

## **Gunns Out of Control**

### **The tragedy of tasmania's forests**

By **Richard Flanagan**

**This story begins with a Tasmanian man fern ( *Dicksonia antarctica*) for sale in a London nursery. Along with the healthy price tag, some £160, is a note: “ This tree fern has been salvage harvested in accordance with a management plan approved by the Governments of Tasmania and the Commonwealth of Australia.” If you were to believe both governments, that plan ensures that Tasmania has a sustainable logging industry – one which, according to the federal minister responsible for forests, Eric Abetz, is “the best managed in the world”.**

**The truth is otherwise. The man fern – possibly several centuries old – comes from native forests destroyed by a logging industry that was recently found to be illegal by the Federal Court of Australia. It comes either from primeval rainforest that has been evolving for millennia or from wet eucalypt forests, some of which contain the mighty *Eucalyptus regnans*. These aptly named kings of trees are the tallest hardwood trees and flowering plants on Earth; some are more than 20 metres in girth and 90 metres in height. The forests are being destroyed in Tasmania, in spite of widespread community opposition and increasing international concern.**

Clearfelling, as the name suggests, first involves the complete felling of a forest by chainsaws and skidders. Then, the whole area is torched, the firing started by helicopters dropping incendiary devices made of jellied petroleum, commonly known as napalm. The resultant fire is of such ferocity it produces mushroom clouds visible from considerable distances. In consequence, every autumn, the island's otherwise most beautiful season, china-blue skies are frequently nicotine-scummed, an inescapable reminder that clearfelling means the total destruction of ancient and unique forests. At its worst, the smoke from these burn-offs has led to the closure of schools, highways and tourist destinations.

In the Styx Valley, in the south-west, the world's last great unprotected stands of old-growth *Eucalyptus regnans* are being reduced to piles of smouldering ash. Over 85% of Tasmania's old-growth *regnans* forests are gone, and it is estimated that fewer than 13,000 hectares of these extraordinary trees remain in their old-growth form. Almost half of them are to be clearfelled. Most will end up as paper in Japan.

In logging coupes around Tasmania, exotic rainforest trees such as myrtle, sassafras, leatherwood and celery-top pine – extraordinary, exquisite trees, many centuries old, some of which are found nowhere else – are often just left on the ground and burnt.

The hellish landscape that results from clearfelling – akin to a Great War battlefield – is generally turned into large monocultural plantations of either radiata pine or *Eucalyptus nitens*, sustained by such a heavy program of fertilisers and pesticides that water sources for some local communities have been contaminated by Atrazine, a controversial herbicide linked with cancer and banned in much of Europe. Blue-dyed carrots soaked in 1080 poison are laid on private plantations to kill native grazing animals that pose a threat to tree seedlings. The slaughter that results sees not only possums, wallabies and kangaroos die slowly, in agony, but other species – including wombats, bettongs and potoroos – killed in large numbers, despite being officially protected species.

In 2003 an ageing forester, Bill Manning, was subpoenaed to testify in front of an Australian Senate committee investigating the Tasmanian forestry industry. He methodically began to unravel a tale of environmental catastrophe, of industry connivance and government complicity. His detailed evidence suggested that the forestry industry was not only systematically destroying unique forests, but poisoning the very fabric of Tasmanian politics and life.

No greenie hardliner, Manning was a man who worked for 30 years in the Tasmanian forests and who believes they ought to be logged, but logged so that they remain for the future. Yet he alleged to the Senate committee that forestry management had been corrupted. At the hearing, he painted a picture of illegal destruction on a scale so vast that it was transforming the landscape of Tasmania. Branding what was happening “an ecological disaster”, Manning talked of how an “accelerated and unaccountable logging industry” was destroying wholesale native forests “which are unique in the world for their flora and fauna”. “The clearfelling is out of control,” he told the senators. “The scale of clearfelling in Tasmania is huge.”

A whispering campaign about Bill Manning’s state of mind began, and in the four years since he ended a career that he loved, by standing up for what he believed, nothing has changed – except for the worse. Today, Tasmania is the only Australian state that clearfells its rainforests. While the rest of Australia has either ended, or is ending, the logging of old-growth forests, Tasmania is the only state where it is secretly planned to accelerate the destruction of native forests, driven by the greed for profit that can be made from woodchips.

As with any epidemic of madness, there sometimes seems no end to the horror. Among Tasmania’s many unique plants and animals is the endangered giant freshwater crayfish, one of the largest invertebrates in the world. Although technically protected, its very future is threatened by the frenzy of logging surrounding the creeks where it lives. When a government-appointed expert panel recommended buffer zones of forest be preserved to protect the crayfish, these zones were reduced to a bare minimum, and the areas continue to be logged.

“Clearfelling is going on at an incredible rate in their habitat,” the crayfish expert Todd Walsh says. “It’s going berserk.”

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Tasmania is an extraordinary land, one that many hoped might become, in the words of the legendary landscape photographer Olegas Truchanas, “a shining beacon in a dull, uniform and largely artificial world”. Its remoteness, its wildness, its unique natural world – all seemed to offer the possibility of a prosperous and good future to a state that had for a century been the poorest in the Australian Commonwealth. Instead, over the past three decades Tasmania has mortgaged its future to the woodchipping industry, which is today dominated by one company: Gunns Ltd. And it is Gunns – not the Tasmanian people – that has been the beneficiary of the destruction of Tasmania’s unique forests.

