jaensch – via telephone
Ms O'Connor
Mr Shelton – via telephone
Ms White – via telephone

Publication of submissions:

The Committee considered the following motions:
That pursuant to the provisions of Standing Order 363, the following submissions be published:-

Submission No. 4 from Mr Mark Cornelius and
Submission No. 13 from Mr Denis Iles

Resolved, That submission No. 4 and No. 13
be made public.
(Mr Shelton)

The Committee also considered the submission
from Dr Dan Norton AO, Director, Tasports
including:

Attachment 1 Email from Norm McIlfratrick
to Geoff Duggan dated 19 September 2011
re: assignment of wharf lease to
Triabunna Investments.

Attachment 2 Letter to Hon David O'Byrne
from Paul Weedon dated 13 October 2011
re: assignment of wharf lease to
Triabunna Investments.

Attachment 3 Letter to Paul Weedon from
Premier Lara Giddings and David O'Byrne
dated 25 October 2011 re: assignment of
wharf lease.

Attachment 4 Hobart Ports Corporation
Pty Ltd and Gunns Limited Lease of
Triabunna Wharf, Spring Bay, Tasmania

Attachment 5 Letter dated 15 July

2011 from Kathryn Speed, Page Seager
Lawyers to Jacinta French re: assignment
of lease Triabunna wharf

Attachment 6 Letter dated 19 July 2011
from Jacinta French, Murdoch Clarke
to Kathryn Speed, Page Seager re:
Triabunna Investments assignment of
lease – Triabunna wharf.

Attachment 7 Letter dated 22 July 2011
to Jacinta French from Kathryn Speed
re: Assignment of lease Triabunna wharf.

Attachment 8 Letter dated 26 July 2011
from Ben Swain, Murdoch Clarke to
Page Seager, Kathryn Speed re:
Triabunna Investments assignment of
lease – Triabunna Wharf.

Attachment 9 Letter dated 3 August
2011 from Kathryn Speed to Jacinta
French re: Assignment of lease for Triabunna
wharf.

Attachment 10 Letter dated 8 August
2011 from Jacinta French to Kathryn
Speed re: Tasports and request for
assignment of Triabunna wharf lease from
Gunns Limited to Triabunna Investments
Pty Ltd.

Attachment 11 Email dated 23 August
2011 from Bryan E Hayes to David Philips
re: assignment of Triabunna wharf
lease to Triabunna Investments.

Attachment 12 Letter dated 26 August
2011 from Brett Cassidy, Page Seager
to Jacinta French, Shields Heritage and Ben
Swain, Murdoch Clarke re. Triabunna wharf
assignment

Attachment 13 Letter dated 6 September 2011
from Brett Cassidy, Page Seager to Jacinta
French, Shields Heritage and Ben Swain, Murdoch
Clarke re: Tasports – Triabunna wharf assignment.

Attachment 14 Letter dated 19 September 2011
from Brett Cassidy, Page Seager to Jacinta
French, Shields Heritage and Ben Swain,
Murdoch Clarke re: Tasports – Triabunna
wharf assignment.

Attachment 15 Letter dated 6 October 2011 from Brett Cassidy, Page Seager to Jacinta French, Shields Heritage and Ben Swain, Murdoch Clarke re: Tasports – Triabunna wharf assignment.

Attachment 16 Letter dated 15 November 2011 from Mark Rapley, Page Seager to David Philips re: assignment of lease Triabunna wharf.

Attachment 17 Letter dated 2 January 2013 from Ailsa Sypkes, Tasports, Legal Counsel, to Directors Triabunna Investments re: Lease of Triabunna wharf.

Attachment 18 Letter dated 3 January 2013 from Ben Swain, Murdoch Clarke to Tasports re: lease of Triabunna wharf to Triabunna Investments

Attachment 19 Letter dated 9 January 2013 from Ailsa Sypkes, Tasports, Legal Counsel, to Directors Triabunna Investments re: Lease of Triabunna wharf to Triabunna Investments.

Attachment 20 Letter dated 18 January from Ben Swain, Murdoch Clarke to Tasports re: Lease of Triabunna wharf to Triabunna Investments.

Attachment 21 Letter dated 27 April 2012 from Sean McArdle, Property Development Officer, Tasports to Alec Marr re: Lease Triabunna wharf.

Attachment 22 Letter dated 25 January 2013 from Alisa Sykes, Legal Counsel, Tasports to Directors Triabunna Investments re: Lease of Triabunna wharf.

Attachment 23 Email dated 24 October 2013 from Justin Clements to Philip Cooke re: Triabunna Electrical Supply

Attachment 24 Email dated 8 November 2013 from Craig Heron to Graeme Wood re: advice on capabilities of the wharf structure at Triabunna.

Attachment 25 Document – Triabunna

Wharf Lease

Attachment 26 Letter dated 15 April 2014 from Craig Heron, Tasports to The Directors Triabunna Investments re: removal of equipment from Triabunna wharf by Triabunna Investments.

Attachment 27 Document – Question Time Brief for Minister for Infrastructure dated 17/4/14 Triabunna Wharf Lease.

Attachment 28 Email dated 6 June 2014 from Graeme Wood to Kevin Moore re: Triabunna wharf.

Attachment 30 Email dated 14 July 2014 from Kevin Moore to Graeme Wood re: Wharf purchase.

Attachment 31 Email dated 25 July 2014 from Graeme Wood to Kevin Moore re: Triabunna Ship Loader – Demolition.

Attachment 32 Letter dated 24 July 2014 from Phil Cooke, Tasports to Jesse Brunskill, Hazell Bros Group re: Triabunna Demolition.

Attachment 34 Letter dated 25 October 2011 from Denis Bignold, Vice President, Orford Triabunna Chamber of Commerce re: continued closure of the Triabunna woodchip mill.

Attachment 35 Extract from Hansard dated Tuesday 6 December 2011.

Resolved, That the Tasports submission be made public with the exception of attachment No. 29 and No. 33. (Mr Jaensch)

Status of documents received from Gunns Limited Receivers and Administrators:

The Committee questioned the commercial-in-confidence status of the majority of documents provided by KordaMentha.

The Committee also noted that it had not

received documents relating to Gunns notification to Triabunna Investments on its satisfaction with the Statement of Forest Principles in accordance with the sale agreement.

Resolved, That the Committee write to KordaMentha and ask for the 'Notification' document and to show cause why the documents provided to the Committee should not be made public within seven days.
(Mr Jaensch)

At 3.30 p.m. the meeting was adjourned until a date to be fixed.

