

# IS GUNNS LTD RELIABLE?

## **Analysts Briefing Paper**

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TAP Into A Better Tasmania



## Is Gunns Ltd Reliable?

**Author.** TAP Into A Better Tasmania.

**Document purpose.** To help potential investors assess Gunns' competence to build and operate the equal largest pulp mill in the world.

**Sources.** Publicly available media reports, documentaries and publications from 2004 to the present. The electronic version contains active links wherever possible.

**Executive Overview.** "Is Gunns Ltd Reliable?" documents over 300 statements recorded in the media by Gunns' CEO, board members, employees and State and Federal governments relating to their proposed pulp mill in the Tamar Valley. An examination of the statements reveals a wide gap between claim and reality. There are announcements that appear to be deliberately misleading, especially on start dates and finance arrangements,

After some years working on the Tasmanian pulp mill assessment process, RPDC panellist and pulp and paper expert Dr Warwick Raverty, reached the "sad conclusion that Gunns is not a fit and proper company to build a pulp mill anywhere" in Tasmania (14 March 2007).

This collection of statements strongly supports Dr Raverty's conclusion and is a vital document for market analysts charged with responsibly advising clients.

**TAP Into Better Tasmania** (TAP) is a non-politically aligned community group that was established in 2006

Formerly Tasmanians Against the Pulp mill Inc, TAP is standing up for a vibrant community and business, our health and environment.

An examination of Gunns' proposed pulp mill in the Tamar Valley uncovered a multitude of threats to the viability, sustainability and resilience of Tasmanian communities. Threats range from unexamined pollution of air and water, the takeover of farms by plantations, expanded native forest logging, increased competition for water supplies, damaging economic impacts on existing businesses (tourism, wineries, food, fishing), harm to community health, and inequitable policies of political parties that deliberately favor sectional interests over the well-being of the community.

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TAP Into A Better Tasmania

## CONTENTS

IS GUNNS LTD RELIABLE?.....	1
ANALYSTS BRIEFING PAPER .....	1
IS GUNNS LTD RELIABLE? .....	2
1. GUNNS' PULP MILL START DATES .....	4
2. THE ASSESSMENT PROCESSES .....	6
2.1 RPDC process .....	6
2.2 Withdrawal from the RPDC .....	7
2.3 Fast track assessment .....	9
2.4 Pressuring the Commonwealth.....	10
2.5 Pressuring the State.....	11
3. GENERAL ISSUES.....	14
3.1 'Greenest' mill.....	14
3.2 Water supply.....	15
3.3 Water pollution.....	16
3.4 Air pollution.....	17
3.5 Employment guesstimates.....	17
3.6 Wood supply .....	18
3.7 Gunns' attitude to pulp mill opponents .....	20
4. GUNNS, SECRECY AND POWER.....	21
5. ECONOMIC MANAGEMENT.....	23
6. GUNNS' FINANCE SPIN .....	25

## 1. Gunns' pulp mill start dates

1. A company report listed on a Federal Government web site this week revealed [December 17 2004](#) that construction was scheduled to start in February 2006 with a mill commissioned by mid- 2008.
2. John Gay expects approval in August and a likely start in September (2007). It will take around two years to build. "We fully expected we'd never build a pulp mill in Tasmania and really believed we would have to move outside Tasmania to finish the project." [May 19 2007](#)
3. In an interview with 'The Australian', Gunns' CEO John Gay said that once the Longreach pulp mill was up and running then the company could look at building another pulp mill in Tasmania. [May 23 2007](#)
4. "Gunns plans to commence construction of the pulp mill in the first week of September 2007," Mr Germano's sworn statement (to the Federal Court) says. [June 1 2007](#)
5. "We've actually been able to build a mill that will meet all environmental guidelines" John Gay July 30 2007 ABC 4-Corners "Grist For The Mill".
6. Gunns chief John Gay is "95 per cent certain" construction of his company's \$1.9 billion pulp mill will begin in the Tamar Valley next week. [August 28 2007](#)
7. He confided yesterday that all being well, if he gets approval from the Feds in October, the board would then consider the project and, assuming it flashes the green light, it will be under way in January. [September 18 2007](#)
8. Gay is also unapologetic about his plans if the mill is rejected, saying he is already exploring offshore sites in joint ventures with the Chinese, among others. [September 18 2007](#)
9. John Gay asked on ABC Radio when construction of the mill could begin he replied: "Very shortly, weeks." [October 5 2007](#)
10. Just last week, executive chairman of Gunns, John Gay, told ABC radio's AM program that he hoped to start building the mill within weeks. [October 9 2007](#)
11. A Gunns spokesman says the company is looking to start work on the mill within two months, if the board gives the project the final sign off. [October 9 2007](#)
12. Gunns spokesman Tony Harrison said the company was still hopeful it could begin work within six to eight weeks. [October 10 2007](#)
13. Mr Gay said he was confident that construction of the mill would commence in January. "We are working to a timeline of about six to eight weeks and we have no issues at all with the state or federal conditions imposed on the mill." [October 23 2007](#)
14. Gunns' directors believed it was probable the mill would proceed to completion. October 24 2008 Peter Wells The Examiner
15. Gunns hopes to start building by June, with the mill to start production in July 2010. [February 29 2008](#)
16. "It's all on schedule and it will go ahead," Mr Gay said defiantly this week from Gunns' headquarters in Launceston. "There is nothing holding Gunns up now". [March 3 2008](#)

17. “The mill was initially a 12-month approval process through the RPDC; I remember thinking we would be able to start in 2005,” Mr Gay says. “It’s now 2008, nearly five years on from the initial dinner and we still haven’t begun.” [March 3 2008](#)
18. But yesterday Mr Gay said the mayor was mistaken in his timelines. He said the mill was on track to be operational by July 2010, because the new 30-month timeline started from January this year, when the first land clearing permits were granted. [March 21 2008](#)
19. The company said yesterday it remained confident of beginning construction in August or September (2008). “There is no delay,” a Gunns spokesman said. [June 18 2008](#)
20. Gunns nominates 4 August as the start date of construction for its water pipeline to the planned \$2 billion Bell Bay pulp mill. Up to 50 properties are in the path of the \$50 million pipeline but several landowners said they would not be selling. 25 June 2008 - The Examiner
21. Gay noted this week’s announcement by the Tasmanian government to extend the pulp mill sovereign risk agreement until November 30 (2008) and said Gunns expected to start construction of the mill before then. [July 4 2008](#)
22. Mr Gordon said Forestry Tasmania and Gunns had agreed to vary the date for commencement of construction by five months to 30 November 2008. [September 22 2008](#)
23. Gunns does not expect principal construction activities to commence before the first quarter of 2009,” Mr Gay said. [August 29 2008](#)
24. “Gunns cannot state with certainty that such a structure will be achievable, nor can it provide an assurance that the mill project will proceed.” [August 29 2008](#)
25. Timber company Gunns has admitted for the first time that its controversial Tamar Valley pulp mill may never be built. [August 29 2008](#)
26. “We are now clear to begin construction on the mill, pending financial close,” Mr Gay said. [January 5 2009](#)
27. Gunns said it was pleased with the decision, and the company’s chairman, John Gay said it meant the mill could go “full steam ahead”. [January 6 2009](#)
28. Gunns chairman John Gay told The Australian last night that despite scepticism about the project’s prospects, construction at the Tamar Valley site would begin in six to nine months. [April 16 2009](#)
29. Despite not having a joint venture partner or finance, Gunns this morning confirmed that preparatory work will start next month on the Bell Bay site and the associated water pipeline route. [July 07 2009](#)
30. Gunns says investment and construction processes would be completed in this financial year. [October 1 2010](#)
31. Timber giant Gunns Limited is confident it can start building its \$1.4 billion Bell Bay pulp mill this year. [October 2 2010](#)
32. The Gunns spokesman also declined to comment on whether finance had been locked in before Christmas for mill construction. “When we are ready to go, we are ready to go,” he said. [January 28 2011](#)
33. Gunns Limited chief executive Greg L’Estrange has earmarked mid-March as the likely start date for the company’s Tamar Valley pulp mill. [February 9 2011](#)
34. “Life is never certain,” L’Estrange said when asked if the pulp mill would definitely be built this year. [February 10 2011](#)

35. Mr L'Estrange also says the company is ready to begin construction on the Bell Bay Pulp mill, pending the outcome of negotiations with two potential equity investors, and environmental approval from the Federal Government. [February 15 2011](#)
36. Mr L'Estrange said that it was not a matter of "if" the pulp mill would be built but "when" [June 2 2011](#)
37. Timber company Gunns says it plans to make a \$30 million start on its Bell Bay pulp mill later this month. Mr L'Estrange told those at yesterday's site tour, which was organised by the Launceston Chamber of Commerce, that the timeline allowed 26 months to build the mill and it was expected to be operating by early 2014. [July 7 2011](#)
38. Greg L'Estrange said last month that the company was confident of making a start on the \$30 million first stage of mill construction before its state permits expire at the end of August. [August 3 2011](#)
39. Gunns says it has already built some roads and earthworks should start within two weeks [August 23 2011](#)