Though Gunns was founded in Tasmania in 1875, it was not until 1989, when it became part of the written history of corruption in Tasmania, that many Australians first came to hear of the company, then still one of several Tasmanian timber firms. In that year the then chairman of Gunns, Eddie Rouse, became concerned that the election of a Labor–Green Tasmanian government with a one-seat majority might affect his logging profits. Rouse attempted to bribe a Labor member, Jim Cox, to cross the floor, thereby bringing down the government and clearing the way for the pro-logging former premier Robin Gray and the Liberal Party to resume power. Cox went to the police and the plot was exposed; a royal commission and Rouse’s fall from grace and imprisonment ensued. But Gunns continued. Today it is a corporation worth more than a billion dollars, the largest company in Tasmania, with an effective monopoly of the island’s hardwood logging, and a darling of the Australian stock market.

Yet Gunns remains haunted by the Rouse scandal. The company’s board continues to have among its directors former associates of the late Eddie Rouse. The 1991 royal commission found that director David McQuestin, whose friendship with Rouse it characterised as “obsequious”, was not “unlawfully involved as a principal offender” with the bribery attempt, although his “compliance with Rouse’s direction in the matter was ‘highly improper’” – a “glaring breach of the requisite standards of commercial morality”. Robin Gray is also now a director of Gunns; the royal commission found that he “knew of and was involved with Rouse in Rouse’s attempt to bribe Cox”, and that while his conduct was not unlawful, it was “improper, and grossly so”. John Gay, Gunns’ managing director in 1989 and now its managing director and executive chairman, was cleared by the royal commission of any involvement with the bribery attempt.

In a dissembling world ever more given to corporate deference to a green image, the company shows an often-unexpected candour. Gunns makes no secret of its enmity towards conservationists and conservation groups. Gunns plans to destroy more, rather than less, Tasmanian native forest. Gunns makes no apologies for what this means. "How do you feel about protected species dying for your business?" John Gay was once asked on national television. "Well, there's too many of them," he replied, "and we need to keep them at a reasonable level." And while the figures for total woodchip production since 2000 are officially secret – like so much else in Tasmania – Gunns' own evidence in support of the pulp mill it proposes for the north of the state reveals that the company plans to double woodchipping, from its present annual levels of approximately 3.5 million tonnes to 7 million tonnes over the next decade.

To evade the ever-growing public anger, the woodchipping industry has had to exercise an ever-stronger control over Tasmanian life. Both major parties in Tasmania, and much of the state's media, frequently give the appearance of existing only as clients of the woodchippers. The state's interest and that of the woodchipping industry are now so thoroughly identified as one and the same that anyone questioning the industry's actions is attacked by leading government figures as a traitor to Tasmania. And it is not only the forests that have been destroyed by this industry. Its poison has seeped into every aspect of Tasmanian life: jobs are threatened, careers destroyed, people driven to leave. And in recent years, its influence has extended further, so that now its activities are endorsed nationally by both the prime minister, John Howard, and the Opposition leader, Kevin Rudd.

Huge money is being made out of destroying native forests, but to maintain what to many is an obscene practice there has evolved a culture of secrecy, shared interest and intimidation that seems to firmly bind the powerful in Tasmania. When the actress Rebecca Gibney, who moved to Tasmania two years ago to raise her family, said in a television interview that she would leave the state if Gunns' proposed pulp mill was built, the former Liberal Party candidate and bottle-shop owner Sam McQuestin made headlines by publicly attacking her as "serial complainer" whose family made no contribution to the Tasmanian economy and who had no "right to tell the rest of us how to live our lives". McQuestin's family is well known for its contribution: his father, David, is a Gunns director. The attack on Rebecca Gibney was but a public example of something far more widespread and insidious. I witnessed a senior ALP politician make it clear that yet another Tasmanian was no longer welcome in the clearfelling state when the local corporate-communications consultant Gerard Castles wrote an article in a newspaper questioning the government's policy on old-growth logging. "The fucking little cunt is finished," the politician said in front of me and my 12-year-old daughter. "He will never work here again."

To question, to comment adversely, is to invite the possibility of ostracism and unemployment, and the state is full of those who pay a high price for their opinion on the forests, the blackballed multiplying with the blackened stumps. It is commonplace to meet people who are too frightened to speak publicly of their concerns about forestry practices, because of the adverse consequences they perceive this might have for their careers and businesses. Due to the forest battle, a subtle (and sometimes not-so-subtle) fear has entered Tasmanian public life; it stifles dissent, avoids truth.

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And how can it be otherwise? The great majority of Tasmanians appear to be overwhelmingly opposed to old-growth logging, and only by the constant crushing of opposing points of view, and the attempted silencing and smearing of those who put them, can the practice continue. And so, nearly two decades after its then chairman failed in his attempt to corrupt the state parliament, Gunns now seems so powerful that Tasmanians joke that their government is the 'gunnerment', and leading national politicians of all persuasions acknowledge that the real power in Tasmania is not the government but Gunns itself.

This goes further than the sizeable donations Gunns makes to both major parties, both in Tasmania and nationally. It goes beyond Gunns' role in election campaigns, such as the \$486,000 spent on aggressive political advertising in the 2004 federal election by the Forest Industries Association of Tasmania (FIAT), of which Gunns is the largest member. "A lot of people are intimidated by the employment side of the [Tasmanian forestry] industry," the prominent Liberal Senator Bill Heffernan, from New South Wales, has said, "including some politicians."