Wednesday, 3 September 2014

The Committee met in Committee Room 3
Parliament House, Hobart at 2.00 p.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch
Ms O'Connor
Mr Shelton
Ms White

Minutes:

The minutes of meetings held on 12, 13 and 15 August 2014 and circulated, read and confirmed as a true and accurate record.
(Mr Shelton)

Late Submissions:

Resolved; That late submissions from Ms Kelly Wilton and Mr Greg L'Estrange be received and taken into evidence.
(Mr Shelton)

Request for information:

The Committee considered draft correspondence addressed to the Secretary of Treasury and the Secretary of Premier and Cabinet and CEO of Forestry Tasmania seeking information and documents in relation to the sale of the Triabunna woodchip mill, in particular:

1. Any documents between any officer,

employee, contractor of [DTAF / DPAC / FT] and/or the following persons (including documents between the following);

- a) The former Premier, Ms Giddings;
- b) The former Minister for Resources, Mr Green;
- c) Staff of the aforementioned;
- d) Staff of the Department of Premier and Cabinet;
- e) Staff of the former Department of Infrastructure, Energy and Resources; Minister staff or any person in the federal government

f) Any other person

regarding the following matters;

- a) The sale, closure and dismantlement of the Triabunna Woodchip Mill formerly owned by Gunns Limited through their subsidiary;
- b) The payment of any sums of money by the Crown in Right of the State of Tasmania to Gunns Limited or Forestry Tasmania in regards Gunns exit of native forest logging or on similar terms;
- c) The negotiation of the payment of the aforementioned sums of money;
- c) The negotiation, preparation or signing of any Deed or Deeds between The Crown, Gunns Limited and Forestry Tasmania settled on or about September 2011.
- d) Advice given in regards the claims by and against Gunns Limited in respect of a contractual dispute over log supply contracts 917 and 918.
- e) The Triabunna port and related infrastructure currently owned by Tasports.

3. Any advice provided by any legal practitioner in 2011 in respect of the claims by and against Gunns Limited over log supply contracts.

4. Minutes of any meeting held in regards matters listed in paragraph 1 above.

5. Minutes or documents related to any meeting in the possession of the Department regarding the matters listed in paragraph 1 above.

6. Any other documents relevant to the

scope of the inquiry.

Please be advised that documents may be marked “Commercial - In Confidence” or “Privileged” and will be treated as such unless the Committee orders otherwise.

Forestry Tasmania was also asked to provide a submission on the impact, including the provision of particulars, on Forestry Tasmania of the payment of monies under Deeds settled on or about September 2011 between the Crown, Forestry Tasmania and Gunns Limited.

The Chair moved that the draft letters be amended with the addition of:
Any documents referred to in the letter from Wise Lord and Ferguson to Mr T. Ferrall, Deputy Secretary, Department of Treasury and Finance, dated 13 September 2011, together with documents and advice reviewed in the attached provided by Wise Lord and Ferguson.

Resolved; That the Committee approve the above draft letters as amended and forward them to the Secretary of the Department of Treasury and Finance and the Secretary of the Department of Premier and Cabinet and the CEO of Forestry Tasmania with a response date of 18 September next.
(Mr Shelton)

Future Witnesses:

Resolved; That the following witnesses be called: Mr Scott Arnold, Artec, Mr Darren Oates, Mr Bob Horner, Financier, Mr Tony Stonjek, Mr Andrew Morgan, Mr Les Walkden and Associate Professor Graeme Wells, University of Tasmania.
(Mr Shelton)

At 2.14 p.m. the meeting was adjourned until a date to be fixed.

Thursday, 4 September 2014

The Committee met in House of Assembly Long Room, Hobart at 2.25 p.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch
Ms O'Connor
Mr Shelton

Apology:

Ms White

Motion to publish submissions:

The Committee considered the publishing of recently received submissions.

Resolved, That the following submissions be published:

No. 14 Mr John Lawrence
No. 16 Mr Colin Howlett
No. 17 Mr Graeme Elphinstone
No. 18 Mr Don McShane
No. 19 Mr Graeme Wood
No. 20 Tasmanian Farmers and Graziers Association
No. 21 Mr George Harris (Mr Shelton)

At 2.30 p.m. the meeting was adjourned until a date to be fixed.

Monday, 22 September 2014

The Committee met in Committee Room 1 Parliament House, Hobart at 9.06 a.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch
Mr Shelton
Ms White
Ms O'Connor

Minutes:

The minutes of meetings held on 17 September 2014 were circulated read and confirmed as a true and accurate record.
(Mr Jaensch)

Letter to Steve Whiteley:

The Chair circulated a letter in reply to the letter from Forestry Tasmania, CEO, Mr Steve Whiteley 18 September 2014 which accompanied documents ordered by the Committee.

The letter asked Mr Whiteley to show cause why certain documents provided to the

Committee should remain confidential.

Resolved, That the letter be forwarded to Mr Whiteley and in the absence of a response or not being satisfied with the reasons for non-disclosure the Committee would be at liberty to move a motion for the entirety of the documents provided by Forestry Tasmania to be made public. (Mr Shelton)

Paper:

The Chair tabled the following document: Socio-economic Impacts of Forest Industry Change – Tasmanian Forest industry Employment and Production – Draft Phase 1 Report April 8 2014 – Jacki Schirmer, Caroline Dunn, Edwina Loxton, University of Canberra.

Resolved; That the document be taken into evidence. (Mr Shelton)

Witness:

Mr Ian Ravenwood, Private forests Tasmania, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

Paper:

The witness tabled the following paper: Residue Solutions Project – Forest Residues – Forestry Tasmanian and Private Forests Tasmania January 2014

The witness withdrew.

Witness:

Mr Colin McCulloch, former CEO, Australian Forest Contractors Association was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Suspension of sitting:

At 11.20 am the meeting was suspended until 11.40 am

Witness:

Dr Jacki Schirmer, Senior Research Fellow, University of Canberra, was called via telephone and examined by the Committee in public.

The witness withdrew

Witness:

Mr Tony Stonjek, AKS Forest Solutions Pty Ltd was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Papers:

The Chair tabled a collection of newspaper clippings relating to the Triabunna woodchip mill.

Documents received from Forestry Tasmania:

The Committee discussed the documents provided by Forestry Tasmania.

Resolved, That the Committee contact Forestry Tasmania to seek further clarification as to which documents can be made public, which documents could be redacted and released and which documents could be released after consulting third parties. (Mr Shelton)

Suspension of sitting:

At 1.20 pm the meeting was suspended until 2.30 pm

Graeme Wood:

The Committee discussed Mr Wood's belated response to the Committee's invitation to appear at scheduled hearings.

Resolved, That the Committee write to Mr Wood to arrange a future meeting on a mutually agreeable date. (Mr Shelton)

Witness:

The Hon Bryan Green, MP was called and examined by the Committee in public.

Paper:

Mr Green tabled the following paper: Letter dated 20 January 2012 from Mr Green to Ms Jan Cameron and Mr Graeme Wood, Directors Triabunna Investments.

