

PINETEC LTD, ALLOCATION OF PINE RESOURCES, COMPETITIVE PROCESS

1275. Hon Barry House to the Minister for Agriculture, Forestry and Fisheries

I refer the Minister to his answer to Question without Notice No. 1242 referring to a competitive process by which public pine resources will be allocated to Pinetec Ltd, and ask -

- (1) When was the competitive process undertaken?
- (2) How many firms applied for the public pine resources?
- (3) On what basis was Pinetec chosen to obtain the timber ahead of other interested parties?
- (4) What is the total volume of public pine timber made available through the competitive process?
- (5) Will the Minister table relevant documents showing the process and assessment by which Pinetec was chosen?
- (6) If not, why not?

Hon KIM CHANCE replied:

- (1)-(4) Pinetec have participated in a number of competitive processes and currently hold or are in the process of acquiring the following contracts:

Contract No. 2353 - 35,000 m3 pa - Originally Awarded on 1 July 1994

Contract No. 2363 - 5,000 m3 pa - Originally Awarded on 1 July 1994 (Assigned from Western Case Joinery Works Pty Ltd to Pinetec on 21 December 1999, expiring 30 June 2004)

Contract 2465 - 20,000 m3 pa - Assigned from Dodd and Dodd Pty Ltd to Pinetec on 23 February 1999 to expire on 31 December 2006)

Contract No. RFP 2631 - 20,000 m3 pa - Originally Awarded 2001

Contract No. 2354 - 16,000 m3 pa - To be assigned from Pempine, 2003

With reference to its proposed acquisition of the Pempine contract the Administrator for Pempine Ltd held this contract. The Administrator advertised for the sale of Pempine timber interests to recover debts owing to a number of creditors, including the Forest Products Commission. The Forest Products Commission indicated that important considerations of the assignment are the capability of the assignee to undertake the contract, the recovery of current debt to the Commission and other creditors and regional employment and industry development benefits arising from the assignment.

The Administrator had two strong interests in assignment and pursued these parties for firm offers. Two offers were received.

The Administrator recommended Pinetec's offer as it provided for a significantly greater recovery of debt. The Forest Products Commission preferred Pinetec's offer as it recovered all its debt and did not seek to vary the quality of timber (16,000 m3 pa) provided under the contract.

- (5)-(6) No, the process was conducted by the Administrator who brought offers to the Forest Products Commission, recommending that Pinetec's offer be accepted. The Forest Products Commission reviewed and evaluated the offers based on criteria such as recovery of debt, capacity to operate a business, impact on the timber industry and proponent conditions. The Commission then agreed that Pinetec be the preferred proponent.