But who can blame even the powerful for being scared? The former Tasmanian Liberal leader Bob Cheek recalls how "the state's misguided forestry policy was ruthlessly policed by Gunns", how fearful the politicians were of the forest lobby and what he describes as their "hitmen". In a cowed society, the Tasmanian government often gives the impression of being little more than a toadying standover man for its corporate godfather, willing to undertake any action, no matter how degrading, to help those with the real power.

When, in 2004, the Wyena farmers Howard and Michelle Carpenter had themselves and their property directly sprayed by a helicopter with Atrazine meant for an adjacent Gunns plantation, poisoning their water supply, Gunns' only response was to send the couple two bottles of spring water. Later, when the story became a public scandal, they provided the Carpenters with a water tank which a few months later they removed, though the Carpenter's water bore remained poisoned. To reassure the public that there was no cause for concern, the then

water minister, Steve Kons, fronted a media conference at which he loyally drank a glass of water tainted with Atrazine. Steve Kons is now Tasmania's deputy premier.

According to the former federal Labor leader Mark Latham, "They [Gunns] run the state Labor Government, they run [Labor Premier] Lennon ... and old Lennon there, he wouldn't scratch himself unless the guy who heads up Gunns told him to." Latham would know: after all, his own bid to be prime minister ended when he came up against Gunns in the 2004 election. Latham was no conservationist, but the growing national outcry over Tasmania's forests, driven by a long campaign by conservation groups, led him in the week before the election to propose a bold plan to end the logging of the island's old-growth forests, a plan that included an \$800-million compensation package for logging workers. Quite extraordinarily, the package was rejected by Tasmanian Labor.

Two days later, the Liberal prime minister, John Howard, flew into Tasmania to announce the indefinite continuation of old-growth logging, along with more extensive subsidies to the logging industry and, as a sop to the green vote, the protection of some areas of old growth. A few areas were victories. Much was a con: areas that were either already reserved; or, as Terry Edwards of FIAT admitted about the north Styx, very difficult to log; or, as in the Weld or the Florentine, later – in an act of arch cynicism – to be logged anyway.

In the most extraordinary images of that election, Howard was cheered by 2000 logging workers at a rally in Launceston, supported by the powerful Construction, Forest, Mining and Energy Union (CFMEU). Within the week Howard would be returned to government, and within a year some of those same workers would be forced out of the industry by Gunns breaking contracts, and looking for new employment in a workforce ravaged by the toughest anti-union laws in Australia's history – introduced by the man they had cheered on to victory.

"We seem to get on better with the Liberals than we do with Labor at the moment," Tasmania's premier, Paul Lennon, told a journalist a few weeks after federal Labor had suffered one of its worst defeats.

The conservationists had foundered and, with Howard's crushing victory, Gunns now had a federal government that felt electorally rewarded for taking the company's side. Gunns had too a state government so committed to it that seemingly no issue in Tasmania could be decided without first being held up to see whether it was good or bad for the old-growth logging industry. And it left federal Labor so terrified of ever touching the issue again that when Kevin Rudd assumed the leadership of the party in 2006, one of his first actions was to express support for the Tasmanian logging industry. But then, as Mark Latham ruefully admitted, "No

policy issue or set of relationships better demonstrates the ethical decline and political corruption of the Australian Labor movement than Tasmanian forestry.”

The dogs were off the leash and Gunn s was now at its most powerful. Within months it made a move that was widely viewed as an attempt to cripple the conservation movement, the last remaining impediment to its ambitions. On 14 December 2004, Gunns filed a 216-page, \$6.3-million claim against a group of conservationists and organisations who became known as the Gunns 20. The writ was an extraordinary document that sought to sue a penniless grandmother who had opposed logging in her district; a national political leader, Senator Bob Brown; a doctor who had raised public-health concerns about woodchip piles; prominent conservationists; Australia’s leading wilderness-conservation organisation, the Wilderness Society; a film-maker; and several day protesters.

All were joined in what was alleged to be a conspiracy guilty of the crime of corporate vilification. The writ presented a tale of a group of people together seeking, through a series of actions as diverse as protesters chaining themselves to logging machinery to the lobbying of Japanese paper companies, to destroy Gunns’ profits. The perversity of the action was staggering: with the immense fortune it had made out of destroying Tasmania’s forests, Gunns had launched an action that would, if successful, have redefined the practice of democracy as the crime of conspiracy. An Australian would not have been able to criticise, question or campaign against a corporation, for risk of being bankrupted in legal proceedings brought against them by the richest and most powerful in their society, claiming damage to their corporate interest. No matter how a corporation made its money, be it from tobacco or asbestos or chemicals, all of its actions would have effectively been removed from the realm of public life. Gunns’ action was compared with the legal standover tactics that prevails in such countries as Singapore, where those engaged in political opposition are bankrupted and then jailed through such a process of litigation.

If its legal ramifications were enormous but unrealised, its political impact was immediate. While the writ excited a national outcry, garnering comparisons with the McLibel case, in the short term it only served to further intimidate many in Tasmania, and tied up the leading conservation groups and conservationists in a difficult, expensive and all-consuming court case at a moment when Gunns was planning its most controversial action of all. Two days after it issued the writ, Gunns announced its plans for a gigantic \$1.4-billion pulp mill, the biggest infrastructure project in Tasmania’s history and one of the biggest pulp mills in the world, to be built 36 kilometres from Launceston.