The witness withdrew.

At 4.00 p.m. the meeting was adjourned until 23 September 2014.

Tuesday, 23 September 2014

The Committee met in Glamorgan Spring Bay Council Chamber, Triabunna at 11.10 a.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch
Mr Shelton
Ms White
Ms O'Connor

Paper:

The Chair tabled the following:
Email dated 19 September 2014 from Mr Rodd Peters, Peters Linnette Lawyers addressed to Mr Guy Barnett.

Witness:

Mr Graene Elphinstone, Elphinstone Engineering, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Witness:

Ms Cheryl Arnol, former Mayor of Triabunna, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Witness

Mr John Hall, Former Triabunna Hardware and Commodore Triabunna Boat Club, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Suspension of sitting:

At 1.15 pm the meeting was suspended until 2.18 pm.

Witness:

Mr Tony Brown, Electrician, was called. The witness

made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Witness:

Mr David Metcalf, General Manager, Glamorgan Spring Bay Council, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

At 3.50 p.m. the meeting was adjourned until a date to be fixed.

Wednesday 8 October 2014

The Committee met in Committee Room 2, Parliament House at 8.30 a.m.

Members Present:

Mr Barnett (Chair) (by telephone)
Mr Jaensch (by telephone)
Ms O'Connor
Mr Shelton (by telephone)
Ms White

Minutes:

The Minutes of the meetings held on 22 and 23 September last were read and confirmed. (Mr Jaensch)

Submissions received:

The Committee considered receipt of the following submissions:

1. Submission No. 17a – Graeme Elphinstone, Managing Director, Elphinstone Engineering (supplementary submission);
2. Submission No. 25 – Associate Professor Robyn Eversole, Director, Institute for Regional Development, University of Tasmania;
3. Submission No. 26 – Bryan Hayes, CEO, Forico Pty Limited;
4. Submission No. 27 – Phil Lamb, Managing Director, Spring Bay Seafoods Pty Ltd;
5. Submission No. 28 – Tony Ibbott;
6. Submission No. 29 – Tom Teniswood.

Resolved, That submissions 17a and 25 to 29 be received and published. (Mr Jaensch)

Outgoing correspondence:

The Committee considered the following proposed correspondence:

1. Letter to Mike Brown, Chief Fire Officer, Tasmanian Fire Service, requesting reports in relation to incidents attended at the Triabunna Mill Site;
2. Letter to Hon. Paul Harriss MP, Minister for Resources, requesting a copy of the report commissioned by the Government into port options in southern Tasmania for the export of woodchips.

Ordered, That the proposed correspondence be sent by the Chair on behalf of the Committee.
(Mr Shelton)

Documents received:

The Committee considered receipt of documents received following a request from the Committee on 3 September last from:

1. Forestry Tasmania, by cover of letter from Steve Whiteley, CEO, dated 23 September 2014; and
2. The Department of Treasury and Finance, by cover of letter from Tony Ferrall, dated 24 September 2014.

Resolved, That the documents be received and that those documents not subject to claims of confidentiality be published. (Mr Jaensch)

Future public hearing date:

The Committee considered future dates for a further hearing and agreed that a hearing be held on Monday 10 November next in Hobart.

Interim Report:

The Committee considered a proposal for an interim report.

Resolved, That an interim report be prepared which considers issues related to the reported compulsory acquisition of the Triabunna woodchip mill and the need for wood residue export facilities and related matters, being matters related an incidental thereto the inquiry in accordance with terms of reference (c).
(Mr Barnett)

At 9.08 a.m. the meeting was adjourned until 1.30 pm Monday 13 October next.

Monday 13 October 2014

The Committee met in Committee Room 2, Parliament House at 1.30 p.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch (by telephone)
Ms O'Connor
Mr Shelton
Ms White

Unauthorised disclosure:

The Committee discussed the issue of an unauthorised disclosure of a proposed recommendation in the draft interim that had been circulated to members.

Consideration of draft Interim Report:

The Committee considered the draft interim report.

Ms O'Connor and Ms White advised that they would not be supporting the draft interim report and would be preparing dissenting statements to append to the interim report.

Mr Barnett proposed the following amendments to the draft interim report:

1. In paragraph 2.1 after the words "Triabunna woodchip mill and" insert "future".
2. After paragraph 2.2 insert new paragraph:

The Committee particularly notes that Mr Graeme Wood, co-owner of the mill site with Ms Jan Cameron, has been invited three times to meet with the committee, the third time to meet at a mutually agreeable time. Subsequent to the latter, Mr Wood visited Tasmania without contact with the Committee. The Committee has requested documents of Mr Wood but these have not been returned. Furthermore the Committee requested permission of Mr Wood to visit the Triabunna mill site (and thus become more aware of his plans) but permission was not granted. Mr Wood's attempt to halt altogether the work of the Committee on the first day of hearings is also

well noted.

3. In paragraph 2.3 after “29 submission” omit the words “and in addition”.
4. In paragraph 3.2 after the words “Many in the community still” omit the words “feel raw” insert instead “have strong emotions”.
5. In paragraph 3.2 after the words “Glamorgan-Spring Bay municipality” insert “during 2008 to 2013.”
6. After paragraph 3.2 insert new paragraph:

3.3 Based on the evidence to date it appears Triabunna mill co-owners Graeme Wood and Jan Cameron [FN Reference is made in Mr Wood and Ms Camerons Capacity as joint shareholders and directors of Triabunna Investments Pty Ltd the commercial entity owning the site.] had no intention of reopening the mill following its purchase from Gunns on 15 July 2011, despite making public statements [FN The Australian “Loggers to boycott peace accord” 15 July 2011]. and signing a contract to the contrary. The Triabunna Investments appointment of longtime anti-forest industry activist Alec Marr as their Triabunna mill general manager supports this view. Mr Marr was quoted extensively in ‘The Monthly’ regarding his view that Mr Wood and Ms Cameron bought the mill to ensure it did not reopen for industry purposes and that the port remained landlocked. Mr Marr boasted extensively about the dismantling and destruction of the Triabunna mill and said Mr Wood and Ms Cameron bought the site to landlock the port, –“[it] was a bullseye-we totally [fu**ed] them.” The former Tasmanian government subsequently wrote to Tasports asking them to lease the port to the new and now current owners. The lease was subsequently signed and the port remains leased (and landlocked) at nominal consideration. [FN Tasports records indicate that \$1 was paid for the assignment of the Lease from Gunns Limited to Triabunna Investments.] During the lease negotiations a letter from Murdoch Clarke lawyers for Triabunna Investments to Page Seager lawyers for Tasports dated 19 July 2011 stated, “... Triabunna Investments intends to lease out the wood chip mill so that it can be used as a wood

chip mill.” This statement is consistent with the view that Mr Wood and Ms Cameron say one thing and do another. One result of all this action is that wood residue has become stranded in the south of the State.