## 2. The assessment processes

### 2.1 RPDC process

40. On the final day of public comment on guidelines for the project's impact statement, Gunns submitted a revised project scope. Among the changes are a tripling of the size of the Bell Bay site in northern Tasmania to 650 hectares. There is also a requirement for a new wharf. [June 20 2005](#)
41. Gunns Limited has admitted its 7500-page pulp mill study contains serious errors and omissions but has rejected a suggestion it should go back to the drawing board. Gunns' counsel Jeremy Gobbo said the company recognised there was a number of errors and mistakes in the draft IIS. "We see a number of matters of substance need to be addressed afresh," he said. But he said the additional information would be supplied in one block of material by mid-December. "A new IIS that supersedes the draft could not be produced by mid-December," Mr Gobbo said. [October 26 2006](#)
42. Gunns' CEO John Gay said that unless the mill was approved within 6 months the project would be axed. [January 10 2007](#)
43. Gunns' chairman John Gay claimed the company had met all environmental standards required by the Resource Planning and Development Commission and should be allowed to get on with building the pulp mill immediately. [January 11 2007](#)
44. "I am concerned about the time it is taking. It has already been more than 12 months now," Mr Lennon said yesterday. "I would have hoped we could finalise our consideration (of the pulp mill) by the end of this financial year." Mr Gay issued an ultimatum that he needed a green light for his pulp mill at Long Reach, near Bell Bay, within six months—a timeline the Premier has now endorsed. [January 13 2007](#)
45. Last week, Gunns' boss John Gay called for a decision within six months, otherwise he would look at taking the mill offshore. He said he believed Gunns had sufficiently met requirements and ongoing delays would escalate costs, threatening the viability of the mill. [January 15 2007](#)

46. John Gay said that they would not be sending the additional information asked for by the RPDC, which was due in today. [January 31 2007](#)
47. John Gay says that “the Longreach proposal is hanging on thin threads and it has all to do with negativity about the project; it has gone too far to redeem it”. [March 8 2007](#)
48. “How can I feel confident that any process is going to deliver an answer while we are spending money every day of the week, every month of the year? We’ve been spending large amounts of money trying to get a project up in Tasmania, and no one can give me any answers.” (John Gay) [March 14 2007](#)

## **2.2 Withdrawal from the RPDC**

49. Mr Lennon confirmed to state parliament yesterday that he met the head of an independent mill assessment panel on February 27 to seek a speeding up of its deliberations on timber group Gunns’ \$1.4 billion proposal for the state’s north. [March 14 2007](#)
50. Mr Gay had publicly warned that the project – the biggest in the state’s history - could be dumped or taken offshore if it was not approved by mid-year.
51. In a shock announcement, Gunns’ executive chairman John Gay told Premier Paul Lennon that his company could no longer wait for the independent pulp mill assessment panel to decide if the pulp mill should be built. [March 15 2007](#)
52. Mr Gay blamed the RPDC’s recent admission of an “indefinite” timeframe, possibly stretching to 2008 before a final decision, as the reason for his company’s withdrawal. He said such delays had proved “commercially unacceptable” to the timber giant’s board of directors yesterday. They had wanted a decision made by June 30.
53. The incoming Resource Planning and Development Commission pulp mill panel chairman, Christopher Wright, had said his panel could not make a final decision before November—and possibly not until 2008 -- on whether the project met state and federal environmental standards. But the following Tuesday, Mr Gay wrote a letter to the Australian Stock Exchange stating Gunns was “confident the necessary government approvals (for the pulp mill) will be obtained within a timeframe which maintains the commercial value of the project”. [March 16 2007](#)
54. A crisis meeting requested by Mr Lennon with Mr Gay in Hobart on Sunday, February 25 ... was called to hear the concerns of Mr Gay and the Gunns board about the need for a quick decision on the pulp mill before the finances of the project no longer added up.
55. Premier Paul Lennon yesterday adamantly denied any secret fast-track deal had been struck, or undertaking given, with Gunns on that Sunday (February 25 crisis meeting) which would have given the company new hope about its mill. Mr Lennon said it was mere “conspiracy theory” to suggest that a joint plan had been hatched at that meeting to take the key role in deciding the mill’s future away from the tardy RPDC, to be replaced by a quicker parliamentary approval process.

56. Gunns last week announced it had pulled out of the RPDC process and was in the State Government's hands. Mr Gay said yesterday "we nearly went out on January 5" after Mr Green's resignation and he had called an emergency board meeting. "The Premier kept asking me to stay in but it became clear he couldn't fix it and when Christopher Wright was appointed (to head the RPDC) that was the end of it," Mr Gay said. [March 19 2007](#)
57. He said of Premier Paul Lennon and the Government: "They stuffed me up."
58. Mr Gay said it had been a ridiculously expensive process and the decision had not been taken lightly. "Raverty pulled Mr Green down with him," Mr Gay said. He said Gunns had to pay a \$60 million penalty on hedging contracts by June 26.
59. The (government's) independent expert has been given an "opt-out" clause in the new process to pass the mill so long as it is on par with other mills in the world. The revelation has cast doubt on Premier Paul Lennon and Gunns' boss John Gay's previous claims that the Tamar Valley mill will be the world's cleanest. [March 24 2007](#)
60. Gunns' spokesman Tony Harrison maintains that Gunns fully submitted to the process and has been misrepresented over its role in the matter – particularly over concerns that public consultations had been dropped. "There's been enormous public participation. This project has been public for four years. It's normally two and a half years," he said. "How much longer must we go on? In the time that this project has been considered, two pulp mills have been built in other countries while we've been sitting here considering this." [March 27 2007](#)
61. Asked if Gunns had received any federal assurances of priority for federal EPBC Act assessment, Harrison replied: "Gunns have been discussing this with the Federal Government but it's not going to conduct its affairs through the media."
62. "How could any reputable company be involved in a process that allows just four weeks and one day to review such a vast amount of data and such a huge project and hope to do it properly?" Mr Wing said. [April 5 2007](#)
63. Gunns had threatened to scrap the mill unless it was given the green light by 30 June. The new process will deliver an answer in September (2007). [April 13 2007](#)
64. Gay describes his decision this way: "It was a huge gamble from my point of view but I had no alternative. "We couldn't get a decision from the RPDC, which was finding it very difficult to handle the small minority against the mill, led by the Tasmanian Wilderness Society. "We were just getting nowhere and we were spending a huge amount of money. I had to weigh up whether I could afford to keep in the process or not. "It just got far too expensive. I made a decision. Either you want it here or you don't want it here. "I've gone three years, and three years was long enough." [May 19 2007](#)
65. John Gay also said that he was 99% certain that the Lennon Government would approve the project. [May 23 2007](#)
66. "Any delay, even by one day, of the commencement of construction . . . will result in an adverse financial impact on Gunns. "It is anticipated that each day the project is delayed will represent a loss to Gunns of approximately \$1.076 million per day in cost escalation and loss of profits." Mr Germano's sworn statement (to the Federal Court) says. [June 1 2007](#)



67. “It appeared (Justice Wright) could not differentiate the RPDC from a court of law and he was incapable or unwilling to put reasonable timelines in place that could facilitate commercial decisions,” Mr Gay said. “We are not seeking special treatment but if major developers cannot even discuss issues of timing and process with the planning authority, who can they talk to?” Mr Gay said. [July 31 2007](#)

### **2.3 Fast track assessment**

68. Gunns’ pulp mill will not have to meet the original tough air, water and waste pollution guidelines to pass the proposed new fast-track assessment. [March 24 2007](#)
69. A Lobbyist for pulp mill proponent Gunns will accompany seven Tasmanian politicians on their independent fact-finding tour of three international pulp mills. Huon MLC Paul Harriss confirmed last night that Gunns lobbyist Tony Fletcher would join the group on inspections of modern pulp mills in Brazil, Chile and Finland. [July 25 2007](#)
70. “The process hasn’t worked—we are quite unhappy about the length of time and the aggro we have had to go through,” Mr Gay said “The mill is compliant and I’m building something with modern technology that is within the laws and standards of this country—yet it is me and Gunns that get abused.” “You can’t expect someone who comes to this state with a \$2 billion project and a big cheque in his hand not to be able to talk to the Premier—how ridiculous is it that he very nearly lost the project.” [August 28 2007](#)
71. And in an unusual move, members of the Upper and Lower Houses are debating this bill at the same time, under special fast-track rules brought in by the Government. [August 29 2007](#)
72. The announcement by the Gunns board on Thursday that a final Federal Government approval on the pulp mill as late as mid-October did not jeopardise the massive investment project commercially contradicts everything it said earlier this year. [September 1 2007](#)
73. Confidential court documents later showed Gunns had insisted to both the state and federal governments, after its withdrawal from the RPDC process, that it must start building the pulp mill in the first week of September. It said it had already signed binding financial, equipment and construction contracts.
74. As Gunns now admits, the Tasmanian Parliament could have resumed for its normal scheduled sittings next week, or even late September, and still made a decision on approval ahead of Mr Turnbull’s latest deadline. More critically for the Tasmanian public, the lack of any real reason for an August 30 “imperative” could have allowed for six weeks of public hearings to have been included within the Tasmanian fast-track parliamentary assessment process.
75. Says Gay: “We’d spent three years and a large amount of money—something like \$30 million—in a process that had ended up with no decisions at all. We’d spent \$6 million on an environmental impact statement ... we took 700 submissions and answered all those with scientific people.” “We asked the Government, which obviously has control of the RPDC, to give us a timeline that we could work to for financial costings and controls and budgeting purposes to know where the end result would be and at what cost.” “I was accused of being in the Premier’s pocket, I was accused of trying to change the course of justice and I was ridiculed on that process of just wanting a timeline ... We had to make a decision: we had to deal with banks, we had shareholders and we had employees who were working on the project who were costing a lot of money.” [September 15 2007](#)

