

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into VicForests operations

Melbourne — 30 May 2017

Members

Mr Bernie Finn — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmr

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Mr Luke O'Sullivan

Participating members

Mr Greg Barber

Ms Samantha Dunn

Mr Cesar Melhem

Mr Gordon Rich-Phillips

Witnesses

Mr Clinton Tilley, Chief Executive Officer, and

Mr James Lantry, Manager, Special Projects, Hermal Group.

The CHAIR — The committee is hearing evidence today in relation to the inquiry into VicForests operations, and the evidence is being recorded.

Firstly, welcome to the public hearings of the economy and infrastructure committee. All evidence taken at this hearing is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege.

If I could ask you to start by stating your name and company position and a suburb, town, whatever, and then give us a 5 to 10-minute overview, we will open up to questions and see how far we go. Thank you.

Mr TILLEY — Clinton Tilley, chief executive officer, Hermal Group — the majority shareholder of ASH. I am also director of Australian Sustainable Hardwoods. I noticed that in the last group my CEO ran over, so I will try to keep my comments short so that you can finish the day in the normal course of time.

The CHAIR — That would be helpful, thank you.

Mr TILLEY — It is interesting to be sitting here today because five years ago and one day we actually settled the acquisition of the business. Leading up to that it was a nine-month process negotiating with Gunns to buy the business. We were brought in as, for want of a better term, a white knight to buy the business because otherwise it ultimately might have closed at that point in time. We did so after meeting with the members of government and having the commitment to ourselves that long-term contracts would be in place and provided to us. Obviously hearing about Radial Timber being signed at 4 hours prior to caretaker mode — ours unfortunately did not receive the same level of attention. That is as it is.

I would say that the business at this point in time, as Mr Hurley has detailed, is basically at a critical juncture. From an investment point of view, which is I suppose where I am charged to talk about this business, any reduction in supply that is forecast is not inside the manner in which we bought the business. The other issue that we have as well is that even if we were to accept it and wanted to change, the transition time in terms of equipment is three years, which is only the period for which supply has been offered, so economically it makes no sense whatsoever. I think enough has been said about the business; I might actually just say that we will move to questions, because I think I know I have got a fair number coming at me, so we might as well deal with them.

The CHAIR — That is a damn fine thing, thank you very much indeed. If I could just start off with one, I am just wondering what the attitude of investors is towards the Victorian timber industry at the moment. Are people standing back or are they just watching? What is the feeling?

Mr TILLEY — I think it is an industry that has a certain type of investor. The Hermal Group — I represent the eighth generation of timber investment for the group as the CEO and I am the first non-family member to run the group. The reason we are involved is because we have been a timber family. The hardwood timber industry revolves around extraordinarily long cash flow cycles. We have a 540-day/550-day cash conversion cycle — from the day we get the log to the day we get paid for our finished product is 550 days. Your average manufacturing business mostly runs on 60 to 90 in Australia, so you are talking about an enormous amount of capital that has to be provided to these businesses. It is only done by people who have an understanding and a passion for the industry. It is not an area which you have an institution walk into and say, ‘We are going to put money in here’, because the return on capital is lower than most industry averages.

Mr BOURMAN — You may or may not know the answer to this: why would the mill have closed under Gunns? Was it a supply problem or something else?

Mr TILLEY — It would have been a matter of a buyer being evident at that point in time. If Gunns had gone into liquidation, would the mill have gone with it or not? If we had not white knighted it, maybe it was that someone else would buy it for a far lesser price — —

Mr BOURMAN — I was thinking more of the actual reason. Were they suffering for supply?

Mr TILLEY — It was not a resource issue at that point in time, although, as Mr Hurley pointed out, the resource was being held off site and that formed part of some issues and indigestion that we had when we first took over the business.

Mr BOURMAN — Okay. As an investor and an executive, what do you need this business to get for it to be both a viable business and a worthwhile investment?

Mr TILLEY — There are two major items: one is a level of supply and the other is a tenure contract. For us to be able to run this business into the future, we would need to have 15 to 20 years for the investment that is required, because the mill most probably needs, if it is to continue for that time frame, upgrades, and like every business, investments need to be made into the plant and equipment. You cannot make that investment without certainty around your supply time frame. In other businesses it is very easy, but when you are reliant on a sole supplier in what is a contestable political industry, you need that certainty to be able to make investment. The volume was obviously at that 130-plus cubed amount per annum. That is where it is.

