



Government Media Statement

December 9, 2011

BRYAN GREEN, MP
Deputy Premier
Minister for Energy and Resources

Forestry Tasmania Sells its Stake in Softwood Plantations

The Deputy Premier Bryan Green said today the sale of rights of Forestry Tasmania's joint venture softwood plantations will assist the business manage its way through restructuring of the State's timber industry.

The Taswood Growers joint venture has sold the rights for \$156 million with the State maintaining ownership of the land.

Mr Green said Forestry Tasmania and its joint venture partner GMO Renewable Resources have agreed to the sale to Sydney-based firm New Forests.

"New Forests will have the right to establish, maintain and harvest the 46,000 hectare plantation estate until the forestry rights expire in 2069," Mr Green said.

"While the trees will change hands, the land remains owned by Forestry Tasmania, and the new owners will continue to supply the state of the art sawmill at Bell Bay, Norske Skog's pulp mill at Boyer, as well as several smaller timber processors.

Mr Green said he welcomed Forestry Tasmania's decision to use its share of the proceeds primarily to retire debt to help manage its business through the restructuring of the industry.

“This is a very good outcome for Forestry Tasmania and the wider forest industry.

“I would emphasise that while the Government has been kept fully informed, the decision to sell the 50 per cent share in the joint venture was made entirely by the Forestry Tasmania board.

“The sale is a sign of confidence in the future of the Tasmanian timber industry, by New Forests, which already holds significant forest assets around Australia,” Mr Green said.

Forestry Tasmania’s Managing Director Bob Gordon said Taswood Growers appointed investment bank Morgan Stanley to advise on a competitive sale process.

“The price achieved was within the fair value range appraised by independent expert, James W. Sewall Company in June this year.

Mr Gordon said the sale was a logical extension of FT’s decision in 1999 to enter into the joint venture arrangement with GMO Renewable Resources.

“We have also been mindful of the recommendations of the Auditor General. Through this strategic sale, FT intends to reduce debt, improve cash flow and address the lack of working capital,” Mr Gordon said.

The sale is subject to certain conditions including Foreign Investment Review Board approval and is expected to complete in early 2012.