7. In paragraph 4.1 after the words “Triabunna Investments” omit “(Mr Graeme Wood and Ms Jan Cameron)”
8. In paragraph 4.1 after the words “significant cost” omit the words “to itself”.
9. In paragraph 4.5 after the word “summarised” omit the words “those views” and insert instead “the views of those in the industry in”.
10. In paragraph 4.5 after the word “facility” omit the words “as being” and insert instead “is”.
11. In paragraph 5.1 insert at the end of the paragraph:

However the Committee has received a letter from the lawyer for equal co-owner, Jan Cameron dated 12 August 2014, which stated; “[f]urthermore, Mr Wood has no authority to speak on behalf of our client, Triabunna Management Pty Ltd, Triabunna Investments Pty Ltd or their board of directors.” Public records note the former mill site is owned by Triabunna Investments Pty Ltd. Accordingly this calls into question at least to some degree the public commitments of Mr Wood seemingly on behalf of his equal co-owner. A public assurance from Mr Wood that he has received the consent and support of Ms Cameron, and from Ms Cameron that she has given her consent and support to Mr Wood for the proposed tourism development would quickly allay any fears as to the prospect of the development proceeding or not.

12. In paragraph 5.2, after the words “tourism” insert the words “and related”
13. In paragraph 5.2, insert at the end of the paragraph: “. Accordingly a public assurance that both the co-owners consent to and support the proposed development is critical.”

14. In paragraph 5.3 after the words “Spring Bay port, Triabunna” omit the word “must” and insert instead “should”.
15. Recommendations omit and insert instead:
 1. That an export facility in the south of the State be identified and established as a matter of urgency to help rebuild the forest industry.
 2. That the State government strongly welcome the Spring Bay mill tourism development proposal noting that if it proceeds in accordance with the timelines and commitments given by Mr Wood it will provide significant economic and other benefits. Further the Government should use its best endeavours to help facilitate this proposed development and to ensure the development occurs in accordance with the timeline and commitments given by Mr Wood.
 3. With respect to Triabunna as a potential site for an export facility it is noted such a facility is currently not available as there is no public access to the disused port. It is preferable to not compulsorily acquire all or part of the former Triabunna mill site to access the port, but rather to investigate the location and viability of a new export facility in the Spring Bay area for wood residue, bulk products (such as bauxite) and other purposes, with this site becoming operational in the medium to longer term.
 4. To give certainty to suppliers, contractors, key stakeholders, Government and the broader community and in light of the letter from Jan Cameron’s lawyer to the Committee of 12 August 2014 that Graeme Wood has no authority to speak on her behalf, and for other reasons set out in this report, the Committee urgently seeks public confirmation that Mr Wood has the consent and support of his equal co-owner, Ms Cameron for his proposed Spring Bay mill tourism development.
 5. That tourism and industry can and should

co-exist.

Mr *Shelton* moved that the amendments to the draft interim report be agreed to.

Question put.

The Committee divided.

<i>Ayes</i>	<i>Noes</i>
Mr <i>Barnett</i>	Ms <i>O’Connor</i>
Mr <i>Jaensch</i>	Ms <i>White</i>
Mr <i>Shelton</i>	

Question resolved in the affirmative.

Mr *Shelton* moved, That the draft Interim Report, as amended be the Report of the Committee.

Question put.

The Committee divided.

<i>Ayes</i>	<i>Noes</i>
Mr <i>Barnett</i>	Ms <i>O’Connor</i>
Mr <i>Jaensch</i>	Ms <i>White</i>
Mr <i>Shelton</i>	

Question resolved in the affirmative.

At 1.58 p.m. the meeting was adjourned to a date to be fixed.

Tuesday 28 October 2014

The Committee met in Committee Room 2,
Parliament House at 2:10 p.m.

Members Present:

Mr *Barnett* (Chair)
Mr *Jaensch*
Ms *O’Connor*
Mr *Shelton*

Apology:

Ms *White*

Minutes:

The Minutes of the meetings held on 8 and 13 October last were read and confirmed. (Mr Jaensch)

Submissions received:

The Committee considered receipt of the following submissions:

1. Submission No. 30 – Jane Tenniswood;
2. Submission No. 31 – Laura Smith

Resolved, That submissions 30 and 31 be received and published. (Mr Shelton)

The Committee considered the receipt of Submission No. 15, which the Committee had agreed to kept confidential at the meeting held on 8 August last.

Resolved, That Submission No. 15, name withheld, be received. (Mr Jaensch)

Documents received:

The Committee considered documents received from the Tasmanian Fire Service.

Resolved, That the documents be received and a letter be sent to the Tasmanian Fire Service asking it to show cause as to why a number of the documents should remain confidential. (Mr Barnett)

Witnesses for public hearings:

The Committee considered witnesses for the hearing to be held on 10 November 2014.

Resolved, That the following witnesses be asked to appear:

1. Scott Arnold, Director, Artec Australia Pty Ltd;
 2. Les Walkden
 3. Howard Calvert, Land Owner;
 4. Bryan Hayes, CEO, Forico Pty Limited;
 5. Dr Julian Amos, former Chair of FIAT,
 6. Stuart Loone, General Manager, Triabunna Investments
 7. Tom and Jane Tenniswood;
 8. Associate Professor Robyn Eversole, Director, Institute for Regional Development, University of Tasmania;
 9. Andrew Morgan, Managing Director, SFM Forest Products
 10. Colin Howlett.
- (Mr Shelton).

The Committee considered a request from Mr Graeme Wood to meet with the Committee by telephone on 25 or 26 November 2014.

Resolved, That the Committee advise Mr Wood that it will meet with him by telephone at 1:15 pm on 25 November 2014. (Mr Shelton).

Invitation to visit the Spring Bay Mill site:

The Committee were advised of an invitation to visit the mill site made by Mr Wood and Mr Loone, General Manager, Triabunna Investments, and agreed to reconsider the invitation at a subsequent meeting.

Documents received:

The Committee agreed to postpone consideration of the documents received from the Department of Premier and Cabinet and the Department of Treasury and Finance to a subsequent meeting.

Outgoing correspondence:

The Chair advised Committee Members of recent correspondence sent to Mr Graeme Wood and lawyers acting for Ms Jan Cameron following up on earlier requests for documents and advising of recommendations in the Committee's Interim Report. It was agreed to circulate the correspondence to Committee Members.

At 2.29 p.m. the meeting was adjourned to a date to be fixed.