At first, reassuring commitments were given that Gunn's pulp mill would be environmentally friendly: chlorine-free and primarily using plantation timber. Premier Lennon was adamant that the mill would only go ahead if Gunns could prove to an independent government body, the Resource and Planning Development Commission (RPDC), that their proposal conformed to the world's best environmental standards. The process was to be above politics and the RPDC's decision final. But public concern began to grow when it became clear that Gunns was planning something entirely different to what it had originally announced. Gunns now wanted to build a kraft chlorine-bleaching mill – the type that produce dioxins, some of the most toxic substances known to man – fuelled initially by 80% native-forest woodchips.

Then was revealed the shocking news that to feed the pulp mill's gargantuan appetite, Gunns had negotiated a deal (the exact details of which remain secret) with the then Tasmanian forests minister, Bryan Green, that would *double* the level of woodchipping and accelerate the ongoing destruction of Tasmania's native forests for the next 20 years. (In October 2006 Bryan Green was charged with conspiracy over another secret deal, this time with a building accreditation company run by ex-Labor ministers. He denies any wrongdoing and the case continues.)

At the same time, Tasmanians discovered that while the mill was being assessed Paul Lennon was using a wholly owned subsidiary of Gunns, the construction company Hinman, Wright & Manser, to renovate his historic home. It was a curious choice of builder. Hinman, Wright & Manser is known to be less than enthusiastic in its support of unionised labour, and to be a keen proponent of the Howard government's new workplace-relations laws, of which Lennon had publicly been a vociferous critic. More remarkably, the Gunns "construction division" as it is termed on Gunns' website, is an industrial- and civil-works company that advertises itself as specialising in "larger construction work" such as mines, warehouses, concrete plants, schools, courts, remand centres, nursing homes, hospitals, reservoirs, substations, wharf berths, road bridges and woodchip mills, but makes no mention of home renovation.

Lennon has never answered questions put at the time about what Hinman, Wright & Manser originally quoted for the job, nor whether there were other quotes. Lennon and Gunns have both subsequently said that Lennon paid for the renovations, though the precise sum has never been revealed. Lennon dismissed any questions on the matter as a painful attack on his family's privacy.

The revelations that have since ensued have not been so easily dismissed . In early January 2007, the head of the RPDC pulp-mill inquiry, Julian Green, and the inquiry's leading scientific advisor and a national pulp-mill expert, Dr Warwick Raverty, both resigned, both citing political interference. It has become public knowledge that the RPDC found Gunns' own evidence to

be riddled with inaccuracies and errors; that levels of dioxins in the mill's outflow were initially underestimated by a factor of 45; and that the mill, as well as failing to address the concerns of the Australian Medical Association (AMA) about ultra-fine particle pollution, also significantly failed to meet at least three official air-pollution guidelines. Senior scientists questioned Gunns' claims that the 64,000 tonnes of treated effluent pouring daily from the mill into the ocean would not harm Bass Strait and its marine life. Gunns' modelling for air pollution in the Tamar Valley was so shoddy that it sometimes fantastically predicted that air pollution would be lower with a pulp mill than without.

Pointing out that "no other pulp mill in the world uses the process Gunns proposes," and that its noxious emissions would pour into a densely populated valley already subject to the worst smog in Tasmania, Raverty has since warned that "the risk of producing unacceptable levels of deadly and persistent chemicals known as organochlorines is too high." Raverty, who works for a subsidiary of the CSIRO and has consistently pointed out that he is speaking in a personal capacity about the mill's pollution risk, has claimed that a Gunns executive rang the CSIRO seeking to pressure the organisation into silencing him. The CSIRO has confirmed that Gunns "expressed concerns". Raverty has since said he would welcome the opportunity to appear before a criminal-justice commission or a royal commission into the process, because there needs to be public scrutiny of the "very unethical activities" of the Tasmanian government.

Though the Tasmanian chapter of the AMA warned Tasmania's political leaders that they would be personally accountable for any health problems resulting from the proposed pulp mill, the leaders were listening not to such dire concerns but rather to the Gunns board, with whom Premier Lennon and his kitchen cabinet met on 25 February. Two days later, Gunns told the Australian Stock Exchange it was "confident the necessary government approvals" for its pulp mill "will be obtained within a timeframe which maintains the commercial value of the project".

That same day, Paul Lennon handed the newly appointed head of the RPDC's pulp-mill assessment panel, the former Supreme Court judge Christopher Wright, a typed timeline laying out his demands. "It was plain as the nose on my face," Wright later said, "that he was trying to please Gunns." Describing it as a "completely inappropriate ... attempt to pressure" him, Wright rejected what he termed an "ultimatum" by Lennon to dump public hearings and wind up the assessment by 31 July or face the RPDC being dumped in favour of legislation fast-tracking the process.

And when a fortnight later Gunns withdrew from the RPDC assessment process, blaming delays which John Gay termed “commercially unacceptable”, what was commercially acceptable to Gunns became a political imperative for the Tasmanian government.

