



Friends of the Tamar Valley Inc
Email • friendsofthetamarvalley@gmail.com
Post • PO Box 5181 Launceston TAS 7250

MEDIA RELEASE

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Gunns' Pulp Mill lifeline extended – community will protest

Friends of the Tamar Valley today condemned the announcement that a 10-bank syndicate – which includes the ANZ Bank - has granted an extension to the loan agreement for Tasmanian logging company Gunns Ltd. Gunns was due to either re-pay, or re-finance \$340 million of debt by 31st January.

The company's total debt was estimated to be \$698 million at the end of June last year.

"Gunns recently stated it's now solely dependent on the pulp mill project, and over the last 12 months the company has sold assets and destroyed more jobs than the pulp mill will ever create," said FTV spokesperson Anne Layton-Bennett.

"Gunns has in effect bet the company, the jobs and livelihoods of employees and the people of the Tamar Valley for its fairy tale pulp mill project, which gained state government approval through a controversial process following Gunns' withdrawal from the RPDC – Tasmania's independent planning commission," said Ms Layton-Bennett.

FTV said the ANZ should expect further protests from groups opposed to the pulp mill, both in Australia and overseas, that will highlight what the group believes is ANZ's contravention of the Equator Principles - to which the Bank is a signatory –due to continued support for Gunns Ltd.

"The ANZ continues to state it will not provide funding for the pulp mill, yet the pulp mill is now all that Gunns has left. So who is telling the truth, Gunns or the ANZ? Gunns has no retail outlets. It's sold its vineyards and hardware stores; its sawmill at Forest Enterprises Australia is up for sale, and apart from a stagnating woodchip facility in Portland Victoria, the company has no other real income," Ms Layton-Bennett concluded.

Gunns' Chairman stated in his Annual General Meeting speech in November 2011 that Gunns was in discussion with ANZ to extend its debt with the objective of providing: *"financing terms which facilitate the completion of the asset sale program and financial close of the Bell Bay pulp mill project"*.

According to the ANZ's website the Equator Principles require that: *"Managers of projects with a high social or environmental impact must consult with local communities about concerns those communities may have."*

Reference:

<http://www.gunns.com.au/Content/uploads/documents/COMBINEDManagingDirectorsSpeechAGM2011FINAL.pdf>(p24. Dot point 4)

<http://www.equator-principles.com/>

