

Review: *The Rise and Fall of Gunns Ltd.* by Quentin Beresford. Sydney: NewSouth, 2015

Reviewed by John Biggs

Despite its title, this book is about rather more than the rise and fall of Tasmanian timber company Gunns: it is a case study of how Tasmania has done business over the last fifty years or so. In so doing, it sheds a somewhat sinister light on what Premier Will Hodgman might mean when he says that Tasmania is now “open for business.”

Expat Tasmanian Quentin Beresford argues that Tasmania has long been governed by a “unique model of authoritarian capitalism”, by which state-sponsored development has ruthlessly pursued the one-big-fix that would solve our persistent economic problems. This culture gave so much power to the Hydro-Electricity Commission and to the Forestry Commission, the corporatized version of which became Forestry Tasmania, that at various times each controlled the government itself. Establishing and maintaining this political model involved “anti-democratic policies by both major parties entailing curbs on civil liberties, informed debate and proper process.” (p. 37)

The chapter on the failed 1989 Wesley Vale pulp mill is astonishing. Do a search for “Wesley Vale” and replace with “Tamar Valley” and you arrive at virtually the same story: the largest and cleanest pulp mill in the world to be plumped in the middle of prime agricultural land without any local consultation. The mills in question turned out to be very far from clean, but never mind, in each case a gung-ho premier brooked no argument or opposition, doing his ruthless best to see that it would be built in the face of very strong local and eventually nationwide opposition. But there was one major difference between the Tamar and Wesley Vale mills – the role played by the Federal Environment Minister. Graham Richardson, unlike Garrett or Turnbull, saw to it that the Federal Cabinet tightened the environmental guidelines for Wesley Vale – whereupon the proponents of the mill walked away. And that was the end of the Wesley Vale pulp mill.

Any reasonable person would think that history wouldn’t repeat itself so exactly. Surely, in order to avoid future ignominious failure, the forestry industry watchdogs and/or the government would ensure that the problems raised by lack of local consultation and of environmental concerns would not occur in future projects? Not a bit of it: “the power elite drew one over-riding lesson from the experience: the threat from the Greens would have to be stopped.” (p. 68). It was bare knuckles from then on.

The Rouse scandal, which saw Edmund Rouse, then Gunns chairman and member of fourteen other boards, gaoled for trying to bribe a Labor member to cross the floor, did not

sound a warning to ruthless developers. Indeed, new Gunns director and chairman John Gay saw Rouse as his mentor and hero.

When Jim Bacon became premier, he and his deputy Paul Lennon entrenched pro-forestry interests throughout senior echelons of state government. As Liberal Senator Bill Heffernan remarked: “both sides of politicians (in Tasmania) are intimidated by the industry.” (p. 121). And so it proved for the next fifteen years. Forestry Tasmania and Gunns were made self-regulating and all government departments toed the line. Issues of environmental degradation, harm to wildlife including protected species, sustainability, and health resulting from forestry operations were brushed aside.

Lennon determined to realise the construction of the Tamar Valley pulp mill, the obsession of his self-confessed “politically like-minded” friend John Gay. When the mill was deemed “critically noncompliant” with the guidelines of the independent Resource Planning and Development Commission (RPDC), Lennon rammed the Pulp Mill Assessment Bill through parliament, subject to an assessment by the Finnish firm Sweco Pic using guidelines devised by Gunns' own lawyers. Sweco Pic was a business partner of Finnish firm Jaakko Pöyry who had worked on the design of the mill. This procedural outrage created enormous public reaction, leading to large demonstrations not seen since Franklin River days. Gay for his part tried to suppress public opposition to the mill with his Gunns 20 suit, which ultimately failed but which cost the defendants big money. It was a public relations disaster for Gunns.

Gunns' profits having started to decline in 2005, Gay and the Gunns Board seemed to see the mill as their economic salvation although on economic, environmental and social grounds, it was doomed from the start. The lessons of Wesley Vale had not been learned.

When in 2012 Gunns' share prices started to go into free fall, Gay had his Rouse moment in August 2013: he was convicted of insider trading. Gunns went into receivership.

Because of the decline in world markets, the high Australian dollar, and sheer mismanagement by Gunns and Forestry Tasmania, the forestry industry sought a peace deal with environmentalists in 2010. After three years of hard negotiation the Tasmania Forestry Agreement (TFA) was reached: 170,000 hectares were added to the World Heritage Area in exchange for cessation of protest activity. Unfortunately some environmentalists had agreed to “a” pulp mill, which Premier Lara Giddings amongst others took to mean “the” pulp mill, while other environmentalists were dead against any pulp mill at all. Not that it mattered; nobody had proposed a different pulp mill, and the Tamar Valley mill was by now effectively dead, apart from the tainted building permits that nobody wants to buy. So far.

The TFA itself ceased to matter when the Hodgman Government came to power in 2013. They ripped up the TFA in a display of the very culture Beresford has brought to light: “the measures announced by the Hodgman government highlight the continuing absence of innovative thinking about the state's future or the need to address its dysfunctional political

culture.” (p. 376). This is the political culture that has steered the disastrous economics of the past 50 years.

In Beresford’s closing words: “The alternative to genuine reform is a grim prospect: new rounds of politically inspired environmental conflict, further resort to draconian curbs to civil liberties, and the perpetuation of failed economic strategies – all while the state falls back into its long-held record as a perennial economic basket case.” (p. 397). The Hodgman government has already started reversing its log truck down that corrugated road.

Very recently, however, there are signs that Tasmania’s economy is improving as small businesses in hospitality, tourism, the arts, food, wine and the like are on the rise. It is to be hoped that the present government’s call that Tasmania is “open for business” does not mean the protection of favoured corporate giants, as it seems to mean so far, but the creation of a business environment favourable to clever and prosperous industries that are suited to the 21st century.

It has been easy to blame destructive forestry operations, Forestry Tasmania’s heavy losses, the plantation disasters, the fate of the pulp mill and Gunns’ collapse on bad decision-making by individuals. However, these and other foul-ups stem from a culture that has been driving governmental and corporate decision-making in Tasmania for many years. The effect has been to disenfranchise voters, because both parties have supported corporate interests more than those of the voters themselves.

In publishing *The Rise and Fall of Gunns Ltd* Beresford has performed an important service in putting on the public record an extraordinary phase in Tasmania’s political history. As the fish is the last to discover water, so it seems that many Tasmanians have been the last to discover the culture that has been enveloping them and that has been standing in the way of balanced and prosperous growth for the state.