Mr BOURMAN — Prior to the 2014 election I think you are looking at signing a 20-year contract. Now the most you are offered, I understand, is three. Is that correct?

Mr TILLEY — It is three. Mr Hurley said it was 80, 60, 60. In most probably discussions with senior bureaucrats in the last three weeks it has gone from 80, 60, 60 to 80, 80, 80 over the forward three years with no commitment beyond there.

Mr BOURMAN — Have you been given any reason why it is only a three as opposed to a 20? Even at the lower amounts it is substantially less than the previous one.

Mr TILLEY — My understanding is that with the new modelling, which was not done at the time of the contract despite the fact an LBP policy change had come about, there is a strong feeling that by mid-2020s the 1939 regrowth will be an extinct resource available to the industry by virtue of forest lock-ups.

Mr BOURMAN — Okay, fair enough. Last question, and I suppose you will not have exact values, but as an investor there are going to be two values to the business in this way: one is going to be when you get 130 or so a year or whatever it was you were promised and one is that 80 000 a year. Would it be fair to say that if you have to sell the business with a three-year contract, with a clouded future and a much lower supplier rate, the value of the business is going to be substantially less?

Mr TILLEY — Yes.

Mr BOURMAN — Do you have any idea as a matter of percentage rather than figures?

Mr TILLEY — I do. I would say that it would knock at least \$50 million off the value of the business. That is the diminution of value over what we believe we would have to where we sit today.

Mr BOURMAN — And assuming you can find a buyer other than the government of course.

Mr TILLEY — Correct, which with a three-year horizon will not occur.

Mr O'SULLIVAN — Mr Tilley, is your business for sale? Apparently it is. You been told by the government that they are going to buy your business.

Mr TILLEY — Look, we have had discussions with government about it on the basis of goodwill for the community, but it is fair to say that our philosophy around recognised value when disruption of the business occurs by the potential purchaser, if it were to happen in the commercial space, would most probably form a substantial part of a trade practices claim, but apparently under the guise of government you can do that. We are philosophically opposed to the method of calculation at this point in time, and after conversations over the weekend we are focusing our efforts now moving forward on the closure of the business.

Mr O'SULLIVAN — So you mentioned just a little while ago that obviously the original offer was 80 000 and 60 000 and 60 000. It sounds like the government has come back to you and upped its offer to 80, 80 and 80, as you have just said. Has there been any decision from your group in terms of what you have done with that offer?

Mr TILLEY — It is unacceptable.

Mr O'SULLIVAN — You mentioned — sorry, when I say 'you', it is probably the royal you, but it was mentioned at some stage — that you were looking to potentially shift your business to Tasmania. Is that still a live option?

Mr TILLEY — Yes. Parts of the business and parts of the plant and equipment can be used in further operations in Tasmania utilising a different resource.

Mr O'SULLIVAN — I find it peculiar that a state such as Tasmania, where almost the whole state is locked up for timber purposes, you are finding is a more viable option than staying here in Victoria.

Mr TILLEY — For one there is over 300 000 cubic metres of resource. It is plantation resource, and given it was a managed investment scheme problem, it has grown well beyond where it should, and there are opportunities to take that resource and use it in a different methodology, particularly as we move towards new forms of construction method under the Building Code of Australia which allow for low embodied carbon buildings from renewable carbon resources.

Mr O'SULLIVAN — If you were to potentially go down that path, though — and you are obviously still working through a range of scenarios in relation to that — I guess an area that I would come back to is: what happens to all the jobs that are currently facilitated through the operation of ASH, not only the 230 or 250 direct through ASH but the 10 000 other jobs? Obviously they do not go to Tasmania as well.

Mr TILLEY — Correct. Most probably I would say that 60 per cent of our product suite that we produce now would not be produced; it would be an alternate timber product aimed at a separate market. We were actually always looking at it as an 'and', not an 'or'. The current supply arrangements to us mean we have to look at it as an 'or' decision rather than an 'and'. We were always hopeful that we could resolve supply in this state, maintain the workforce, get tenure to upgrade the mill for the longer term to produce even more high value-added products and get greater recovery of resource and then also look at the potential to bolt on an additional product suite which would not directly compete with the Heyfield products in the main.

Mr LANTRY — In the signing of the contract in 2014, prior to that election, the group had made a commitment under that contract — that 20-year contract — to invest up to \$20 million in the upgrade of that plant — —

Mr O'SULLIVAN — That was for retooling and a whole range of other things.