## 2.4 Pressuring the Commonwealth

76. The executive told 'The Australian' he believed the \$2 billion mill, the biggest in the country, would be approved by Mr Turnbull by his deadline of October 10. "I believe that Turnbull will make a positive decision because all the information that he has to make the decision on says there are no issues with this pulp mill in Tasmania," he said. [September 14 2007](#)
77. "If we can't meet the conditions he wants, or he wants changes, it means Turnbull doesn't want the mill," Mr Gay said. "I can't work with any tougher permits. This mill, as it is, meets the science. I can guarantee that." [October 2 2007](#)
78. "I wouldn't think there is anything in the Peacock report that we should be worried about because the mill is world class. It meets all of the science that the environment requires, totally," Mr Gay said. "I would expect Peacock's report would only be glowing about the science of the mill." [October 4 2007](#)
79. "We are currently going through the process of understanding the permits," Mr Gay said [October 23 2007](#)
80. Gunns' resource and sustainability manager Calton Frame said the extension would ensure that consideration of the 12 modules—all of which were submitted to the Department of Environment last month—wasn't rushed. [September 9 2008](#)
81. He said the company was confident it would get Federal Government environmental approvals given this month's deadline extension by federal Environment Minister Peter Garrett (Gunns' spokesman Matt Horan). [September 19 2008](#)
82. John Gay said the company's board believed "the mill will clearly operate within the effluent trigger levels approved by the Federal Minister in Module L, following advice from the CSIRO". [January 31 2009](#)
83. "We are not stating that Module L has been approved," Mr Frame said..
84. Mr Gay said the (Herzfeld) report was now superseded, with new studies showing earlier trigger level inputs for the effluent "were based on old studies from the Baltic Sea [which] were not scientifically appropriate for Bass Strait". [January 31 2009](#)
85. The Federal Environment Minister, Tony Burke, has extended the deadline making a decision on the proposed Tasmanian pulp mill by another week. [March 3 2011](#)
86. Gunns Ltd yesterday refused to detail the tougher environmental controls it wants applied to its proposed Tamar Valley pulp mill. [March 4 2011](#)
87. It is understood that the original Gunns demand was for \$250 million but that has since dropped to \$106 million. Gunns needs the money to help retire debt and to try to raise the finance to start building its proposed \$2.3 billion Bell Bay pulp mill. Yesterday its share price closed at an all-time low of 22¢. [August 4 2011](#)
88. Gunns' managing director Greg L'Estrange says the company feels it has been misled into sticking with the process to end logging in most public native forests. [August 19 2011](#)
89. Federal taxpayers paid \$34.5m to Gunns to extinguish its rights to log Tasmania's native forests without Canberra first seeking advice on whether the payment was legally required. [October 22 2011](#)
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## 2.5 Pressuring the State

92. A spokesman for Gunns says it does not expect the Tasmanian Government to rush its decision. He says the company has applied to extend the agreement but there is no need for a decision until June 30 (2008). The company says the extension does not mean there has been a change in the current timetable for the mill's construction. [June 18 2008](#)
93. A Gunns spokesman denied the company had attempted to pressure the Government into a quick decision. "There is no need for the Government to rush into it," he said. [June 19 2008](#)
94. A Gunns spokesman said the company was "very pleased" with the extension to the November 30 date, "the date that it had sought". [July 1 2008](#)
95. "I believe we underestimated the time it would take and what we had to do to satisfy the departments on the process." (John Gay). In January Gunns said it expected to submit the last module by July 28, 2008. [August 14 2008](#)
96. Mr L'Estrange stresses that the company is not negotiating the future of Gunns' Triabunna facility with anyone [November 21 2010](#)
97. Gunns boss Greg L'Estrange said that the state's forestry deal could fail if those associated with the company did not receive adequate compensation. [November 26 2010](#)
98. Timber company Gunns has urged the Tasmanian Government to speed up the forest peace deal process. [November 26 2010](#)
99. The Tasmanian Premier, David Bartlett, has ruled out compensating Gunns over the timber company's move to solely plantation-based timbers. [November 26 2010](#)
100. Mr L'Estrange says Gunns would continue to log native forests if the peace plan falls over. [December 4 2010](#)
101. Gunns will sell all of its Tasmanian native forest operations if there is no forest "peace deal" agreed between the logging industry and conservationists. Managing director Greg L'Estrange told The Australian that, contrary to media reports, Gunns would not continue native forest operations if negotiations to restructure the industry failed. [February 10 2011](#)
102. Greg L'Estrange said the report proved the mill would be "the single greatest shot in the arm of the Tasmanian economy" for a very long time. "This report makes it clear that Tasmania has a lot to gain from this pulp mill [while] mill opponents believe Tasmania has a lot to lose," Mr L'Estrange said [March 19 2011](#)
103. Greg L'Estrange has already said that if no peace deal eventuates that includes a plantation-timber-only pulp mill as an integral part, he will take it as a signal that the Tasmanian community wants native forest logging to continue unabated. [March 24 2011](#)
104. Greg L'Estrange said yesterday the company's debt to state-owned Forestry Tasmania was nowhere near \$35 million. [May 26 2011](#)
105. Gunns Limited is suspending woodchip shipments from its Triabunna mill for eight weeks. [April 1 2011](#)

106. The assets sale did not have to be finalised before the August permits for a start [June 3 2011](#) on the pulp mill ran out,” Mr L’Estrange said.
107. Mr L’Estrange said the company would comply with the permits. [June 3 2011](#)
108. In a mistakenly published Hansard transcript of in-camera evidence, Gunns managing director Greg L’Estrange said Gunns disputed \$9.8 million of \$15 million that FT billed it on April 30. In other revelations, Mr L’Estrange: [June 16 2011](#)  
 Accused FT of establishing the “most expensive plantation in the world’s history” and said it should get out of plantation. Said FT was selling sawlogs to Gunns’ competitors at a 10 per cent cheaper price. Said FT “overcharged us \$5.4 million for China volume”. Agreed punishing Gunns was part of the reason FT charged Gunns higher rates.
109. Mr L’Estrange said Gunns would await the Government’s response to Mr [June 24 2011](#) Kelty’s report before completing the sale of the Triabunna mill, which is conditional on the agreement.
110. The Tasmanian Government has approved a loan to the company buying [June 29 2011](#) Gunns’ Triabunna woodchip mill. One issue outstanding is that Gunns will only agree to the sale if substantial progress is made in the forest peace plan.
111. Gunns has sold another sawmill site but the sale relies on a positive outcome [July 2 2011](#) from the state forestry peace deal
112. Gunns Ltd has told Forestry Tasmania it wants to terminate two major wood [July 13 2011](#) supply agreements signed in 2007. Gunns has sought millions of dollars compensation from the federal and state governments under the Statement of Forest Principles process for handing back the two contracts.
113. Millionaire environmentalists Jan Cameron and Graeme Wood have snapped [July 14 2011](#) up the Triabunna woodchip mill for \$10 million – and stunned their rival bidders who say they offered \$6 million more.
114. Greg L’Estrange says that signatories to the state forest talks knew last week [July 15 2011](#) that the Triabunna woodchip mill might not be sold to Tasmanian logging company Aprin. Mr L’Estrange said that it didn’t matter whether the difference between the two offers was \$6 million or \$600 million if one party was not capable of settling. As a condition of the Cameron-Woods deal, Gunns had insisted that the woodchip mill would operate as an export facility subject to the conditions of the statement of forest principles.
115. My first obligation is to Gunns’ shareholders, and for reasons fair or foul Aprin [July 16 2011](#) could not get their finance in order in time. Greg L’Estrange
116. Greg L’Estrange, has refused a request from FT to withdraw comments he [July 21 2011](#) made to a parliamentary committee, that Forestry Tasmania is undercutting woodchip prices to Gunns’ Chinese customers.
117. Ms Giddings says claims about the timber giant Gunns holding the state’s forest [July 22 2011](#) industry to ransom, appear to be true.”It is appalling that workers would be held in a sense to ransom in that way.”
118. Forestry Tasmania boss Bob Gordon has slammed the idea of Gunns Limited [July 22 2011](#) being compensated for getting out of native forests saying it was not forced to and that it was the company's own commercial decision.