That Christopher Wright said most of the delays were Gunns’ fault was of no consequence. For in a manner that at least is understandable if onerous to Tasmanians, it is clear that in Tasmania Gunns more or less *is* the law. The woodchippers and their government cronies constantly use the courts against conservationists, but when the courts are used against them the government’s response is admirably straightforward: change the law. They changed the law, for example, when Bob Brown sold almost everything he had and took both the Tasmanian and the federal governments to court to prove that under their own laws the logging industry in Tasmania was illegal, because it threatened the survival of endangered species, including the Tasmanian wedge-tailed eagle and the swift parrot. He won, but the government’s response was not to enforce the Tasmanian Regional Forest Agreement to protect those species, but simply to alter it so that logging is once again legal.

Faced with the possibility that the pulp mill might not now meet the RPDC pollution guidelines, Paul Lennon simply rushed an act through parliament to establish an entirely new process that seems certain to ensure the mill will be approved by the end of August this year. Though this contradicted what Lennon had so dogmatically maintained for the previous two years about an impartial process that was above politics, the act (drafted with the input of a Gunns lawyer) tellingly allows for the mill to no longer meet the original pollution guidelines. Public consultation has been dispensed with and, most remarkably – and possibly without precedent in the annals of Westminster legislation – the act explicitly provides that the mill will still go ahead even if it is proven that the consultant assessing the project has been bribed.

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It had been uncharacteristic of Lennon to even pretend a process mattered more than an outcome, and it seemed cynicism more of a piece with his predecessor, the late Jim Bacon. A one time Maoist, an upper-middle-class alumni of one of Australia’s most exclusive private schools, Melbourne’s Scotch College, and later, of one of its most infamous unions, the Victorian Builders’ Labourer’s Federation (BLF), Bacon was for several years a loyal lieutenant of the BLF’s leader, the notorious Norm Gallagher. By the time Gallagher was jailed for taking bribes from developers and his union the subject of a Royal Commission that led to its deregistration, Bacon was ensconced in Tasmania, where the old BLF tactics of espousing a working-class rhetoric while cosying up to the powerful served him well. In 1997 he became leader of the Tasmanian Labor Party.

The following year Bacon was instrumental in brokering the deal that saw the very electoral basis of the Tasmanian parliament altered. Since the 1970s, when the world's first green party was formed in Tasmania, the Greens had been a powerful political minority in Tasmania, securing up to a seventh of parliamentary seats under the island's unique proportional representation system and with it, on occasion, the balance of power.

The 1998 deal was sold to the public as a common-sense measure to reduce the number of parliamentary members. But it was intensely political in effect, because having fewer parliamentarians meant that a higher quota was required by an individual to be elected, thus making it harder for minority parties to win seats and possibly destroying future Green representation – and with it the only real opposition to the woodchipping industry. The former Liberal leader Bob Cheek recalls how Robin Gray, the state's premier in the '80s and now a member of Gunns' board, lobbied him on the night before the vote on the reform. "We've got to stop the Greens, Bob," Gray told him. And they did.

The subsequent election in August 1998 saw the Greens decimated and Jim Bacon's Labor Party triumphant. The Bacon government quickly established itself as the most pro-big-business government Tasmania had ever had. Favoured companies received extraordinary treatment. The privately owned Federal Hotels group, who run the island's two casinos, was awarded a 15-year gaming monopoly – conservatively estimated by Citigroup to be worth \$130 million in licensing revenues – free of charge.

But the greatest winner was Gunns. Its shares were languishing at \$1.40 when the Bacon government came to power. The company's subsequent growth was dizzying. Within four years, it had recorded an increase of 199% in profits. With the acquisition of two rival companies, Gunns took control of more than 85% of logging in Tasmania . Five years after Bacon won government Gunns was worth more than \$1 billion, with shares trading in excess of \$12. It had become both the largest logging company in Australia and the largest hardwood-woodchip exporter in the world, its product flooding in from the state's fallen forests.

The state government, which a century ago paid people to shoot the Tasmanian tiger, now provided every incentive to destroy old-growth forest. One of Bacon's first acts was to make 85,000 hectares of previously "deferred forest" available for logging. Gunns paid only paltry royalties to Forestry Tasmania, the public body charged with getting a commercial return from the crown forests that were the very basis of Gunns' record profits. When in 2003 Gunns posted an after-tax profit of \$74 million, Forestry Tasmania made a hardly impressive \$20 million. By 2005, when Gunns after-tax profit had soared to \$101.3 million, Forestry Tasmania's profit had slumped to \$13.5 million. Its projected profit for 2006–07 is break-even:

a return of zero dollars, nothing, to Tasmanian taxpayers on the estimated \$700-million value of its publicly owned forest estate.

But it wasn't just that public forestry resources were being systematically handed over to a single company's shareholders; it was that much of Gunns' profits were coming out of taxpayers' pockets. On private land, Gunns made a second profit from the federal tax breaks that made tree plantations – with which clearfelled native forests were replaced – one of corporate Australia's favourite forms of tax minimisation from the late '90s.

On top of all this, Bacon's government accelerated a familiar pattern of ongoing handouts to an industry that constantly shed jobs, devastated the environment and sought to manipulate the political system. Between 1988 and the present, the Tasmanian forest industry has received a staggering total of \$780 million in taxpayer handouts, \$289 million of it since 2005, much of it being used to facilitate further old-growth logging. If an accounting were possible of the taxpayer-subsidised plantation schemes and added to this sum, the real subsidy paid by the Australian taxpayer to an industry that destroys the nation's heritage would approach a billion dollars.

