

SE Business
HD **Pulp mill unlikely, says Gunns buyer**
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Resources

Fund manager New Forests has cast doubt on Gunns' moribund Tamar Valley pulp mill project as it snaps up the Tasmanian **company's** timber assets from receivers.

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New Forests had bought 98,850 hectares of plantations, 175,600 hectares of freehold land, an operating woodchip export business and access to two ports in Tasmania, receiver KordaMentha said on Tuesday.

The **sale** reportedly brought \$330 million, but New Forests would not confirm the price, with the **transaction** still to go before a court.

Chief executive David Brand said the **purchase** would make the investment manager one of Australia's major forest operators.

He said New Forests was not interested in the pulp mill assets still for **sale** by KordaMentha - an operating permit for the \$2.3 billion project, and a Tamar Valley **site** with a 40-hectare platform cleared and levelled.

"Our clients are looking for us to own and manage plantations on a sustainable basis," Mr Brand said from San Francisco.

"Operating a \$2 billion pulp mill is a completely different kind of business."

Mr Brand said he was "not particularly optimistic" that the Tamar Valley project would ever be built, given the extended period in which its backers had tried to make it work.

"The fundamentals are against it," he said, pointing to a geographic shift towards pulp and paper-making in countries including **China** and Brazil.

The controversial project was first unveiled a decade ago. As recently as January, the Tasmanian Parliament pushed out to 2017 the permit's requirement for substantial commencement, killing off a legal challenge by the Tasmanian Conservation Trust.

KordaMentha sought the legislative comfort, and said during the **sale** process, a number of parties had expressed interest in the pulp mill **site** and permit on a stand-alone basis.

"Accordingly the receivers will continue confidential negotiations with those parties as the New Forests' **transaction** progresses to completion," Mark Korda and Bryan Webster said.

Tasmanian Resources Minister Paul Harriss said KordaMentha's statement showed the process was still on foot, but he disclosed that no one had approached the new Liberal government about the pulp mill project since its election on March 15.

Greens leader Christine Milne said the New Forest **sale** proved the pulp mill permit was valueless.

"It was always toxic, and so now we've got a reality check, which is that the value was only in the plantation **estate**."

Gunns continued to export woodchips to **China** in receivership, and Mr Brand said the **company** would seek Forest Stewardship Council certification for future exports.

The Victorian Supreme Court's approval will be sought for the **transaction**, which involves the **sale** of managed investment scheme assets.

Mr Brand said he expected the court would accept that the pricing was fair and reasonable, and the **sale** would be completed in June or July.

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