Mr LANTRY — And you are able to do that when you have got tenure. When you have got certainty of supply and certainty of time frame, you are able to actually make — —

As Mr Tilley said, you have got a long tail in regard to the time the dollar goes out for the timber you purchase until the dollar comes in for the product you actually sell.

Mr TILLEY — And it is not only about the capital market; it is also about debt markets as well. The current contract position for us is that 100 per cent of any cash we generate goes to pay the people we owe first, which are obviously the directors' obligations and the business's obligations naturally, and we fulfil those, but the ability to invest in the business has ended. In fact even the investments that we made last year were made from capital; they were not made from debt.

Mr O'SULLIVAN — If the decision is taken that you will shift to Tasmania or whatever decision you take, which leaves a fair hole in the market here in Victoria — and obviously the demand for your products is not going to go away — and your operations operate through a sustainable resourcing model, the fear that I have is that demand is still there so that product comes from where? Does it come from sustainable operations, and do those jobs still stay here? Do imported product have the same number of jobs here or is that all gone?

Mr TILLEY — I think you would find that where we would be heading is not as much into the joinery market as presently ASH supplies. The domestic Victorian state employment in the joinery market for furniture and stairs would be having to compete more heavily with import substitution. What happens is that when you supply components to a market it is a manufacturing exercise in Victoria. As soon as you stop supplying those components, people just import finished product, so those jobs are lost, the skills are lost. What we do is we once again move as a country to a mass-produced product rather than actually producing something bespoke for

which you can charge a premium, and people pay for quality. What we are doing is we are once again chasing the quantity route, not the quality route, as an economy.

Mr O'SULLIVAN — And what sort of loss to the Victorian economy would that be?

Mr TILLEY — In dollar terms I could not tell you, but I would imagine at least 5000 of those 10 000 estimated jobs would go. The flow-on effect — I do not have a number.

Mr O'SULLIVAN — It could be hundreds of millions.

Mr TILLEY — Yes. I would suggest it is north of 500.

Mr O'SULLIVAN — That is pretty sobering.

The CHAIR — Yes, it is, isn't it?

Ms DUNN — Thank you, gentlemen, for your submission today. I just wanted to pick up on some of the questions Mr Bourman asked earlier in relation to when you were purchasing the mill from Gunns. How much was that purchase? I am assuming there was a supply of timber there; how much was the value of the timber as part of that sale price to you?

Mr TILLEY — Sorry, are you asking how much we paid?

Ms DUNN — Yes, how much did you pay?

Mr TILLEY — Just shy of \$30 million. In the same time period, however — before these numbers get misconstrued by others in the room — I would like to state that we have doubled the stock and we did not buy the business with debtors. We carry a significant debtor load, so please understand that that number has more than doubled in the capital in the business because the investors have not taken a dividend and the retained earnings have been used to grow the stock and the debtors over that time period.

Ms DUNN — So in terms of that sale, how much timber was in the yard as well, and was there a valuer portion to that timber as part of that sale?

Mr TILLEY — It was basically a stock purchase. I think we got a small discount on the stock. I think there was, like, \$30 million and we paid \$28.5 million for it at that point in time.

Ms DUNN — So essentially the price was more about the stock —

Mr TILLEY — Correct.

Ms DUNN — than the buildings per se.

Mr TILLEY — There was an apportionment in there — —

Ms DUNN — So it was essentially mostly wood.

Mr TILLEY — Predominantly at that point in time. You have to also remember at that point in time as well that there had been a lack of investment by Gunns for a number of years.

Ms DUNN — Yes, absolutely.

Mr TILLEY — They had been using it as a cash cow and the plant was run down. That was a part of the reason why we have also, through our retained earnings, invested into the plant as well and the safety on site and all the other bits and pieces that go along with it.

Ms DUNN — Can you recall the volume of wood that that equated to?

Mr LANTRY — We would have to get back to you on that.

Ms DUNN — You can take it on notice.

Mr TILLEY — That is a question Mr Hurley could answer better than me.

Ms DUNN — No worries — it is always tricky to pick between the two witnesses.

Mr TILLEY — When your yard is a kilometre long and 400 metres wide it is a bit hard to do a valuation.