119. Gunns recently sold its Triabunna woodchip mill to entrepreneurs Jan Cameron [July 25 2011](#) and Graeme Wood with a condition they operate the mill in accordance with the Tasmanian Forests Statement of Principles. Gunns has also said it would not allow the mill to reopen until the sawlog compensation issue had been addressed. Prime Minister Julia Gillard said she had confidence that the mill would reopen. She said the Triabunna facility was important for processing some of the state's forest resource.
120. Forestry Tasmania chief Bob Gordon said yesterday that the government [August 18 2011](#) business was trying to recover debts of at least \$25 million from Gunns. But Gunns retaliated late yesterday by notifying the Australian Securities Exchange it disputed Mr Gordon's claim, made on ABC radio earlier in the day.
121. According to Ms Giddings, any settlement amount will come from the [August 18 2011](#) Intergovernmental Agreement funding which has been provided for this purpose. She said that the maximum Gunns could receive under the arrangement would be \$23 million.
122. Tasmania's Premier has revealed the \$276 million forest peace deal will not [August 18 2011](#) proceed if a commercial settlement with timber company Gunns over its contract rights can not be reached.
123. Gunns Ltd won't be able to extend state permits for its \$2.3 billion Bell Bay [August 20 2011](#) pulp mill that expire at the end of this month, according to the Environment Protection Authority. However, what and who determines "substantial work" - which must be done by August 31 under the permits - is unclear.
124. Gunns says it has met permit requirements with some roads already built and [August 23 2011](#) earth works starting this week. But opponents claim the project is doomed. The Premier, Lara Giddings, does not know how much work Gunns has done on the \$2.5 billion pulp mill.
125. In the past, Gunns said it believed that the \$219 million it had spent on the [August 23 2011](#) project would be considered a substantial commencement. However, in March managing director Greg L'Estrange spoke of the urgency of attracting a joint-venture partner.
126. Permits for the \$2.3 billion Tamar Valley mill are due to lapse at the end of the [August 24 2011](#) month if Gunns can not show construction has "substantially commenced."
127. "The majority of these extensions and suspensions were applied for by Gunns [25 August 2011](#) as a direct result of Gunns' ongoing difficulties in securing finance for the project," the document states.
128. It has been revealed the Tasmanian Government has known for almost two [August 25 2011](#) years that construction permits for Gunns' pulp mill needed clarification.
129. On Friday, Gunns awarded the earthworks contract to a Tasmanian joint [August 29 2011](#) venture between John Holland and Hazell Bros for \$20 million of work to begin this month. Gunns says it has spent more than \$200 million on the mill. The firm has \$628 million of debt, of which \$593 million is payable in the next 12 months.
130. The Tasmanian Government has revealed it has made a compensation offer to [August 29 2011](#) Gunns to relinquish its Tasmanian native forest contracts, as part of the \$276 million forest peace deal.
131. Doubts exist about whether the permit for Gunns' \$2.3 billion Tasmanian pulp [August 30 2011](#) mill is still valid, and may need to be tested in the courts, says Tasmania's peak environmental regulator. But, four years after the permit was issued, Gunns is yet to announce finance for the project or to begin building the plant.

132. Under the Pulp Mill Assessment Act, the pulp mill permits would lapse if the project was not "substantially commenced" by yesterday. However, Greens water spokesman Tim Morris said that, under a separate section, the dam works should have been "substantially completed" by yesterday. [August 31 2011](#)
133. The state government is taking a wait- and-see approach on whether Gunns will accept its settlement offer after a deadline to do so passed on Friday with nothing but silence from the company. The acceptance window for the offer lapsed at the "close of business" on Friday. [September 4 2011](#)
134. The timber company last night rejected an offer of compensation for surrender of its rights over the lion's share of logging in Tasmania's native forests. [September 6 2011](#)
135. The Tasmanian Premier has indicated there is now more money on the table in negotiations with Gunns for giving up its residual rights over state forests. The Premier has moved the goalposts after the timber company rejected the government's undisclosed offer last night. Lara Giddings says there is \$43 million under the \$276 million intergovernmental forest agreement (IGA) to work with despite previously capping Gunns' likely compensation at \$23 million. [September 6 2011](#)
136. Tasmania's Environment Protection Authority says it has received a submission from Gunns explaining how it has substantially commenced work on the mill. [September 9 2011](#)
137. The Tasmanian Government has confirmed it has finalised a revised offer to timber company Gunns for retiring its residual rights to public native forests. [September 12 2011](#)
138. Timber company Gunns has applied to build three stormwater ponds for its Tamar Valley pulp mill as a cloud hangs over the legal status of the \$2.3 billion project. Gunns lodged the applications to carry out dam works on September 1, a day after the original permit expired. [September 13 2011](#)
139. Gunns has formally accepted an offer of \$23 million to abandon its residual native timber rights. State-owned Forestry Tasmania (FT) will also be paid \$11.5 million to ensure it does not on-sell the native forest contracts. Premier Lara Giddings says the payment is necessary as the Government is not able to direct FT to extinguish the contracts. Ms Giddings says the payments will also settle the dispute between FT and Gunns over an alleged \$25 million debt. [September 14 2011](#)
140. Gunns boss Greg L'Estrange regrets getting involved in the state's forests statement of principles. "If we had our time over again, we would have got out months ago," the forest company's managing director said yesterday. "We would have cut and run 12 months ago, sold the business and gone." [September 20 2011](#)
141. The Triabunna woodchip mill was not the most critical component of the forestry agreement and its dormancy would not prevent the \$276 million deal being acted on, Premier Lara Giddings said yesterday. [October 23 2011](#)

### **3. General issues**

#### **3.1 'Greenest' mill**

142. Mr Gay said Gunns would look at the best European technology for a low-impact TCF (total chlorine-free) kraft mill, which would be a first for Australia. "A TCF mill would eliminate perceived environmental risk in the bleaching process through the substitution of chlorine with compounds derived from naturally occurring oxygen and hydrogen," he said. [June 28 2004](#)

143. “Gunns Limited has never had any intention of using elemental chlorine in its Bell Bay mill. This is outdated technology.” John Gay. [February 25 2005](#)
144. The bleaching process will be Elemental Chlorine Free (ECF). [March 30 2007 Gunns Limited Bell Bay Pulp Mill Referral.pdf](#)
145. John Gay said yesterday, “We will be using chlorine.” [February 25 2005](#)
146. John Gay has publicly stated that it is okay that his company kills protected species because “there’s too many of them”. [December 2006](#)
147. “We are determined to develop a pulp mill that meets the most stringent environmental standards as approved by the Tasmanian parliament and the Commonwealth minister, and one that will significantly add value to Tasmania’s forest resource,” Mr Gay said. “And, we will do this in a sustainable way, preserving our forests for future generations and without adverse impact on the local atmosphere and marine environment surrounding the mill.” [October 4 2007](#)
148. Mr Gay wanted to reassure the Tasmanian public that the mill is environmentally sound. He dismisses questions about its environmental credentials, and evidence that the mill was set to fail at least six air and water quality guidelines set by the former RPDC. [March 3 2008](#)

### **3.2 Water supply**

149. It (the mill) would draw water from Curries Dam, with a new small dam on Pipers River. [December 17 2004](#)
150. Pulp mill water off-take will be taken from water that would otherwise have flowed through the Trevallyn Power Station. February 2007 ‘The Facts’ by Gunns.
151. The proposed pipeline route traverses about 60 properties between Trevallyn and the mill site. [March 3 2008](#)
152. Under the water deal, Hydro is charging Gunns about \$624,000 a year—an amount it says compensates for the 7.3 gigawatts of power the water would have generated. [March 6 2008](#)
153. Hydro Tasmania has revealed it cannot guarantee water supplies to the \$2 billion Gunns’ Limited pulp mill. [March 14 2008](#)
154. In a last-ditch attempt to take pressure off any property owners who have not yet made up their minds, Gunns yesterday removed next week’s deadline of July 23 for negotiations to cease. [July 17 2008](#)
155. Spokesman Matthew Horan said that if landholders raised the issue with Gunns, the company would look at selling irrigation water from the pipeline at cost price to landholders. [July 17 2008](#)
156. Mr Horan said. “We are relatively confident of getting all the landholders to agree, but if we can’t then that means there will be no pipeline and no mill.” The Gunns spokesman said that while the company would not discuss how many landholders it had already locked into agreement, it did not believe there were more than “one or two” who opposed the pipeline. [July 17 2008](#)

157. Gunns' spokesman Matt Horan said the timber giant was continuing finance negotiations and site work for the mill and was closer to an agreement on a water-supply pipeline [September 19 2008](#)
158. The West Tamar Council in Tasmania have decided not to give timber company Gunns an easement for a water pipeline to its controversial pulp mill. Gunns says it is pleased the council has recognised it has the right to access the land under the Pulp Mill Assessment Act. [October 22 2008](#)
159. Gunns spokesman Matt Horan saying that under the Pulp Mill Assessment Act the pipeline could still be built through easements on council-owned land. Mr Horan said Gunns welcomed the decision which 'confirmed that the Pulp Mill Assessment Act is the relevant authority' [October 22 2008](#)