But then, not the least shocking thing about the destruction of Tasmania's old-growth forests is that the state's logging industry is in the end not a commercially viable industry at all, but a massive parasite on the public purse, an industry as driven by ideological bailouts and hidden subsidies as a Soviet-era pig-iron foundry.

Worse still, at the moment when Tasmania was acquiring a global reputation as an island of exceptional beauty, the forces that would destroy much of the island's unique nature had been unleashed. This sad irony, denied in Tasmania, did not escape the more astute of the world's media: major features began appearing in the *Observer*, *Le Figaro*, *Süddeutsche Zeitung* and the *New York Times* – mounting evidence that what was happening in Tasmania was more and more recognised as an environmental catastrophe of global significance. What might be read about Tasmania's forests in New York or Paris, though, was not information found easily in Hobart or Launceston. Apart from a few brave journalists, a generally craven Tasmanian media rarely questioned or challenged the woodchipping industry during these years. The *Launceston Examiner* ran a four-page feature on Gunns' pulp-mill proposal directly lifted from Gunns' advertising. Necessary fictions were repeated until they became accepted as truth: that, for example, the industry's main concern is sawlogs, when even Forestry Tasmania had admitted that sawlogs are chipped, and had been since 1972. The government's own reports reveal that approximately 90% of Tasmania's logged native forest is woodchipped.

To this day, the forestry industry and the Tasmanian government withhold key information, fudge definitions of forest types and felling practices, and distort statistics to prevent the truth of old-growth logging becoming publicly known, diverting debate into the dullness of disputed definitions and clashing numbers. It's a familiar tactic of sowing semantic confusion that has worked well for the tobacco and oil industries. Beyond it, forests unique in the world continue to disappear.

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Jim Bacon's nickname was 'the Emperor', but the man perceived to be the power behind the throne was his deputy, Paul Lennon. Ill-tempered, badly behaved and brutally effective, his political capacity – like that of so many strong-arm leaders – was too often and too easily dismissed. Lennon made no more apologies for his thuggish behaviour (he once shoved a conservationist up against a wall in the middle of a meeting, an encounter he claims not to remember) than he did his enthusiasm for the old-growth logging industry, or his close friendship with the logging baron John Gay. Anyone taking a first-hand look at Tasmania would, he once said, "see a lot of fucking trees".

When Bacon retired in early 2004 because of terminal cancer, Lennon became premier, and any pretence that Gunns might be reined in within Tasmania came to an end. These days, Gunns is everywhere in Tasmania: there are Gunns shops, Gunns television advertisements, Gunns-sponsored weather bulletins. If you go to watch an AFL game at Tasmania's premier stadium, York Park, you pass through the main entrance, officially and aptly named the Jim Bacon Gates, built by – who else? – a wholly owned subsidiary of Gunns, and come to the Gunns Stand, the largest and most opulently fitted stand in the stadium, much of it paid for, equally aptly, by the Tasmanian government.

With the river of money that had poured in from Tasmania's destroyed forests, Gunns had diversified into businesses in New Zealand and mainland Australia. It set about becoming the main player in the Tasmanian wine industry, with the company itself the dominant producer. That the woodchippers' wines – Tamar Ridge, Coombend, Devils Corner – were not stocked by some shops, bars and restaurants in Hobart because of consumer antipathy was of no concern, for the venture's financial underpinning was the same as for its forestry plantations: tax-minimisation schemes, in which grape-growing qualified for a 100% tax write-off. Yet again, it was Australian taxes at work for Gunns.

Gunns now made no secret of what the cost would be for those who questioned the sanctity of old-growth logging, no matter who they were. During the 2004 federal election, plantation-softwood processor Auspine – a \$200-million forestry company based in South Australia that

runs two pine sawmills employing 313 people in the northern Tasmanian town of Scottsdale – incurred John Gay’s wrath by having the temerity to put forward a \$450-million plan in which old-growth logging would be ended immediately, but Tasmania’s forest industry would be expanded by 900 new jobs. Gay made it clear that Auspine had been very foolish, saying, “Their comments have been extremely damaging to themselves and their future in Tasmania.” Two months later Gunns’ hardware stores stopped stocking Auspine timber.

Auspine’s pine comes from land owned by Forestry Tasmania, but in 1999 a half-share in their trees was sold by Jim Bacon to an American global investment firm, GMO, for \$40 million. In early 2007 it was announced that Auspine had lost its pine supply in a deal that saw the timber go to a new company, FEA, that doesn’t even have a sawmill. In this manner over 300 people are to lose their jobs. Though it is the half-owner of the resource, both the state-owned Forestry Tasmania and the Tasmanian government refused to intervene in the negotiations to help Auspine or its workers. When Paul Lennon finally went to Scottsdale, four weeks after the initial announcement, sawmill workers turned their backs on the man who had always boasted that he stood for the jobs of forestry-industry workers. Increasingly, it appeared to many Tasmanians that the only jobs Lennon really cared about were his own and those of the Gunns directors.

Perhaps predictably, one of the last defences seized on in this battle by politicians on six-figure salaries is that they stand solidly with the working class. But Lennon’s routine claim that 10,000 jobs are at stake if old-growth logging ends is without substance, and avoids the truth: jobs have been disappearing in old-growth logging for many years, not because of conservationists but because of mechanisation and Gunns’ ability to transfer its losses onto logging workers. While woodchipping destroyed the older labour-intensive sawmill timber industry, the Hampshire woodchip mill in northern Tasmania, the biggest in the southern hemisphere, employs just 12 people. A report in the *Australian Financial Review* in 2004 revealed that the Tasmanian industry in its entirety had shed more than 1200 jobs since 1997.