Ms DUNN — Fair call. In terms of that particular purchase from your perspective, I am wondering whether you considered the risks — essentially there is a sole supplier to you, so that is a business risk, and whether that was a consideration. I am also wondering whether as part of those negotiations there were any lucrative contract conditions such as a discount rate on cubic metre of timber into the future or any other conditions that made it a better buy.

Mr TILLEY — A great loaded question. There was a negotiation — —

Ms DUNN — I try, Mr Tilley!

Mr TILLEY — That is all right.

The CHAIR — Sounds like you are succeeding!

Mr TILLEY — I will answer the last part first. Previously the log supply contract that we were buying was that you would pay for logs as and when they were delivered. That would often leave VicForests with cash flow humps throughout the year. A modest — and I use the term ‘modest’ — discount to the price was agreed on the basis that there were even monthly payments across the year, which afforded VicForests a cash kicker to the season.

Ms DUNN — You solved the cash flow problem.

Mr TILLEY — Correct. So where they had massive lumps in their cash flow, a part of the trade-off of price was around that there would be those payment terms. There was another part of your question that I have not answered — —

Ms DUNN — Just if there were any other contract conditions, but the other bit of it was around considering the risk that there was only a sole supplier of product.

Mr TILLEY — I suppose naively we thought that we saw this industry as needing to continue on the back of other contracts that were there, and we assumed that political risk on that basis. We also did believe that most probably more good faith than we feel has been engendered to us by policy and state government would occur.

Ms DUNN — Can I ask what that modest discount was?

Mr TILLEY — It was about \$8 to \$10 a cubic metre.

Ms DUNN — No worries.

Mr TILLEY — It was under 10 per cent. We are not talking that it was a 30, 40, 50 per cent discount.

Ms DUNN — Yes, it is not a 50 per cent cut.

Mr TILLEY — No, it is under 10 per cent of the total price.

Ms DUNN — And that persists to this day?

Mr TILLEY — It is just the base off which increases are then calculated. So, yes — —

Ms DUNN — So essentially it persists in a sense except the price has gone up.

Mr TILLEY — It does, also allowing for the fact that the Victorian resource of ash is most probably some of the best blonde hardwood logs in the world. That is in no dispute. However, it would be fair to say that we are of the firm view now that the stumpage price is based more around the cost of operating a government entity than it is actually around global competitive prices, and there is most probably \$30 a cube in it, maybe \$20, it

depends on which report you read. You could call it \$25 a cube, but \$25 a cube when you are buying 150 000 cubes a year is millions of dollars.

Ms DUNN — Yes, that is correct. The only other thing I wanted to clarify was just in terms of the resource you currently purchase. Is it just ash or do you take mixed species as well? I was not sure.

Mr TILLEY — There is a minor amount of grey gum that comes in as bed logs.

Ms DUNN — Sorry, as?

Mr TILLEY — Bed logs. So when we stack our ash logs in the yard, you have to put some logs on the dirt. So we buy those logs purely to sit on the dirt. That is all. It is like 800 cubes a year. It is 500 to 800 cubes a year. It is not a lot of log.

Ms DUNN — And you are using it for that purpose?

Mr TILLEY — Yes. It is essentially a downgrade log that flows out of that species. It is not a log of high value. It is a log of low value, but at least it gets used rather than being wasted in the process.

Ms DUNN — Okay, terrific.

Mr LEANE — Thank you, Mr Tilley. I can sense your frustration around commitments that you believed you had a number of years ago. What commitments did you believe you had from the former minister for agriculture, Peter Walsh?

Mr TILLEY — I cannot remember the name of the review at the time but that we essentially would end up with a contract for the better part of our supply out for 15 to 20 years.

Mr LEANE — Fifteen to 20 years on volumes as well?

Mr TILLEY — Yes.

Mr LEANE — Do you remember what the volumes were?

Mr TILLEY — It was around the 150 cube mark.

Mr LEANE — 150 cube. Do you know why that was not delivered, that commitment?

Mr TILLEY — My understanding is that the contract was signed by us well before — like 21 days before caretaker mode. The VicForests board needed to meet. They met, they signed it, and it seemingly took a long period of time to find its way to the Treasurer's office. Then the indemnity did not get signed, and the indemnity that needed the Treasurer's approval was a precondition to the contract moving ahead.

Mr LEANE — So it did make it to the Treasurer's desk?

Mr TILLEY — It did make it to the Treasurer's desk — it made it to his office, I do not know if it made it to his desk.