### 3.3 Water pollution

160. Gunns Limited believes its proposed \$1.5 billion pulp mill in the Tamar estuary will have no "significant impact" on the water quality of Bass Strait or on fish and other marine life around its ocean effluent outfall near George Town. [April 4 2007](#)
161. Dioxin formation in the discharged pulp mill effluent is calculated to be almost non-existent. Gunns Ltd Pulp Mill Project faqs.htm
162. Gay says the proposed pulp plant is state of the art technology, meeting world standards of effluent. [May 31 2007](#)
163. Curtin University associate professor of petroleum engineering Andrew Wadsley said on Tuesday dioxin concentrations in Bass Strait flowing from the mill's effluent could be nearly 1400 times higher than predicted by proponent Gunns Ltd because of mathematical errors made in estimate calculations.
164. Gunns and its toxicology consultants have dismissed Prof Wadsley's claims as "irresponsible scaremongering". A Gunns media statement issued last night said 'that dioxins were not usually detectable in the effluent of modern mills.'
165. Federal Environment Minister Malcolm Turnbull recently asked Gunns if it was possible to add this type (closed-loop) of recycling system to its pulp mill. But on May 1 Gunns' mill project manager Les Baker emailed Mr Turnbull claiming it was impossible to include a full effluent recycling system in the design of its proposed Tamar River mill because it would jeopardise the project's financial viability. [August 7 2007](#)
166. Gunns' spokesman, Tony Harrison, said the company had not been asked to do further work on the effluent's environmental effects so far, and declined to comment on the contents of Dr Peacock's report. [September 28 2007](#)
167. Dr Peacock confirmed that Gunns had been allowed a maximum dioxin limit well above dioxin levels produced by similar mills overseas. [October 29 2007](#)
168. John Gay said the company's board believed 'the mill will clearly operate within the effluent trigger levels approved by the Federal Minister in Module L, following advice from the CSIRO'. [January 31 2009](#)
169. 'We are not stating that Module L has been approved,' Mr Frame said.
170. Mr Gay said the (Herzfeld) report was now superseded, with new studies showing earlier trigger level inputs for the effluent 'were based on old studies from the Baltic Sea [which] were not scientifically appropriate for Bass Strait'.



### 3.4 Air pollution

171. Gunns Ltd pulp mill will exceed official limits set for a noxious gas that causes acid rain and adds to global warming. Gunns admits the air pollution blowout in its draft integrated impact statement now before the RPDC. Gunns includes mitigation for breaching the RPDC pollution limits and argues the levels should be revised upwards to accommodate the emissions blowout. [November 5 2006](#)
172. John Gay told the timber company's annual meeting that the mill would not smell. [November 13 2006](#)
173. Overall there will be a reduction of more than 1.3 million tonnes per annum in carbon dioxide. February 2007  
'The Facts' by  
Gunns
174. Gunns' consultants say modelling predictions of the pulp mill's impact on Tamar Valley air were made with incomplete or inaccurate data. As a result, the modelling sometimes predicts air pollution will be lower with a pulp mill than without. [April 1 2007](#)
175. Gunns proposes a main chimney stack of about 130 metres high for the Tamar Valley pulp mill. However, the RPDC has a formula for main stack height which would require a chimney of at least 215m. Gunns admits in its draft integrated impact statement that its proposed mill will breach emission limits for nitrogen oxides ... linked to respiratory problems, heart disease and premature death. Simon Bevilacqua.  
The Sunday  
Tasmanian
176. Les Baker, Gunns' Project Manager: It will have no impact in terms of emissions both in the water and in the air on the environment around us. [June 5 2007](#)
177. "It showed that you would see the stacks of the Hampshire pulp mill from Cradle Mountain \_ we didn't think that would be an appropriate outcome," Greg L'Estrange [September 2 2010](#)
178. Mr L'Estrange said last night there had been some "overly ambitious early discussions around odour". [March 11 2011](#)

### 3.5 Employment guesstimates

179. Gunns estimates a pulp mill will generate at least 300 direct jobs, more than 1000 indirect jobs and up to 3000 construction jobs. [June 28 2004](#)
180. The pulp mill will increase the number of Tasmanians employed by an average of 1620 (excluding those involved in construction) February 2007  
'The Facts' by  
Gunns
181. About 3,400 more jobs will be expected in Tasmania in 2008 if the pulp mill is constructed. Gunns Pulp Mill  
Project faqs.htm
182. John Gay said including construction and flow-on investment, the mill would create 3,500 jobs and add nearly \$6.7 billion or 2.5 per cent to the Tasmanian economy. [October 4 2007](#)

183. The Tamar Valley pulp mill will employ 1250 workers in its construction—not [March 21 2008](#) 3000 as first predicted by Gunns Ltd. Gunns’ executive chairman John Gay last night denied misleading the Tasmanian public. Mr Gay said the man-hours required to build the mill were the same, but work would spread over a longer time and require fewer workers. He said more construction would be pre-fabricated in Europe by industrial specialist Andritz, requiring less on-the-ground construction.
184. Gunns is committed to source employment and services from Tasmania whenever possible. [Gunns Pulp Mill Project faqs.htm](#)
185. The company also released a final draft of the Bell Bay pulp mill economic development plan and local procurement policy prepared by Melbourne-based Essential Economics. "Higher priority will be given to supplies from within George Town, West Tamar and Launceston local government areas," Mr L'Estrange said. [July 7 2011](#)

### 3.6 Wood supply

186. John Gay: ‘We don’t log deliberately old growth forests’  
Ticky Fullerton: ‘On the one hand we’re saying there’s very, very little old growth felling that actually happens’. John Gay: ‘Yeah’.  
February 16 2004  
ABC 4-Corners  
Reporter: Ticky Fullerton
187. Ticky Fullerton: ‘On the other hand we’re saying if it was stopped we’d lose many many hundreds of...’ John Gay: ‘Well, the jobs in the sawmills in the added value. You’ve seen that here today. You have actually seen it yourself.’
188. Ticky Fullerton: ‘If we did have a pulp mill here in Tasmania, how much more forestry would you need to feed that pulp mill?’ John Gay: ‘Not one single more hectare of land.’
189. Ticky Fullerton: ‘85% of your chips I think come from native forests, some of it is still old growth, why when every other state has thought better of it are we still clearfelling old growth forest for woodchips?’ John Gay: ‘Well we’re not actually clearing old growth forests for woodchips. This state and the Forestry Tasmania operates this industry on a sustainable yield for sawlogs and for added-value and that creates logging of those areas and those we are taking the residue of those areas not the chipping business. Ten years ago, fifteen years ago those areas were burning the resource.’
190. Ticky Fullerton: ‘Isn’t that being a bit disingenuous because clearfelling is the main way of taking timber out of Tasmania at the moment isn’t it?’ John Gay: ‘Clearfelling is not the main way of taking timber out of Tasmania. I believe that we are, our main process of getting timber is through regenerated forests and regrowth.’
191. John Gay said no old-growth timber would be used in the pulp mill. [July 11 2006](#)
192. Twenty-four hours after release of the Integrated Impact Statement (IIS), Gunns’ spokesman Les Baker, assured media representatives that no old-growth timber would be used in the mill or in its associated bio-fuel electricity generator. He said the mill would not require any ramping up of forestry operations. Gunns insists that the mill will only use woodchips from plantations and regrowth forests. All woodchips used would otherwise have been exported. [August 2006](#)

193. Gunns' regional manager Bryan Hayes told a meeting of logging contractors in [August 4 2006](#) Launceston last week that continuing and long-term woodchip export sales by Gunns were vital for its finances. He said Gunns ability to finance the \$1.4 billion pulp mill "in its own right" would depend on the company continuing parallel large-scale raw woodchip exports. This shock admission reveals the timber giant intends to operate this two-pronged chip policy until at least 2025.
194. It will continue to export around three million tonnes of raw woodchips from its Burnie and Triabunna woodchip mills every year, while also using up to another four million tonnes annually in the pulp mill.
195. Gunns statement that its Tamar Valley pulp mill will not require more trees to be cut down has been challenged by a report commissioned by the Resource Planning and Development Commission. The mill impact statement said all wood for the proposed mill would be sourced from trees that would otherwise be chipped and exported. But the new report said Gunns had not provided a "business as usual" no-mill scenario to test its prediction. [October 20 2006](#)
196. Gunns intends to secure a supply of 2 million GMt/a of hardwood supply from native forests and plantations under a long-term supply contract with Forestry Tasmania. [Gunns Limited Bell Bay Pulp Mill Referral.pdf](#)
197. Mr Gay said he also thought it disgraceful that conservation groups such as (the) World Temperate Rainforest Network were "using" young children who could not possibly understand the issues associated with the timber industry in Tasmania. [November 10 2006](#)
198. It will use about 3.5 million tonnes of timber a year, which is around the future levels of Gunns own plantation production - an output that Gay says will continue in perpetuity as new trees replace those harvested. [May 19 2007](#)
199. Mr Gay said: "The pulp mill would bring Gunns into a league of cash flow that would expand Gunns even further than most people could imagine. It will mainly be driven by native (forests) instead of plantation. [September 17 2007](#)
200. Forestry Tasmania this week confirmed that up to 500,000 tonnes of old-growth woodchips would be exported each year. (Bob) Gordon suggests Australians should end their hang-up with the logging of old growth. "It assumes that there is somehow something wrong with harvesting old growth," he says. [October 27 2007](#)
201. In 2006-07, Gunns exported 3.4 million tonnes of woodchips. Gunns integrated impact statement for the mill makes it clear the company will continue to export woodchips, as well as feed them into its mill. By 2022, Gunns says, the mill will have consumed about 3.2 million tonnes, while a further 3.6 million will be "available for export". This means the total woodchip resource available to Gunns alone will be 6.8 million tonnes in 2022. That would be a doubling of Gunns present rate of woodchip production, based on 2006-07 export levels.
202. The project, which will produce 1.1 million tonnes of pulp annually, (uses) 80 per cent native forest at start-up. [July 4 2008](#)
203. Mr Gay said operation of the mill on 100% plantation from the start would ensure the project is fully consistent with other modern bleached Kraft pulp mills in South America that operate on 100% plantation supply [January 6 2010](#)
204. Gunns says it still needs its wood supply deal with Forestry Tasmania, even though its proposed pulp mill will not use native forest timber. [January 7 2010](#)
205. Gunns spokesman Matt Horan said yesterday that operations outside of the [January 8 2010](#)

pulp mill were reliant on the wood supply deal and that it would not be renegotiated.