Thursday 6 November 2014

The Committee met in Committee Room 3, Parliament House at 1:05 p.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch
Ms O'Connor
Mr Shelton

Apology:

Ms White

Minutes:

The Minutes of the meeting held on 28 October last were read and confirmed. (Mr Shelton)

Documents received:

The Committee considered receipt of documents received from

1. Department of Premier and Cabinet;
2. Department of Treasury and Finance;
3. Tasmania Fire Service

Resolved, That the documents be received and published in part as follows:

1. Department of Premier and Cabinet:

Document 1: Memo B Green to L Giddings – GBE Act Section 10(6) Notice, dated 28/6/2011;

Document 2: Email J Cameron to L Giddings re – *Gunns Triabunna woodchip mill site*, dated 29/6/2011;

Document 3: Memo L Giddings to B Green – Forestry Tas – Profit Share Arrangement, dated 5/7/2011;

Document 4: Memo from Minister for Economic Development to M Kelleher on Loan to Fibre plus attached memo from Treasurer to Minister on this subject, dated 5/7/2011;

Document 5: Letter to FIAT to B Green, dated 18/7/2011;

Document 6: Letter L Giddings to Gunns, dated 19/7/2011;

Document 7: Letter Gunns to L Giddings, dated 21/7/2011;

Document 8: Letter FIAT to L Giddings Re: Triabunna Woodchip Mill, dated 21/7/2011;

Document 9: Letter Bryan Green to Jan Cameron and Graeme Wood, dated 20/1/2012.

2. Treasury and Finance:

Document 1: Email from TDR confirming that State has no loans with Gunns, dated 15/7/2011;

Document 2: Ministerial letter re request for loan assistance from Fibre Plus (Tas) to purchase Triabunna wood chip facility, dated 13/7/2011;

Document 3: Draft response for Minister for Economic Development to TDR – Loan Assistance, dated 5/7/2011;

Document 4: Memo to Minister for Economic Development re loan assistance for Fibre Plus, dated 5/7/2011;

Document 5: Email to Martin with links to Memo re Loan Assistance for Fibre Plus that was forwarded to the Treasurer, dated 5/7/2011;

Document 6: Scanned Probity Report and Letters for website, dated 20/9/2011;

Document 7: Scanned Deeds for website, dated 20/9/2011;

Document 8: Letter from Greg L'Estrange, Gunns, dated 2/9/2011;

Document 9: Forestry/Gunns Deed, dated 8/9/2011;

Document 10: Letter from Premier to Mr G L'Estrange, Managing Director, Gunns Limited, dated 26/8/2011;

Document 11: With covering letter – Wise Lord and Ferguson – Review of Process Gunns Limited and Forestry Tasmania – Intergovernmental Agreement, dated 24/8/2011;

Document 12: Memo from Treasurer to Minister for Energy and Resources, dated 26/8/2011;

Document 13: Probity Advice Terms of Reference, dated 16/8/2011;

Document 14: Email from Tony Ferrall re media release Jobs axed as woodchip mill closes Triabunna, dated 3/6/2011;

Document 15: Email from Greg L'Estrange re FTas – net position at 31 May, dated 21/6/2011;

Document 16: Email from Karen Vadasz re letter from Greg L'Estrange, dated 10/8/2011;

Document 17: Email from Tony Ferrall re Proposed Engagement – Review of process for determining Forestry Transactions, dated 16/8/2011;

Document 18: Email from Tony Ferrall re Fw: FT Deed/IGA, dated 17/8/2011;

Document 19: Email from Tony Ferrall re Request from Michael Leary of the DAC, dated 17/8/2011;

Document 20: Email from Bob Rutherford re: FW: emailing: Triabunna Wood Chip Mill – Briefing Note, Letter to the Treasurer, Government Business Enterprises Act 1995 (GBE Act) Section

10 (6) Notice, dated 28/6/2011;

Document 21: Email from Rhys Edwards re letter to Gunns, dated 16/8/2011;

Document 22: Email from Mark Sayer to Tony Ferrall re Premiers letter of offer and deeds, dated 9/9/2011;

Document 23: Email from Mark Sayer to Tony Ferrall re letter of offer from Premier, dated 9/9/2011;

Document 24: Email from Danny McCarthy to Tony Ferrall re IGA Gunns, dated 19/9/2011;

Document 25: Email from Mark Sayer to Tony Ferrall re Gunns ASX Announcement, dated 19/9/2011;

Document 26: Email from Nick Merse to Tony Ferrall re Forest Tasmania invoice copy, dated 22/9/2011;

Document 27: Email from Wayne Champan to Tony Ferrall re Gunns Limited Settlement, dated 23/9/2011;

Document 28: Email from Wayne Champan to Tony Ferrall re Invoice Settlement Gunns, dated 23/9/2011;

Document 29: Email from Cam Crawford re Gunns Release, dated 18/8/2011;

Document 30: Email from Tony Ferrall to Wayne Chapman re Settlement, dated 23/9/2011;

Document 31: Email from Tony Ferrall to Wayne Chapman re Settlement, dated 23/9/2011;

Document 32: Email from Tony Ferrall to Harvey Gibson re: Proposed Engagement – Review of process for determining Forestry Transactions, dated 16/8/2011;

Document 33: Email to Greg L'Estrange re Deeds forwarded by email 26/8/2011, dated 1/9/2011;

Document 34: Email from Tony Ferrall to Wayne Chapman re Executed Documents, dated 13/9/2011;

Document 35: Email from Tony Ferrall to Mark Sayer re Letter from Premier, dated 9/9/2011;

Document 36: Email to Mark Sayer from Tony Ferrall, dated 9/9/2011;

Document 37: Email from Tony Ferrall to Greg L'Estrange re: Deeds Forwarded by email 26/8/2011, dated 1/9/2011;

Document 38: Email to Nick Merse re Gunns letter, dated 4/7/2011;

Document 39: Email to Cam Crawford re FTas – net position at 31 May, dated 24/6/2011;

Document 40: Email to Tony Ferrall re Gunns ASX release, dated 18/8/2011

Document 41: Email to Rhys Edwards re Proposed Engagement – Review of process for determining Forestry Transactions, dated 17/8/2011;

Document 42: Email to Gary Swain and Rhys Edwards Commercial in Confidence, dated 20/6/2011;

Document 43: Letter to Adrian Kloeden from the Premier re Additional Payment, dated 4/10/2011;

Document 44: Letter from Tony Burke on Sources of funding within Tasmanian Forests IGA, dated 23/9/2011;

Document 45: TF's notes on Probity Review for media discussion, dated 14/9/2011;

Document 46: Letter of response to Kloeden from Treasurer Min31403-4, dated 14/9/2011;

Document 47: Response from Treasurer to min31403-4 – L'Estrange, dated 14/9/2011;

Document 48: Letter from Premier to Forestry, dated 26/8/2011;

Document 49: Letter from Premier to Greg L'Estrange, Gunns, dated 26/8/2011;

