



HD **TAS:Gunns assets sale fuels pulp mill doubts**

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GUNNS By David Beniuk

HOBART, April 29 AAP - Tasmania's government is clinging to the hope a controversial pulp mill is not dead despite the project's permit failing to sell with collapsed timber company Gunns' assets.

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Gunns' receivers KordaMentha have confirmed the Tasmanian company's plantations and wood-chipping business have been picked up by Australian-based forestry investment company New Forests.

The price has not been announced but is reportedly around \$330 million.

Gunns' Tamar Valley pulp mill permit and site in the state's north were not included in the sale.

KordaMentha says several parties who expressed an interest in the mill as a stand-alone asset are still in negotiations for its possible sale.

New Forests have described the project as unviable, but Tasmania's new resources minister Paul Harriss remains optimistic.

"KordaMentha have made it very clear that they are still negotiating with potential investors in the pulp mill permit process and the land," Mr Harriss told reporters in Hobart.

"I'm encouraged by that."

The \$2.5 billion mill has long been opposed by green groups and many locals, and was largely considered dead in the water when Gunns collapsed in 2012.

The company's failure to secure an investment partner for the project has been cited as one of the causes of its spectacular demise.

The pulp mill reared its head again during the lead-up to this year's election when the former Labor government rushed through legislation extending its permit.

New Forests said the mill did not fit their mandate of investing in sustainable forestry assets.

"We do not feel it's likely that the pulp mill will be viable," a spokesperson told AAP.

"We're really focusing on the current woodchip export market."

Improving markets in Japan, China and India were behind their decision, New Forests said.

The assets purchased include 175,000 hectares of land and roads, 100,000ha of plantations, a nursery, laboratory and the forestry business, which currently exports a million tonnes of woodchips each year.

The sale will secure the jobs of 32 employees and 150 contractors.

"We believe that the industry is now recovering and has a bright future," New Forests chief executive David Brand said in a statement.

"We want to be a positive force in the community, create an environment of stability where local business can gain confidence.

"We also want to be part of the consensus around sustainable forestry, and will seek third party certification of all our **operations**."

The **acquisition** brings New Forests' Australian forest **estate** to more than 500,000ha as well as the Timberlink milling business.

"It's a clear indication of confidence of investors in the forest industry into the Tasmanian sector," Minister Harriss said.

AAP dpb/km

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