206. Gunns Limited says there's no need to expand its timber plantations to feed a pulp mill in northern Tasmania's Tamar Valley. [March 11 2011](#)

207. Gunns is seeking an increase in the pulp production limit from 1.1 to 1.3 million tonnes per year. [April 21 2011](#)

### **3.7 Gunns' attitude to pulp mill opponents**

208. "Gunns Limited and the majority of Tasmanians are sick and tired of the misleading information being peddled about our industry and our state," he said. <http://www.news-tasmania.com/gunnsfolly.html>

209. The chairman of the Tasmanian timber company Gunns Limited, John Gay, says the company is prepared to spend up to \$2 million on the so-called 'Gunns 20' case. <http://www.mcgunns.com/>

210. John Gay broke a lengthy silence on the case as he confirmed yesterday it would be pursued, at least against some of the individuals. "Gunns isn't about silencing the Greens," he said. "What we're sick of is the malicious damage some people are doing to us. We will continue to chase that down to the nth degree." [August 29 2006](#)

211. Opponents of the development have resorted to misinformation, scare-mongering and false claims. John Gay February 2007 'The Facts' by Gunns

212. The rebuke followed Mr Gay's response to Daniel Alps' call for compensation if the mill damaged his thriving Tamar Valley restaurant Strathlynn. Mr Gay dismissed the call as "spurious" and suggested operators pay Gunns when their businesses benefited from the \$1.7 billion project. [July 17 2007](#)

213. "It's the opponents who won't accept the umpire's decision, not me or Gunns." John Gay [March 1 2008](#)

214. "I don't understand it but (protesters) won't be able to stop the mill because it has approvals from both governments," Mr Gay said. "I don't know what they will do but I am not really interested. Gunns won't have to have anything to do with protesters because it will be a police issue." [March 3 2008](#)

215. "Anybody who seriously believes this latest attack against John and his family was not orchestrated by the anti-pulp mill campaigners is kidding themselves. This sort of vigilantism has been part of the tactics of anti- pulp mill activists for some time. I and my family have suffered ... virtual home invasion at the hands of expertly trained anti- pulp mill operatives." Paul Lennon [25 October 2009](#)

216. "Cuddly it might seem, but it is our response to the other harsh and reasonable reality that Gunns can no longer operate as though it only need satisfy commercial interest. [February 10 2011](#)

217. A Blackmans Bay man was bailed yesterday after being remanded in custody on Thursday night over a protest at the Gunns pulp mill site earlier in the day. Inspector John King said police were called to the pulp mill site at 1.20pm after being told that several people were trespassing on an access road. [September 3 2011](#)

218. Two people were arrested after protests and the Gunns pulp mill site at Bell Bay this morning. A man who locked himself underneath an equipment [September 5 2011](#)

moving truck was charged with public nuisance and breaching his bail conditions.

219. An anti-pulp mill group has lodged a court challenge against timber company Gunns, claiming it has no legal right to build its Tasmanian pulp mill. Pulp the Mill alleges the company does not have permits or approval to do any work on the Tamar Valley site. [September 8 2011](#)
220. Protesters have again forced work to stop at the site of Gunns' northern Tasmanian pulp mill, as the timber company awaits a decision about the validity of the project's permits. Members of the environmental group Code Green attached themselves to machinery at the Tamar Valley site on Friday morning, preventing earthworks from continuing. [September 16 2011](#)
221. Pulp the Mill alleges Gunns undertook development without a permit in breach of either the George Town Planning Scheme or contrary to and in breach of the Land Use, Planning and Approvals Act 1993. [October 14 2011](#)

#### **4. Gunns, secrecy and power**

222. Ticky Fullerton: 'Mr Gay I can't do an interview without asking you about the Rouse affair, that was very significant. Edmund Rouse was Chairman of this company and he was involved in bribery.' John Gay: 'That um I don't like to talk about that.' February 16 2004 ABC 4-Corners
223. Mr Gay yesterday confirmed that the Premier had travelled to Gunns' Launceston head office for an unscheduled hour-long meeting. "I think he had read the paper (and the six-month approval ultimatum threat) and wanted to settle me down," Mr Gay joked last night. "He wanted to confirm to me that he was managing the process and that (the RPDC resignations and Dr Raverty's subsequent comments) were just a hiccup." [January 12 2007](#)
224. The former head of the State Government's Pulp Mill Taskforce, Bob Gordon, told RPDC chairman Julian Green to "get lost" when he complained about the taskforce's aggressive promotion of the proposed \$1.4 billion mill. According to the senior government source, who asked to remain anonymous, when Mr Green told Mr Gordon he would be forced to tell Mr Lennon of the continuing interference and non co-operation, the taskforce chief laughed at Mr Green. "He said, 'Go ahead, (the Premier) he's my mate, you know—he won't do anything'". [February 2 2007](#)
225. "The Premier kept asking me to stay in but it became clear he couldn't fix it and when Christopher Wright was appointed (to RPDC) that was the end of it," Mr Gay said. [March 19 2007](#)
226. The reason Gunns did not meet timelines during the RPDC process was that the RPDC kept giving the company "so much extra work" to do.
227. Les Baker, (from) Gunns ... had called (the CSIRO) to say that if the CSIRO would not compel Raverty to be silent, Gunns would be "less supportive" of the CSIRO. [March 27 2007](#)

228. Concerns (about the fast track assessment bill) raised in the legal opinion of University of Tasmania law lecturers Mr Baxter and Michael Stokes include: Clause 11(3), which states that even criminal conduct (such as gaining a permit by the payment of bribes, corruption, fraud or intimidation) cannot delay the pulp mill permit. They say “this entails that a permit based on assessment which is completely tainted by criminal activity remains valid”. Section 11(1), which prevents any appeal, review, action or proceeding in respect of, for example, the way in which the consultant carried out his or her duty. They say this lack of review is a denial of natural justice. [March 27 2007](#)
229. Gunns has refused to answer questions about whether its lawyer helped draft a “dream Bill” to set up a fast new assessment process for its pulp mill. [April 3 2007](#)
230. Gunns’ 20-year wood-supply deal with Forestry Tasmania, part of the mill’s feedstock, was kept secret until last week when Tasmanian Ombudsman Simon Allston made a landmark ruling to force its release. [April 15 2007](#)
231. On Wednesday night, Premier Paul Lennon told the adjournment debate of state parliament that Ms Hornsey informed Gunns of the impending bad news in discussions on March 8. “She took those matters up with Gunns - that is, the need for the additional information being highly likely to be sought by the RPDC,” Mr Lennon said. [June 15 2007](#)
232. Gunns pulled out of the RPDC six days after the news from Ms Hornsey. The next day, March 15, Mr Lennon announced a new fast-track assessment of the mill to be carried out by government-appointed consultants.
233. Yesterday, the Premier refused to answer questions in parliament as to whether he or anyone acting on his behalf had discussed the option of a fast-track assessment with Gunns ahead of its withdrawal from the RPDC.
234. Premier Paul Lennon has admitted to a parliamentary committee that he knew environmental information supplied by Gunns Ltd ... was inadequate. [June 19 2007](#)
235. Under former premier Paul Lennon, the Government had secret and well-advanced plans for taxpayers to own and subsidise the 35km pipeline to supply water to the Tamar Valley mill. Mr Bartlett yesterday told ABC Radio that government ownership of the pipeline would not occur. “I would rule out the Government owning or building such a pipeline,” Mr Bartlett said. [May 29 2008](#)
236. Mr Bartlett said cabinet had provided a time frame by which the project would “live or die.” “Gunns must now use all their best endeavours to raise finance and meet the permits that are required for the project for it to proceed by November 30 this year, he said. [June 30 2008](#)
237. A Gunns spokesman said the committee’s suggestion it may have breached disclosure obligations were “baseless allegations”. (A state parliamentary committee vows to refer evidence about Gunns’s conduct to market regulators). [April 08 2009](#)
238. Tasmania’s Premier has again ruled out any more financial or legislative support for Gunns’ proposed northern pulp mill. “Absolutely rule it out, 100 per cent. David Bartlett [April 21 2009](#)
239. A spokesman for Gunns assured The Australian that the company had “ticked the box” on FSC certification. Challenged on this yesterday, the spokesman agreed Gunns had not applied for FSC. [July 01 2009](#)
240. Tasmania's forestry peace deal broker, Bill Kelty, has revealed he has had discussions with a potential joint venture partner for Gunns' proposed Tamar Valley pulp mill. [March 23 2011](#)