Document 50: Advice to DEDTA proposed loan assistance to Fibre Plus, dated 16/6/2011;

Document 51: MJW File Note on Forestry Tasmania/Fibre Plus, dated 6/7/2011;

Document 52: Email to Tony Ferrall - \$1.1m log subsidy payment to Forestry Tasmania, dated 7/10/2011;

Document 53: Email – media release – Triabunna Mill, dated 1/4/2011;

Document 54: MIN52099 – Confirmation of Gunns Ltd and Forestry Tasmania agreement RE: Termination of Gunns former contracts for supply of sawlogs, dated 27/4/2012;

Document 55: Triabunna Port transfer, dated 4/5/2011;

Document 56: 2010-11 Transfer: Triabunna port funding from DIER, dated 6/5/2011;

Document 57: Advice to DEDTA Treasury advice on Triabunna mill loan, dated 16/6/2011;

Document 58: Advice from DEDTA Board decision on Triabunna mil loan, dated 17/6/2011;

Document 59: SPM advice re Triabunna tolling arrangement, dated 22/6/2011;

Document 60: Brief Forestry Tasmania – Financial Impacts – Triabunna, dated 19/7/2011;

Document 61: Triabunna Wharf lease, dated 13/10/2011;

Document 62: Memo to Minister for Infrastructure re Assignment of Triabunna Wharf Lease by Tasports, dated 18/10/2011;

Document 63: Email from Tony Ferrall to Martin Wallace re Triabunna – Tasports, dated 23/10/2011;

Document 64: Gunns Forestry Tasmania – Forestry Agreement, dated 23/6/2011;

Document 65: Clearance Sheet – Question Without Notice – Forestry Tasmania – Gunns Debts, dated 19/9/2011;

Document 66: Question without notice – Forrest – Gunns' debt to Forestry Tasmania, dated 19/9/2011;

Document 67: Exchange of letters between Premier Giddings and Minister Burke – Forestry Tasmania, Gunns and funding under the Tasmanian

Forests Intergovernmental Agreement, dated 7/10/2011;

Document 68: Min 31403-6 Forestry Tasmania – Payment to FT under Deed of Release – Clause 35 TFA, ated 11/11/2011;

Document 69: Email from Tony Ferrall to Bob Gordon re Forestry Deeds of Release, dated 13/9/2011;

Document 70: Email from Tony Ferrall to Mark Sayer re Premiers Letter, dated 9/9/2011;

Document 71: Brief Forestry Tasmania – Financial Impacts – Triabunna, dated 19/7/2011;

Document 72: Glamorgan Spring Bay Council – Funding for Triabunna Port Studies (Transfer from DIER to DEDTA).
.(Mr Jaensch)

Correspondence:

The Committee received and noted a copy of correspondence, dated 31 October 2014 from Peters Linnette Lawyers, on behalf of Jan Cameron to Mr Alex Schapp, Director of the Environment Protection Authority of Tasmania in relation seeking an extension for the Environment Protection Notices for the Triabunna Woodchip Mill.

The Committee noted the email received by the Committee Secretary from Mr Rodd Peters, dated 3 November 2014 advising that Ms Cameron had given her consent to release documents to the Committee and that Murdoch Clark Solicitors were seeking instruction for Mr Wood as to whether the documents could be released.

The Committee noted that email received by the Chair of the Committee from Mr Rodd Peters, providing an on the record update of the current circumstances around the Triabunna Mill. Resolved, That the email be received and published.
(Mr Jaensch)

The Committee considered a draft letter to Mr Graeme Wood:

(a) advising of correspondence received from Mr Peters and seeking Mr Wood's cooperation in releasing documents to the Committee;

(b) seeking confirmation from Mr Wood that he

will give evidence to the Committee by telephone on 25 November 2014.
Resolved, That the letter be sent. (Mr *Jaensch*).

Future witnesses:

The Committee considered further witnesses for the hearing to be held on 10 November 2014.

Resolved, That Mr Mark Rapley, Butler, McIntrye Butler, be called as a witness on Monday 10 November 2014. (Mr *Jaensch*).

Ms *O'Connor*, moved that Mr John Lawrence be called as a witness. The Committee agreed to defer consideration of Mr Lawrence as a witness to a subsequent meeting.

At 1.20 p.m. the meeting was adjourned to 9.00 am Monday 10 November 2014.

Monday 10 November 2014

The Committee met in Committee Room 2, Parliament House at 9:00 a.m.

Members Present:

Mr *Barnett* (Chair)
Mr *Jaensch*
Ms *O'Connor*
Mr *Shelton*
Ms *White*

Statement by Chair:

The Chair made a statement advising that Mr Graeme Wood would be giving evidence to the Committee, by telephone, on Tuesday 25 November 2014 at 1.15 p.m.

Witness:

Dr Julian Amos, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

Papers:

Dr Amos tabled a document entitled “Aide Memoir”, which was received by the Committee as a submission.

Dr Amos also tabled a document entitled “Assessing Direct Government Subsidies Paid to Tasmanian Industries”.

The witness withdrew.

Witness:

Mr Howard Calvert, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Suspension of sitting:

At 10:35 am the meeting was suspended until 10:50 am

Witness:

Mr Colin Howlett, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Witness:

Associate Professor Robyn Eversole, Director, Institute for Regional Development, University of Tasmania was called via telephone. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

Witnesses:

Mr Tom Tenniswood and Mrs Jane Tenniswood, were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

Papers:

Mrs Tenniswood tabled a document entitled: “Regional Tourism Snapshot: East Coast, Tasmania as at September 2014”.

Mr Tenniswood tabled a document entitled: “Are you ready to make more of your business? The Coast is Open for Business”.

The witnesses withdrew.

Suspension of sitting:

At 1:10 p.m. the meeting was suspended until 1:45 p.m.

Witness:

Mr Mark Rapley, was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

At 2.10 p.m. the meeting was adjourned to a date to be fixed.

Tuesday 25 November 2014

The Committee met in Committee Room 3, Parliament House at 1:10 p.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch
Ms O'Connor
Mr Shelton
Ms White

Minutes:

The Minutes of the meetings held on 6 and 10 November last were read and confirmed.
(Mr Jaensch)

Submissions received:

The Committee considered receipt of the following submissions:

1. Submission No. 17b – further supplementary submission from Graeme Elphinstone, dated 18 November 2014;
2. Submission No. 32 – Confidential submission

Resolved, That submission 17b be received and published and that submission 32 be received as a confidential submission. (Mr Shelton)

Future witness:

Ms O'Connor moved that John Lawrence be called as a witness to the inquiry and that the Committee request documents from the Tasmanian Development Board in relation to the reasoning behind the decision made by the Board in relation to Aprin's loan application.

Question put.

