

SE Finance
HD **Ergon's forests up for sale**
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AMID debates about the future of Australia's timber industry, the Queensland government has finally put a raft of forestry assets to market this week through its power subsidiary Ergon **Energy**.

A flock of foreign and local investors are circling the 3700ha of hardwood forests, which are expected to fetch as much as \$20 **million**.

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Among the interested investors were underbidders from Tasmanian **company** Gunn's circa \$40m land and timber **sale** this week, said former forestry worker David Smith, head of timberland transactions at CBRE, which is marketing the assets.

"We've got interest from institutional investors off the back of the Gunns **sale** as many of the underbidders couldn't afford those estates. We've also got interest from **China** and the US," he said.

The power supplier originally invested in hardwood forestry plantations to support its network of nearly one **million** poles, 92 per cent of which are hardwood.

In 2010, Ergon **Energy** had aspirations to secure up to 10,000ha of land under management across regional Queensland but a review into the **company**'s network costs last year recommended the assets should be culled, with the proceeds reinvested into core network assets.

The new purchaser will have a "massive opportunity" to capitalise on Ergon's continued need to source the hardwood to replace its poles at a rate of 12,000 to 24,000 a year, Mr Smith said.

"They still need the poles, so they're selling it off with the hope they can negotiate with the purchaser to guarantee the poles, which might result in Ergon paying a premium on those poles."

Tony Abbott has come under attack this week for declaring Australia has "too much locked-up forest" and that forestry workers are "the ultimate conservationists", but Mr Smith said timber hardwood was the most environmentally friendly option for power poles.

"It is much better for the environment to use wood poles over steel or concrete," he said.

Meanwhile, Ergon's GPS technology business Roames was sold this week to Dutch multinational Fugro in a deal estimated to be worth between \$20m and \$40m.

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