241. Shareholders in the Tasmanian timber company Gunns have launched a class action in the Federal Court saying they lost millions of dollars due to the poor disclosure of the company's accounts. [April 21 2011](#)
242. The Tasmanian timber company Gunns is defending claims in a shareholder class action that it did not warn the stock exchange it was poised to announce a big profit loss in the first half of last year. [July 9 2011](#)
243. Timber company Gunns has successfully sought an indefinite suspension of its share trading this morning. Gunns requested an extension of its trading halt at the start of this week because the matter of its payout had not been mentioned in the forest agreement signed by Ms Gillard and Ms Giddings [August 11 2011](#)
244. Conservation groups lobbied the Liberal Party to support the forest agreement, including the controversial multi-million-dollar compensation to Gunns, it has been revealed. [August 17 2011](#)
245. Gunns will not seek to have the suspension in the trading of its shares lifted until after the release of its annual result on Thursday. Managing director Greg L'Estrange said Gunns would be seeking clarification on material issues relating to the Intergovernmental Agreement. [August 20 2011](#)
246. The Federal Court of Australia has given Gunns another month to provide documents to lawyers pursuing a class action after the company failed to meet an August 19 deadline. [September 6 2011](#)
247. Timber company Gunns will today outline what a government payout agreement announced yesterday means for the company. Gunns shares have been in a trading halt since early last month pending the outcome of the payout negotiations [September 15 2011](#)
248. The company, which has been in a trading halt for more than a month, accepted a \$23 million payout from the state government last Wednesday but has postponed making an announcement to explain what it means for the company twice since then. [September 19 2011](#)
249. The Legislative Council called on the state government to release its legal advice about a \$23 million payout to Gunns Ltd for it to exit native forests. [September 23 2011](#)
250. The Tasmanian Premier is under more pressure to release the Solicitor-General's advice about the payout to Gunns to settle debts and native timber rights. [September 29 2011](#)
251. Gunns Limited formally terminated its contracts with Forestry Tasmania on a full release and indemnity basis in April, documents obtained under the Right to Information Act show. [October 3 2011](#)
252. Mr Gay could not be contacted yesterday but it is believed that he is in final negotiations to buy at least two of the mills that Gunns is selling. The sale deals would end months of speculation that Mr Gay has been planning a comeback to the industry. [October 20 2011](#)
253. Neither Gunns nor Mr Gay would disclose how much he had paid for Somerset but the land and capital value on the 2.2 hectare site was set at more than \$2 million last year. [November 5 2011](#)

## 5. Economic management

254. 'Wood fibre in the world market is getting shorter, resources around the world are getting less, more pulp mills are being built around the world, which makes demand greater, and the future of the forest-based industry on [October 27 2005](#)

plantations will be fabulous.' John Gay.

255. The forest workers union in Tasmania has launched an international campaign to help secure finance for Gunns' \$1.5 billion pulp mill. Spokesman Carlton Frame has praised the move, saying it shows there is broad community support for the mill. [May 7 2009](#)
256. Gunns said it had made a number of ASX announcements regarding its expectation for trading conditions and outlook for the first half of the financial year. But while these reports talked about "challenging" market conditions there is no mention of a predicted slashing of almost all profit. [February 24 2010](#)
257. By selling a chunk of his shares not long before the company posted a steep drop in first-half profit, Gunns chairman John Gay has avoided paper losses of nearly \$2 million. [March 5 2010](#)
258. "These people said it would be better for the company if there were no Tasmanians on the board, but if I go the (pulp) mill, the Launceston head office and our interests would go with me," Mr Gay said. "Anyway, it just won't happen. I was re-elected at our AGM last year. [March 16 2010](#)
259. Gunns chairman John Gay was recently reported as confirming pressure had been applied from institutional shareholders for his resignation, and those of fellow board members Richard Millar and Robin Gray, a former Liberal premier. Mr Gay signalled he had no intention of quitting. [March 24 2010](#)
260. Last week, the resignation from Gunns of Mr Gray was brought forward and made effective as of Thursday. When The Australian asked Mr Gay if he was aware of such moves, the phone line went dead, while Mr Gray could not be contacted. [May 10 2010](#)
261. Gunns didn't say why Mr Gay will step down immediately [May 27 2010](#)
262. 'the company still had to get the mill to operational stage before it started worrying too much about markets'. Carlton Frame Gunns. [August 18 2010](#)
263. 'I'm not bitter with the company,' says Gay, who resigned in May. "I had to leave Gunns because the institutional investors were targeted by the greens and kept pressuring me to resign, and I just wasn't prepared to put my wife and two kids through any more [of the] thuggery in the green movement. They've damaged Tasmania and did their best to damage my credibility.'" [August 19 2010](#)
264. The new head of Gunns' Bell Bay pulp mill project was head-hunted to make the controversial mill more palatable to would-be financiers. [December 18 2010](#)
265. The scheduled release of Tasmanian timber company Gunns Ltd's half-yearly report was called off yesterday to give the company time to close a transaction. [February 12 2011](#)
266. Gunns has sought new financing because it has been unable to sell assets in time for \$55 million of debt and interest repayments which are due today. [June 30 2011](#)
267. Gunns is close to selling its Launceston Lindsay Street site to national hardware retailer Bunnings. Gunns managing director Greg L'Estrange told staff on Monday that there was a firm offer for the site. [July 13 2011](#)
268. A Gunns spokesman refused to comment when asked whether the company's wood supply had been affected because its supply bills had not been paid. [August 3 2011](#)
269. Gunns will have to either pay off or re-borrow \$593 million in loans and financial arrangements before the next financial year. Gunns confirmed a \$355.5 million loss for 2010-11. [October 2 2011](#)
270. Gunns shares will resume trading this morning at a historic low of 13.5 cents. [October 4 2011](#)



## 6. Gunns' finance spin

271. Ticky Fullerton: 'Do you think you're on a black list as far as ethical investment goes?' John Gay: 'No that doesn't really worry me from what I see about ethical investment companies, where they have investments in Australia. They don't show very good returns.' February 16 2004 ABC4-Corners
272. Seven Councils have cautiously welcomed the proposal for a \$1.2 billion pulp mill in Bell Bay. [April 2005](#)
273. At a capital expenditure cost of \$1.4 billion, Gunns' pulp mill proposal is the largest-ever investment by the private sector in Tasmania. Gunns Pulp Mill Project faqs.htm
274. Gunns Ltd proposed pulp mill is a highly risky project in a volatile market, says a new report from CommSec. [November 2 2006](#)
275. Mr Bayley asked Mr Gay if he was deliberately misleading shareholders on the issue. "I think my credibility on this issue is a bit better than yours in this industry," a stony-faced Mr Gay replied. [November 10 2006](#)
276. Mr Germano's sworn statement (to the Federal Court) says. "Any delay, even by one day, of the commencement of construction ... will result in an adverse financial impact on Gunns. "It is anticipated that each day the project is delayed will represent a loss to Gunns of approximately \$1.076 million per day in cost escalation and loss of profits." [June 1 2007](#)
277. Gay announced the project had ballooned in cost from \$1.2 billion in 2005 to \$1.9 billion now. [August 2007](#)
278. John Gay said "I don't remember telling Bill Heffernan that the Hampshire site was the way to go. I remember discussing the Hampshire site with him one day, but when we done the feasibility study, the Hampshire site economically was not viable." [September 15 2007](#)
279. Mr Gay said "I think the financial markets believe that we are right, but they are getting such enormous influence of people writing to them and threatening them about Gunns." He said he "heard from a source the other day" that people would be suggesting to financial markets not to invest in Gunns. [September 17 2007](#)
280. Gunns' director Robin Gray says the company will have no trouble funding its proposed Tamar Valley pulp mill, whether or not the ANZ Bank approves finance for the project. Mr Gray says the board has plans in place to ensure the project will be funded, no matter what the bank's decision. "I don't think you'd need worry that we'll have the finance in place to complete the mill." [October 7 2007](#)
281. Gunns is confident of getting financial backing for the \$1.7 billion project, even if it's knocked back by the ANZ Bank. [October 9 2007](#)
282. In June last year Gunns told the Federal Court that every day of delay past September 1 would cost the company \$1.076 million. [December 21 2007](#)
283. "All the other costs of operation are about the same as Tasmania so I suspect that we will be very competitive in the cost of wood and pulp from South America." (John Gay) [January 28 2008](#)
284. Mr Gay defended the Allen report. "I think the economics of this mill are fantastic," he said. However, the economic benefits of the mill were "no one else's business". "Gunns owns its own resource and it's going to own the mill," he said. "That's a company decision, whether it's economical or not. The (Gunns) board wouldn't approve the mill unless it met its economic parameters." [January 29 2008](#)

