



HD New owner of Gunns' timber assets commits to woodchip exports

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The new owner of Gunns' timber plantations wants to ramp up woodchip exports.

Sydney-based forestry investment **company**, New Forests, has bought the plantation assets of the collapsed timber **company**.

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But the permits to build a pulp mill at Bell Bay are not included in the **sale** and New Forests doubts they will ever be **sold**.

Woodchip exports out of Tasmania are set to ramp up, with the **sale** of Gunns' timber plantations to a Sydney-based investment **company**.

New Forests has bought 176,000 hectares of freehold land, including 100,000 hectares of timber plantations owned by the collapsed Tasmanian timber **company**.

It has also bought chip mills at Hampshire in the north-west and Longreach, on the Tamar River.

New Forests already owns softwood plantations in Tasmania, Victoria and South Australia.

Speaking from San Francisco, CEO David Brand told the ABC the aim is to ramp up woodchip exports and then possibly look at processing the wood domestically.

"We'll harvest trees, woodchip them and send them to Japan, **China** and potentially India," he said.

"Those markets are quite strong at the moment and then, over time, we'll look at diversifying, seeing whether there's other options in terms of developing processing within Tasmania."

The price of woodchips has rebounded to \$170 per dry tonne after a low two years ago of \$145.

Mr Brand expects the price to continue to rise, predicting the woodchip market will expand by 25 per cent in the next two years.

He says a new pulp mill has been built in **China** and India has started importing woodchips.

New Forests has not bought the building permits for the proposed Tamar Valley pulp mill and Mr Brand is sceptical anyone will.

"We've seen no evidence that there's anyone progressing with the pulp mill."

The **company** has not disclosed the price, but the ABC understands it paid \$330 million.

Gunns' 32 staff will continue to be employed by a new management **company**, which will be set up after the **sale** is completed in June.

The **sale** also secures the jobs of 150 harvesting and haulage contractors.

Talks continue with potential pulp mill buyers

Gunns' receiver KordaMentha is still hoping a buyer can be found for the pulp mill permits.

Spokesman Michael Smith says several parties expressed interest in the pulp mill **site** and permits on a "standalone basis" and confidential negotiations will continue.

State Parliament was recalled before the March election in an effort to make the permits more attractive to investors.

Seven companies from Australia, the UK, the US and Asia made up the list of final bidders for Gunns' assets.

The Tasmanian Premier and Opposition leader want to meet New Forests to discuss the future of timber processing in the state.

Resources Minister Paul Harris welcomes the **sale**, but admits he would like to see more value added to Tasmanian timber.

"There can be, and there are better processes, we will drive that, we will work towards that."

Opposition leader Bryan Green disagrees that a pulp mill may never be built.

"There will be demand for pulp on into the future, that's been forecast, there will be other mills built around the world, we just hope it's built in Tasmania," he said.

Tasmanian Greens leader Kim Booth is pleased New Forests has not bought the pulp mill permits.

"I think for Tasmanians that'll be a good thing because I understand they're not interested at all in a toxic pulp mill proposal," he said.

Australian Greens Leader Christine Milne is not surprised the permits remain unsold.

"The reality is the market knows it is valueless," she said.

"There is no social licence for a pulp mill in the Tamar Valley, it is toxic, it always was toxic and so now we've got a reality check which is the value was only in the plantation **estate**."

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