Mr LEANE — I shudder because you have got parliamentary privilege, but when you did not have parliamentary privilege, that has led you to say on ABC Gippsland radio:

That man, Peter Walsh — do not vote him back in, voters. He is the biggest liar you will ever come across and will lie and lie.

So your frustration around it — you believed you had a commitment but it was not delivered.

Mr TILLEY — Contextually as well, that was the same day in which the Premier's office broke privilege that we had provided them. It is fair to say that was the first interview I did for the day and at that point my anger levels were high. I think my comments I have already retracted, and I have apologised for them. But certainly there is an element of frustration that we would not be in this position today if that contract had have been signed.

Mr LEANE — I suppose that brings me to the question around the evidence you have just given. I do not want to go into areas where you are having commercial negotiations; I will try and keep it out of there. But you did say you have had discussions with the government of a possible purchase from the government of the mill.

Mr TILLEY — Correct. Look, I will paraphrase a part of a conversation I had on the weekend with a senior bureaucrat. I said to him, ‘I feel that it is morally bankrupt of the government to make a policy change, ask a business to do reports on what it would need to retool, and then use those reports against the business in a manner of purchase. And say, “It is only worth a fire sale value because of our policy”, rather than say, “But we are also going to buy and treat it as a going concern and there is significant work in capital in the business and there are operational assets”’. Fundamentally, we are opposed in how you address the purchase or sale of the business. That gap at the moment is large. I do not see, without a change on part of government, that occurring.

We can still do better than what they are offering because we actually are the second largest client of the business as well. We have other timber businesses, so we can actually take our time to realise the stock. A part of the model which the government is basing their decision around allows for a 40 to 50 per cent fall in price and sell all the stock on one day, which is what you do when you prepare a disaster scenario. However, when you are one of the largest customers and because the industry is quite tight-knit, I have most probably had three or four of our top customers who are all prepared to sit it out with us, and we will not suffer those losses and we will actually do better out of it.

I do not feel the appropriate time has been put in by people to truly understand the business, truly understand the position and truly understand the capabilities of the Hermal Group, because we can absorb this and close it. The issue is: does the government want to do something to keep employment in the area or not?

This whole notion of us having to sell our business is because of a policy change and a lack of tenure of supply. It is not about, ‘We want to sell the business’. The family is seventh generation timber millers; I represent the eighth. We like milling timber. It is what we do. But we are actually being prohibited from doing that, and we are almost being forced to sell our business. And we see ourselves that if we sell it, we are doing it out of goodwill so that the community can continue. But we cannot be raped and pillaged along the way.

Mr LEANE — So take away the rape and pillage — and as I said, because you have got parliamentary privilege, it scares me about what you are prepared to say on the radio — —

Mr TILLEY — I am not as angry today.

Mr LEANE — Take away the rape and pillage — and I know business is not all about good faith, you have got business decisions you need to make — but you would have a preference that if you did vacate that site, it would continue to some degree to supply the employment?

Mr TILLEY — Yes.

Mr LEANE — Can I ask, have you been having discussions with Tasmania forests or a similar entity to Victorian forests?

Mr LANTRY — There is a different structure in Tasmania. The majority of the holdings of the Tasmanian forest, the plantation forests, is actually held by private entities. There are a couple of very large players and then there are a lot of little players.

Mr LEANE — And they are the mobs that you have been having discussions with?

Mr LANTRY — The discussions that we have had have been with the very large ones, and we have made it clear with the Tasmanian government entities that we are more than happy to talk with the smaller ones but we are not going to do a thousand contracts with a thousand people.

Mr LEANE — So when did you start talking to those entities?

Mr LANTRY — Two years ago.

Mr LEANE — Two years ago. Did the employees at Heyfield know that you were having those discussions?

Mr TILLEY — No, because we were looking at it as an ‘and’ situation, not an ‘or’.

Mr O’SULLIVAN — I just want to follow up on one thing that Mr Leane said. Obviously I was working for Peter Walsh during the time, so I do understand a bit of the background in terms of the negotiations around getting that contract signed. There is no doubt that it went to the Treasurer’s office fairly late in the piece, and it did not get through that process. But prior to that, it had been assessed and agreed by both Hermal and VicForests in terms of the agreement. It had gone through all those processes, been agreed to, signed off, went through our department — being the minister for agriculture’s department — then into the Treasurer’s office. It is fair to say it did not get through the Treasurer’s office because we went straight into caretaker mode.