285. “Despite what you read, there has never been an issue with financiers approving this mill,” Mr Gay said. “There will be no problems with finances, it’s all on schedule and Mick Smith seemed very happy with Gunns and our processes, especially after the release of the federal government Peacock report.” Mr Gay says once the final clearing and construction permits are ticked off by Federal and State Governments in the next few weeks, he will formally be given ANZ Bank project finance. [March 3 2008](#)
286. “ANZ and Gunns deal on a commercial basis, not on an emotional one,” Mr Gay said. “I don’t talk to financiers about environmental issues and they don’t raise them with me.
287. Mr Gay said the bank’s obligation to meet the Equator principles for sustainable industrial developments have already been “ticked off”.
288. “The ANZ just can’t give us the last approval until we give them the permits, but it’s all on track.” Once the pulp mill’s finances are locked in, Mr Gay said the Gunns board will then meet to finally sign off on the valuation and build of the mill. It had already approved the project in principle three years ago. He expects that meeting to be in April and appears certain there are no doubters in the board’s ranks about the benefits of the massive mill for Gunns’ shareholders.
289. “I think it’s gone too far financially to stop this mill,” Mr Gay said in a remarkable admission. “But, even though the mill should have been functioning by now, the numbers still stack up.” Mr Gay says Gunns has already spent millions of dollars on paying construction, engineering and employment contracts that have had to be delayed because construction start-up has been put back a year. “All over the world we had to shutdown our contracts until May once government approval processes stretched past June 30, 2007,” Mr Gay said. “We’ve got \$80 million invested in contracts; that’s money we have already spent and are paying interest on, but we have got nothing to show for it.” It’s how the Gunns’ executive chairman says his commercial manager John Germano calculated last year that the company would lose \$1,076,000 a day in lost profits and extra costs, for every day past September 1 that the mill’s construction was delayed. Additional hedging costs added another \$30,000 to real bottom line costs. [March 3 2008](#)
290. But Mr Gay denied that the alarming figures amounted to Gunns pressuring the State Government or the courts about the need for urgent action. “It is not exaggerating to say that the pushing back of construction by nearly a year will cost us nearly \$300 million in lost revenue and additional contract, capital and borrowing costs,” Mr Gay said. “That’s why we pulled out of the RPDC assessment process in March 2007; we needed a final commitment by June 30.” [March 3 2008](#)
291. There are no problems with the finance or the permits. “This mill will be built.” Said John Gay.
292. Mr Gay said Gunns had also received approaches from investors, including current industry participants, interested in taking equity in the pulp mill. [March 7 2008](#)
293. John Gay said a world economic boom caused delays in getting steel and heavy machinery. He said no large payments were due to Andritz and other major contractors before May. [March 21 2008](#)
294. Mr Gay said the extended timelines did not mean there was trouble with the mill obtaining project finance.

295. Gunns' executive chairman John Gay told "The Age" that ANZ was leading the project. "The financing of the mill is being held and dealt with by ANZ, and they have got banks around the world as part of the Gunns' syndicate," he said. "We will get the finances." [May 23 2008](#)
296. Last August, Mr Gay insisted the mill was "well and truly financed. I can assure you we have the finance secured or we wouldn't be at this level and going full steam ahead". [May 24 2008](#)
297. ANZ has confirmed it will not be funding Gunns Ltd controversial \$2 billion Tamar Valley pulp mill. [May 29 2008](#)
298. Chairman John Gay said that project financing for the mill was "not dependant on ANZ participation in the banking syndicate."
299. Gunns' chairman John Gay said there had been strong international interest in the financing of the project. [29 May 2008](#)
300. Mr Gay said the company was finalising the finance facilities for the project. [May 29 2008](#)
301. "The company continues to receive strong international interest in relation to the financing of the Bell Bay mill, and all approvals required for the project remain on track," Gunns' executive chairman John Gay said in a statement to the Australian Stock Exchange (ASX). [July 3 2008](#)
302. John Gay said after the annual meeting in November that ANZ was leading banks around the world in a syndicate. "We will get the finances," he said. "We have no issue with that." [July 4 2008](#)
303. Yesterday Mr Gay repeated in a statement to the stock exchange that there was international interest in the project, "We are in active discussions with a number of banks in relation to financing the project," he said. [July 4 2008](#)
304. However, a Gunns spokesman, Matt Horan, would not comment on the banks in the syndicate. "We don't want to get involved in naming banks that might or might not be part of it in the months ahead," he said. Mr Gay said Gunns had received approaches from equity investors, including investment from industry
305. John Gay told the "Mercury" he could not get financial approval for the mill until he received a complete sign-off of everything needed to run and construct the mill. He said he believed Gunns had underestimated the time it would take. [August 14 2008](#)
306. A Gunns spokesman says the company isn't concerned by Mr King's comments, and they're merely speculation. He won't reveal Gunns timeline for the project, but says it's on schedule. [Aug 14 2008](#)
307. "It is going ahead—Gunns is still negotiating with a banking syndicate for terms," a Gunns spokesman said. "Senior people in John Holland were on site today. Wal (King) is misinformed about the state of progress." [August 15 2008](#)
308. "Whilst directors believe it is probable that the mill project will proceed to completion, the financing structure is yet to be finalised," executive chairman John Gay said. [August 29 2008](#)
309. Gunns also said it would not have finance for the mill finalised until the first quarter of 2009.
310. A Gunns spokesman told the Australian Financial Review the timber company was still positive about the viability of the project. "It is dependent on finance. It is dependent on the right structure being in place. This [extension] obviously gives us more confidence," they said. [September 8 2008](#)

311. Each Tasmanian household is, on average, expected to be able to spend an additional \$870 per year into the future. Gunns Pulp Mill Project faqs.htm
312. \$360 million a year in subsidies (to Gunns) is equivalent to \$720 per year for every man, woman and child in Tasmania. Distributed over 100,000 Tasmanian taxpayers, that requires each taxpayer to contribute \$3,600 each year to benefit Gunns. [April 2008](#)
313. ‘There is no doubt it will take longer to get that money put together’. John Gay [October 8 2008](#)
314. “At the moment, Gunns has made a decision that we would take a shutdown for a period of time in our forestry business and hopefully it’s enough to get us through,” Mr Gay said.”But you do one thing today and in a month’s time it’s not enough and it makes us look like we don’t know what we are doing.” February 20 2009 The Examiner
315. John Gay said the company expected to reach agreement on key terms with a partner by the end of April. February 27 2009 The Examiner
316. Gunns was likely to have a firm idea on final joint venture partner options by the end of this month. “We are down to three (potential partners) and we will probably be down to two by the end of April,” [April 16 2009](#)
317. “I would think some time in the next six to nine months, financial markets will be ready to accommodate a project of this size,” John Gay [April 16 2009](#)
318. The company will provide a further market update when the terms of the agreement are finalised, which is expected to be in June 2009. [21 April 2009](#)
319. The company has told the Stock Exchange it expects to announce finance for the \$2 billion project within 10 days. [Apr 21, 2009](#)
320. Mr L’Estrange said Gunns did not have a joint venture partner or “financial close” for the \$2.2 billion project [August 4 2009](#)
321. Gunns says investment and construction processes would be completed in this financial year. [October 1 2010](#)
322. “Engagement with two of these parties is continuing with the objective of finalising an investment structure by the end of the 2010 calendar year,” the statement said. [October 2 2010](#)
323. Chris Newman said that Gunns had expected to announce its preferred partner for the pulp mill by the time of the meeting (Nov 25) but the due diligence process had taken longer than anticipated. [Nov 26 2010](#)
324. Gunns is confident that it is close to securing a joint venture partner for its proposed Bell Bay pulp mill. [Nov 26 2010](#)
325. the company was continuing to negotiate with possible joint-venture partners for the mill and construction would begin upon financial close. [January 16 2011](#)
326. Greg L’Estrange would not comment on UPM’s involvement, citing confidentiality arrangements. But he said he was confident the project was, after six years of development, controversy and setbacks, close to getting off the ground. [February 9 2011](#)

327. "Gunns is continuing a due diligence process with two potential equity investors in the mill," he said. "We have certain time constraints and we're very mindful of those." [March 11 2011](#)
328. "Although our preference is to build and operate the Bell Bay pulp mill with an industry joint venture partner, which is being actively pursued, we have formed the view that we need to put in place a financial strategy that will enable us to proceed alone if that is necessary" Greg L'Estrange [June 1 2011](#)
329. The ANZ Bank reaffirmed yesterday that it would not provide finance for the \$2.5 billion Gunns pulp mill at Bell Bay. [June 3 2011](#)
330. He also confirmed that Gunns still hoped to secure a joint-venture partner to build the mill despite announcing that the company was prepared to go it alone on financing if necessary. [June 3 2011](#)
331. "We have been running a process for a long time and we are in the final stages of that competitive process," Mr L'Estrange said. A final decision on any pulp mill partner depended on a satisfactory outcome to the Tasmanian Forest Agreement, he said. [September 2 2011](#)
332. Woodchipper Gunns remains in talks with two potential investors to partner it in the \$2.5 billion Bell Bay pulp mill in Tasmania. [September 20 2011](#)
333. The timber company Gunns has revealed it expects to announce a joint venture partner for its Tamar Valley pulp mill in the next two months. [October 25 2011](#)