Like Lennon’s previously expansive claims – that, for example, ending old-growth logging in Western Australia had left more than 4000 people unemployed, something categorically refuted by the Western Australian government – the figure of 10,000 jobs is not supported. It is more than seven times the number given by the forest industry’s own report on employment in the old-growth–logging sector, commissioned by the Forest Industries Association of Tasmania and written by pro-logging academics in 2004. Old-growth logging – as distinct from the rest of the (much larger) forestry industry – was estimated by a Timber Workers for Forests report in the same year to employ only 580 people. Both figures were arrived at before Gunns sent many contractors to the wall in 2006. Under Gunns’ tendering system, contractors

were already squeezed hard, with a large proportion of their income servicing debt on loans for the heavy machinery necessary for their work.

When it slashed logging contracts by up to 40% to offset a decline in woodchip sales, logging workers for the first time publicly expressed their growing bitterness towards Gunns and the hefty profits it made while their livelihoods vanished. In response, Barry Chipman of Timber Communities Australia (TCA) denied there was growing resentment within the industry towards Gunns. Presenting itself as the grassroots organisation of those it terms the “forest folk”, the TCA has from its inception in 1987 actually been the vehicle of the National Association of Forest Industries (NAFI), which is financed by the logging industry . The TCA’s support for the Tasmanian logging industry was once described by John Gay as an “invaluable alliance”. Invaluable though it may be, the logging industry does put a price on it: in 2002–03, \$723,154 of the TCA’s total revenues of \$836,977 came from direct industry contributions. In the same year, Barry Chipman’s wages were directly paid by the NAFI.

It was “situations like this” Barry Chipman said of Gunns’ slashing of contracts, that sorted out the “good operators” from the bad – further incensing those contractors who, acting on Gunns’ promises of more work, had taken out bigger loans to purchase better equipment, and now were unable to meet repayments. “Everyone needs to tighten their belt a little bit,” Chipman went on. “Any downturn will also be suffered by the company and its shareholders.”

But they didn’t seem to be suffering much that year at “ Launceston’s Lavish Lunch”, the annual fundraiser of the Launceston branch of the Australian Cancer Research Foundation, held at one of Tasmania’s most celebrated historic homes, Entally House. It seems to have been a splendid day for the island’s clearfelling contessas, and the Launceston Cancerians – whose committee includes the wives of both John Gay and David McQuestin – later waxed effusively on their website about the event, extending “ A big thanks ... to Mr John Gay for opening his house for the function.”

Entally House isn’t really John Gay’s house, of course, just as crown forest isn’t really his land. Like the forest, the historic house belonged to the Tasmanian people, but in 2004 the Tasmanian government terminated the National Trust’s lease and gave a 20-year lease to Gunns. Plans by Gunns to plant a ten-hectare vineyard in Entally’s historic grounds were immediately announced, John Gay declaring that the company was developing a “detailed marketing strategy” for the property, centring on the marketing of its wines. And in this way a unique piece of Australia’s heritage became both John Gay’s house and a charming marketing platform for Gunns. The public can still visit Entally House which, technically speaking, they still own. It only costs \$8 per adult.

Meanwhile, log-truck driver Gary Coad, who in 2004 was found guilty of assaulting a conservationist and who cheered John Howard when he announced his ongoing support for old-growth logging, was forced out of the industry he had worked in for 30 years. Now, he told a local newspaper, contractors were at “rock bottom”, unable to make ends meet. “The biggest problem in the industry,” he said, “is Gunns’ virtual monopoly”, which meant that any contractors who criticised the company could be squeezed out of the business. “We came up [to the Launceston rally] and fought for John Gay’s livelihood,” continued Coad. “Well, now its time for him to turn around and do the same for us.”

But no one – no Gunns director, no Labor or Liberal politician, no CFMEU representative, no ‘forest community’ advocates – was going to fight for the forest workers, or speak to their feeling of betrayal. Instead, like Kevin Rudd on his ‘listening’ tour in December 2006, they said that they supported the existing Tasmanian forestry industry – in order, as Rudd put it, that there be “no overall loss of jobs”, ignoring the fact that supporting Gunns was exactly what ensured workers would continue to lose jobs, continue to be exploited under Gunns’ pitiless tendering system, and continue to suffer.

There is in all this a constant theme: the Lennon government’s and Gunns’ real mates are not workers, but millionaires. Behind the smokescreen of statistics, beyond the down-home cant of ‘timber folk’ peddled by the woodchippers’ propagandists, past the endless lies, is a simple, wretched truth: great areas of Australia’s remnant wild lands are being reduced to a landscape of battlefields, in order to make a handful of very rich people even richer.

Yet giving away such an extraordinary public resource as Tasmania’s forests now threatens the state’s broader economic prospects. A growing weight of financial analysis suggests that the economics of plantations (with which native forests are being replaced) are not assured, but rather are a huge gamble for Tasmania. The industry’s future prospects depend on global pulp prices rising; the government, as the *Australian Financial Review* put it, has “tied the state’s economic future to the success of Gunns and its tree farms”.