The Committee divided:

Ayes:
Ms O'Connor

Noes:
Mr Barnett

Ms White

Mr Jaensch
Mr Shelton

Question negatived.

Ms O'Connor requested the minutes note her concerns that the Committee had not availed itself of all of the information about Forestry Tasmania's finances and the proposed Aprin loan.

Witness:

Mr Graeme Wood was called via telephone.
The witness was examined by the Committee in public.

The witness withdrew.

At 2.22 p.m. the meeting was adjourned to a date to be fixed.

Thursday 4 December 2014

The Committee met in Committee Room 3, Parliament House at 1:45 p.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch (by telephone)
Ms O'Connor
Mr Shelton
Ms White

Minutes:

The Minutes of the meeting held on 25 November last were read and confirmed. (Mr Jaensch)

Outgoing correspondence:

The Committee considered a draft letter to the Secretary of the Department of Premier and Cabinet requesting that redacted material from documents provided to the Committee be provided to the Committee on a confidential basis and requesting the Department show cause why the in camera material previously provided to the Committee should not be published.

Resolved, That the letter be sent. (Mr Shelton)

Ms O'Connor and Ms White requested the minutes note their concerns about the

publication of material which the Department of Premier and Cabinet consider should remain confidential.

Triabunna and noted that the proposed upgrades for the town required modest funding that the Greens would support.

At 2.05 p.m. the meeting was adjourned until 9.00 am on Thursday 5 February 2015.

At 9:20 a.m. the meeting was adjourned until 1.00 pm on Thursday 12 February 2015.

Thursday 5 February 2015

The Committee met in Committee Room 3, Parliament House at 9:00 a.m.

Members Present:

Mr Barnett (Chair)
Mr Jaensch (by telephone)
Ms O'Connor
Mr Shelton (by telephone)
Ms White (by telephone)

Minutes:

The Minutes of the meeting held on 4 December last were read and confirmed. (Mr Jaensch)

Correspondence received:

The Committee considered a letter from the Secretary of the Department of Premier and Cabinet, dated 16 December 2014 regarding the Committee's request to obtain certain redacted material and to publish certain confidential documents.

Resolved, That, the redacted material be viewed in a departmental office. (Mr Shelton)

Ms O'Connor requested the minutes note that she had no interest in seeing the redacted material.

Chair's Draft Report

The Chair advised the Committee the Chair's draft report would be distributed to Committee Members this day in advance on the meeting to be held on Thursday 12 February 2015.

The Committee Secretary reminded Members of the guidelines regarding dissenting statements and the procedures for considering the draft report.

Other Matters

Ms O'Connor, advised the Committee that she had attended the launch of the Masterplan for

Thursday 12 February 2015

The Committee met in Committee Room 3, Parliament House at 1:00 p.m.

Members Present:

Mr Barnett
Mr Jaensch
Ms O'Connor
Mr Shelton
Ms White

Minutes:

The Minutes of the meeting held on 5 February last were read and confirmed. (Mr Shelton)

Documents viewed:

The Chair briefed the Committee on documents viewed at the Department of Premier and Cabinet in accordance with the resolution of the Committee of 5 February last noting that the redacted material was not within the Committee's terms of reference.

Consideration of the Chair's Draft Report:

The Committee considered the Chair's draft report.

Ms O'Connor suggested that the recommendations appear on a separate page at the front of the report, which was agreed to by the Committee.

Chapter 1 – Appointment, Terms of Reference and Conduct of the Inquiry postponed.

Chapter 2 – Summary of Findings and Recommendations

Paragraph 2.1 read.

Question put, That the paragraph as read be agreed to

The Committee divided

Ayes
Mr Barnett

Noes
Ms O'Connor

Mr Jaensch Ms White
Mr Shelton

It was resolved in the affirmative
Paragraph 2.2 read.

Question put, That the paragraph as read
be agreed to

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative

Paragraph 2.3 read.
Amendment proposed to omit the words
'which influenced in part' and insert
instead 'which may have influenced'
(Mr Jaensch)

Amendment agreed to.

Paragraph 2.3, as amended, agreed to.

Paragraph 2.4 read.
Amendment proposed that the
paragraph be split after the words
'Intergovernmental Agreement process.'
(Ms White)

Amendment agreed to.

Paragraph 2.4, as amended, agreed to.

New Paragraph to be inserted after
Paragraph 2.4 read.

Question put, That the paragraph as read
be agreed to

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraph 2.5 read

Amendment proposed to insert the words
'acknowledges Solicitor-General's advice pointing
to residual rights' after the word
'Committee' (first appearing) (Ms O'Connor)

Question put that the amendment be agreed to

The Committee divided

Ayes	Noes
Ms O'Connor	Mr Barnett
Ms White	Mr Jaensch
	Mr Shelton

It was resolved in the negative

Question put that the paragraph as read be agreed
to

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative

Paragraph 2.6 read.

Question put that the paragraph as read be agreed to.

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraph 2.7 read

Amendment proposed that the following
words be added to the end of the paragraph
'The Committee was not privy to that advice'.
(Ms O'Connor)

Question put that the amendment be agreed to

The Committee divided

Ayes
Ms O'Connor
Ms White

Noes
Mr Barnett
Mr Jaensch
Mr Shelton

It was resolved in the negative.

Question put that the paragraph as read
be agreed to

The Committee divided

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative

Paragraph 2.8 read and agreed to.

Paragraph 2.9 read.

Amendment proposed to insert the
words 'balance of the' before the words
'evidence presented' (Ms White)

Amendment agreed to.

Paragraph 2.9, as amended, agreed to.

Paragraph 2.10 read

Amendment proposed to omit the word
'requirement' and insert instead the
word 'obligation' (Ms O'Connor)

Amendment agreed to.

Amendment proposed to insert the
words 'native forest' before the words
'woodchip export facility' (Ms O'Connor)

Question put that the amendment be
agreed to

The Committee divided.

Ayes
Ms O'Connor
Ms White

Noes
Mr Barnett
Mr Jaensch
Mr Shelton

It was resolved in the negative

Question put that the paragraph, as amended,
be agreed to

The Committee divided

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative.

Paragraph 2.11 read

Question put that the paragraph as read be agreed
to

The Committee divided

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative.

Paragraph 2.12 read

Amendment proposed to omit all words after
'rehabilitation of the site' (Ms O'Connor)

Question put that the amendment be agreed to

Ayes
Ms O'Connor
Ms White

Noes
Mr Barnett
Mr Jaensch
Mr Shelton

It was resolved in the negative.

Question put that the paragraph as read be
agreed to

The Committee divided

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative.

Paragraph 2.13 read

Amendment proposed to omit the word 'Government' and insert 'Governments, State or Federal'. (Ms White)

Amendment agreed to

Paragraph 2.13, as amended, agreed to.