The question that I ask is: there was a change of government at that time. A new Treasurer walked in the door within days — same bureaucrats in the department, same secretary of Treasury. Why did the Treasurer not sign it?

Mr TILLEY — I cannot answer for Mr Pallas.

Mr O’SULLIVAN — Was there anything to stop him signing it?

Mr TILLEY — There was nothing to stop him doing the job that a Treasurer has.

Mr LANTRY — We were not advised for some time.

Mr TILLEY — We were asking what was happening, and they said, ‘We are getting our head around what is in front of us’. And then we received advice sometime later that it was not something that was palatable to them.

Mr O’SULLIVAN — But the timber was still available? The timber resource was still available. VicForests said it was there or else they would not have signed the contract.

Mr LANTRY — They took Vince Hurley — —

Ms DUNN — That is arguable.

Mr LANTRY — That is your issue with VicForests.

Ms DUNN — Yes, that is right.

Mr O’SULLIVAN — Can you give me some sort of an indication as to why Treasurer Pallas did not to sign that contract? Because he certainly could have.

Mr TILLEY — He did not believe that the indemnity was in the best interest of the state.

Ms DUNN — Is that Treasurer Pallas or Treasurer O’Brien?

Mr TILLEY — Pallas. That was his comment.

The CHAIR — Can I ask how long you waited to get that response?

Mr LANTRY — Mid-2015.

Mr TILLEY — Six or eight months.

Mr LANTRY — Yes, it was mid-2015 before we were given that advice.

Mr TILLEY — And not for a want of trying.

Mr LANTRY — Well, we tried.

The CHAIR — I can imagine that, yes.

Mr O’SULLIVAN — So it is a change in government policy essentially, you are saying?

Mr TILLEY — Correct. A change in government policy has led to us investing in a business which we are now having to close, which we actually would love to operate.

Mr LEANE — But there were other mills that had those agreements signed, those contracts signed, which — —

Mr TILLEY — However, they were 10 years or under contracts.

Mr LEANE — Your frustration is around that some got the 5 minutes to midnight signature and you did not.

Mr LANTRY — Correct.

Ms DUNN — Can I just ask on that — I am just interested — was it to do with concerns about compensation payments the state might have to bear as part of those contracts?

Mr TILLEY — Yes, because they were based around change of policy so that if there was a change of policy and the resource was locked up for a change of policy reason, then the mill would be compensated for future earnings.

Ms DUNN — And it was the scale of the compensation that was too great.

Mr TILLEY — Correct. When you are 150 000 cubic metres and you are also looking to make \$20-plus million worth of investments, the sliding scale is quite large. It obviously tailed off over time, but the up-front on a change of policy was significant. It was in excess of \$100 million today. If we had been walking into 1 July this year, we most probably could claim 60 million roughly straight up. In fact, no, with the tailing off and only 80, 80, 80, it would actually be more like \$98 million you could claim today under that indemnity with that change of policy.

Ms DUNN — And that change of policy provision in contracts was something that changed under Mr Walsh, under that term of government?

Mr TILLEY — Given my limited background in prior contract negotiations with VicForests, I could not comment.

Ms DUNN — That is fine.

Mr LANTRY — We did ask for modelling in February on what was the effect. Because we had been given this advice — that lovely chart from VicForests in presentations around the actual volume that was available — we did ask for modelling scenarios from VicForests, through that working group that was established by the Premier when it was announced that we were forced to close, on what was the effect of limiting the number of exclusion zones to a certain number of exclusion zones as a consequence of the Leadbeater's possum. To date we still have not seen that, those modelling results.

Mr TILLEY — It is fair to say we also have Freedom of Information Act inquiries that are ongoing at this point in time around if there was any additional modelling done when the LBP policy change came throughout the period in which the contract was negotiated.

Ms DUNN — So in that last term of government?

Mr TILLEY — Yes. It is fair to say that the flow of information is consistent with prior times when we have had to seek information under some form of commercial matter.

The CHAIR — Thank you very much indeed for your contribution to our hearings today. You will receive a transcript within the not-too-distant future. If you could have a look at that and make sure that everything is on the up and up — I am sure it will be, but just to make sure — that would be a marvellous thing.

Mr LANTRY — Yes. There are two words in there that I might wish I could strike out.

The CHAIR — We thank you very much for joining us today.

Witnesses withdrew.