If the future looks dubious, the present is already a failure. The reality is that logging old-growth forests brings little wealth and few jobs to struggling, impoverished rural communities. While Gunns makes its profits primarily in Tasmania, the great majority of the company’s shares are owned by mainland institutions. It has been estimated that less than 15% of Gunns’ profits remain on the island, where the largest individual shareholder is John Gay himself.

As a consequence of the forestry debate, Tasmania is an increasingly oppressive place to live. Just six days after conservationists had gone public about arson threats in 2004, the historian Bruce Poulson, a prominent opponent of plans to log the historically significant site of Recherché Bay, had the study behind his Dover house, containing decades of research, burnt down in what police described as a “malicious” attack. Ray and Leanne Green had displayed Wilderness Society posters calling for an end to old growth clearfelling in the Styx Valley in their Something Wild Wildlife Sanctuary, half an hour’s drive from the valley. They received numerous informal threats, and then had their business burnt out. Cameraman Brian Dimmick was bashed by a log-truck driver who objected to Dimmick filming his vehicle. So it goes in the clearfell state.

It has never been suggested, nor do I wish to imply, that Gunns is any way responsible for such acts. But the workings of power are not always reducible to orders or even intentions. When a society becomes entrapped in a growing coarsening of public rhetoric, evil finds succour. When vilification is commonplace, when lies are the currency of the day and followers seek to rise through the vigorous anticipation of leaders’ unspoken desires, where all are disenfranchised and the most powerless feel what little security they have will be destroyed by those who merely disagree, acts of dubious morality and even of violent criminality become justifiable and appear honourable.

Despite a few years of economic upturn between 2001 and 2006, Tasmania is once more technically in recession, and it remains the poorest Australian state, with the highest levels of unemployment and around 40% cent of its population dependent on government welfare. New key industries such as tourism and fine foods and wines trade as much on the island’s pristine image as they do on the products they sell. There is growing concern in all these industries – in which job growth is concentrated – at the relentless damage being done to Tasmania’s name by images of smouldering forest coupes.

It is little wonder that many Tasmanians now worry that the woodchippers’ greed destroys not only their natural heritage, but distorts their parliament, deforms their polity and poisons their society. And perhaps it is for that reason that the battle for forests in Tasmania is as much about free speech and democracy – about a people’s right to exercise some control over their destiny, about their desire to have a better, freer society – as it is about wild lands.

Of late, Gunns’ fortunes have suffered. Its share price has dropped by over a quarter from its record highs of 2005, a reflection of having lost 20% of its market share to South American plantations. At the same time woodchip prices have dropped and a global woodchip glut beckons, all of which leaves Tasmania even more dependent on uneconomic woodchip production.

A recent rally in support of Gunns' pulp mill attracted just 50 people, including Paul Lennon. Gunns' own research shows only one in four Tasmanians supports the island's biggest company. Meanwhile, its pulp-mill proposal meets with growing fury throughout the state. The once-timorous Tasmanian media has begun showing courage in questioning the company's activities; the Gunns 20 writ has been rejected three times, and Gunns' projected legal costs – including the damages it must now pay – run into millions. On throwing it out a second time, Judge Bongiorno described the lengthy writ as legally “embarrassing”. Still, Gunns persists with a fourth suit. The eminent QC Julian Burnside, one of the defence counsels, has said, “It leaves you wondering if the purpose is simply to terrorise.”

Yet the hope for many Tasmanians of years past – that one or other of the major parties at a national level would act to end the madness of old-growth logging – vanished with Kevin Rudd's Labor Party green light to Gunns. No one could look to a political system now so hopelessly cowed by and enmeshed with the woodchipping lobby to effect change. After a decade of the most pro-corporation national government Australia has ever had, neither major political party has the courage or integrity to stand up to a rogue corporation.

And it is Gunns' determination to do whatever it must to continue old-growth logging that may just condemn both it and Tasmania to a savage vortex: given the history of dependence on government subsidies and the alacrity with which both major parties grant them, Gunns' ability to always shift losses onto others – the government, its workers – means that the company may well continue to prosper. But the price of maintaining the necessary political support is high and ever higher: it demands an ever more determined manipulation of public opinion, an ever more ruthless treatment of public opposition, and an ever more assiduous duchessing and policing of political parties.

For that reason, more Tasmanians are demanding a royal commission into the old-growth logging industry and its relationship with both major political parties. It may find nothing untoward has taken place. It may even find at heart something far more disturbing: that the boundary between what is illegal and what is unethical has now vanished in Australia, and that the spectre that now haunts the nation is not that of an omnipotent state but of a ruthless corporation, beholden to nothing but its own bottom line, inhibited by nobody, liberated by the failure of contemporary politics.

Nothing less than a major investigation with special powers can now clear away the stench that surrounds this industry and shames Australia. Without such an investigation nothing will change, except for the worse, and the rape of Tasmania will continue until one day, like so much else that was precious, its great forests will belong only to myth. Tasmanians will be condemned to endure the final humiliation: bearing dumb witness to the great lie that delivers

wealth to a handful elsewhere, poverty to many of them, and death to their future as the last of these extraordinary places is sacrificed to the woodchippers' greed. Beautiful places, holy places, lost not only to them but to the world, forever.

And in a world where it seems everything can be bought, all that will remain are ghosts briefly mocking memory: a ream of copying paper in a Japanese office and a man fern in an English garden . And then they too will be gone.

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