Paragraph 2.14 read.

Question put that the paragraph as read be agreed to

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraph 2.15 read

Amendment proposed to omit all words after the word 'process' (Ms White)

Question put that the amendment be agreed to

The Committee divided

Ayes	Noes
Ms O'Connor	Mr Barnett
Ms White	Mr Jaensch
	Mr Shelton

It was resolved in the negative

Question put that the paragraph as read be agreed to

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraph 2.16 read.

Question put that the paragraph as read be agreed to

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraph 2.17 read.

Amendment proposed to insert the words 'and access issues' after the word 'repair' (Ms O'Connor)

Amendment agreed to.

Amendment proposed to insert the word 'public' after the word 'maintain' (Mr Jaensch)

Amendment agreed to.

Paragraph 2.17, as amended, agreed to.

Paragraph 2.18 read

Amendment proposed to omit the word 'particularly' after the word 'industry and insert the words 'predominantly in the south, noting in particular' (Ms White)

Question put that the amendment be agreed to.

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	
Mr Shelton	
Ms White	

It was resolved in the affirmative.

Question put that the paragraph, as amended, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	
Mr Shelton	
Ms White	

It was resolved in the affirmative.

Paragraph 2.19 read

Amendment proposed to insert the words 'in the south with a specific focus' after the word 'facility' (Ms White)

Amendment agreed to.

Question put that the paragraph, as amended, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	
Mr Shelton	
Ms White	

It was resolved in the affirmative.

Paragraph 2.20 read

Amendment proposed to omit the words 'while they are unviable in the immediate future' (Mr Jaensch)

Amendment agreed to.

Question put that the paragraph, as amended, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	
Mr Shelton	
Ms White	

It was resolved in the affirmative.

Paragraph 2.21 read

Question put that the paragraph, as read, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	
Mr Shelton	
Ms White	

It was resolved in the affirmative.

Paragraph 2.22 read

Question put that the paragraph, as read, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraph 2.23 read

Question put that the paragraph, as read, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraph 2.24 read

Question put that the paragraph, as read, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraph 2.25 read

Amendment proposed to omit the words 'but there are concerns about the viability of the project' and insert instead 'and while there are some concerns about the likelihood of the project proceeding, there is genuine hope that it will succeed.' (Ms White)

Amendment agreed to.

Paragraph 2.25, as amended, agreed to.

Paragraph 2.26 read and agreed to.

Paragraph 2.27 read

Amendment proposed to insert the words 'and Australian' after the word 'Tasmanian' and to omit all words after the words 'local communities'. (Ms O'Connor)

Amendment agreed to.

Paragraph 2.27, as amended, agreed to.

Paragraph 2.28 read

Question put that the paragraph, as read, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	
Mr Shelton	
Ms White	

It was resolved in the affirmative.

Paragraph 2.29 to 2.31 read and agreed to.

Paragraph 2.32 read

Amendment proposed to omit the word 'concrete' (Ms White)

Amendment agreed to.

Paragraph 2.32, as amended, agreed to.

Paragraph 2.33 read.

Amendment proposed to omit the words 'areas and that the Government establish partnerships with investors as appropriate' and insert instead 'communities and potential investors to encourage investment in those regions.' (Ms White)

Upon which an amendment was proposed to the amendment to insert the word 'sustainable' after the word 'encourage'. (Ms O'Connor)

Question put that the amendment to the amendment be agreed to.

The Committee divided.

Ayes	Noes
Ms O'Connor	Mr Barnett
	Mr Jaensch
	Mr Shelton
	Ms White

It was resolved in the negative

Question put that the amendment be agreed to

The Committee divided

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	
Mr Shelton	
Ms White	

It was resolved in the affirmative.

Question put that the paragraph, as amended, be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	
Mr Shelton	
Ms White	

It was resolved in the affirmative.

Chapter 1 – Appointment, Terms of Reference and Conduct of the Inquiry

Paragraphs 1.1 to 1.6 read and agreed to.

Paragraph 1.7 read

Question put that the paragraph as read be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Paragraphs 1.8 to 1.11 read and agreed to.

Amendment proposed that a new paragraph be inserted after paragraph 1.11 'The Committee notes that two dissenting statements were appended to the Committee's interim report'.

Amendment agreed to.

Ms O'Connor and Ms White expressed concerns about the substance of the remaining chapters and requested the Committee consider the report Chapter by Chapter, which was agreed to.

Chapter 3 – Chronology – Triabunna Woodchip Mill

Amendment proposed to page 12 of the report: 26 August 2011 to omit all words after 'Government' and insert 'as payment for residual rights.' (Ms White).

Question put that the amendment be agreed to.

The Committee divided.

Ayes	Noes
Ms O'Connor	Mr Barnett
Ms White	Mr Jaensch
	Mr Shelton

It was resolved in the negative

Question put that the Chapter as read be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Chapter 4 – Circumstances leading to the Closure and Sale of the Mill by Gunns Limited

Question put that the Chapter as read be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Chapter 5 – The sale of the Mill to Triabunna Investments

Question put that the Chapter as read be agreed to.

The Committee divided.

Ayes	Noes
Mr Barnett	Ms O'Connor
Mr Jaensch	Ms White
Mr Shelton	

It was resolved in the affirmative.

Chapter 6 – The operation and dismantling of the Mill under Triabunna Investments

Amendment proposed to paragraph 6.24 to omit the words 'purely economic' and insert instead 'speculative'. (Mr Jaensch)

Amendment agreed to.

Question put that the Chapter as amended be agreed to.

The Committee divided.

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative.

Chapter 7 – The impact of the closure
of the mill on the Industry and Triabunna
Community

Question put that the Chapter as read be
agreed to.

The Committee divided.

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative.

Chapter 8 – Future Development
Opportunities for Triabunna and the
Surrounding Area

Question put that the Chapter as read be
agreed to.

The Committee divided.

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative.

Chapter 9 – Conclusion

Question put that the Chapter as read be
agreed to.

The Committee divided.

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative.

Question proposed that the draft report, as amended,
be adopted as the report of the Committee (Mr Jaensch).

Question put.

The Committee divided

Ayes
Mr Barnett
Mr Jaensch
Mr Shelton

Noes
Ms O'Connor
Ms White

It was resolved in the affirmative.

Resolved, that the Committee Secretary make
corresponding amendments to the body of the report
in accordance with the amendments agreed to by the
Committee in Chapter 2 – Summary of
Findings and Recommendations. (Ms White).

Resolved, that a list of submissions received and
published; a list of documents received and
published; and the minutes of the Committee
be appended to the report. (Ms White).

The Chair, on the behalf of the Committee, thanked
the Committee Secretaries for their work and
assistance throughout the inquiry.

At 4.12 p.m. the meeting was adjourned until a
date to be fixed.

