

**From:** [REDACTED]  
**Sent:** Thursday, 17 August 2017 10:44 AM  
**To:** EIC  
**Cc:** [REDACTED]  
**Subject:** Fw: Transcript - Inquiry into Vicforests Operations 17/07/2017 [SEC=For-Official-Use-Only]  
**Attachments:** D15 64568 Att 2 - Government Policy and Guidelines- Indemnities and Immunities.PDF; PROOF-DTF.pdf

Dear Prue

Department of Treasury and Finance comments are in blue.

1. A copy of the policies set out in the government policy and guidelines, June 2008 relating to indemnities for government owned entities [PAGE 2]  
**Copy of the Government Policy and Guidelines attached.**
  
2. Where do taxpayers have comfort and assurance that there is rigour and robustness in any contract that is being negotiated on behalf of the people of Victoria? [PAGE 6]  
**Issues associated with the potential purchase of the Heyfield Mill are commercial in confidence. However, DTF can assure the Committee that rigorous and robust negotiations are being conducted to ensure any acquisition of the mill is for the overall benefit of the people of Victoria.**
  
3. Can you confirm if Ron Goldschlager, Vince Hurley, Garry Henthorn and John McConnachie are part of negotiations regarding the purchase of the Heyfield mill? [PAGE 6]  
**Issues associated with the potential purchase of the Heyfield Mill are commercial in confidence.**
  
4. Details of the indemnity with VicForests [PAGE 7]  
**DTF refers the Committee to Mr Chris McEvoy of Radial Timber Australia's transcript from 30 May 2017 in which he indicated that the Treasurer "underwrote" the long term contract in 2015 (DTF notes that the indemnity was provided to VicForests rather than Radial Timber Australia, to enable VicForests to enter into a long term contract with Radial Timber Australia).**
  
5. Is the price cap for Australian Paper now concluded? [PAGE 7]  
**It is DTF's understanding that there is no price cap on wood supplied by VicForests to Australian Paper nor has one been concluded.**
  
6. Information on how the pre-existing debt to Vicforests was treated or paid off as part of the sale when Hermal purchased the Heyfield Mill from Gunn's [PAGE 9]  
**DTF understands that as part of the asset sale and transfer from Gunns to ASH (Hermal) in May 2012, there was an assignment of the Timber Sale Agreement (TSA) to Hermal. A pre-condition of the assignment of the TSA required by VicForests, was that all outstanding debt owed by Gunns be paid in full and at that point in time DTF understands that the full amount owed by Gunns was paid to VicForests.**

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Regards,

David Webster | Deputy Secretary Commercial  
Commercial Division  
Department of Treasury and Finance | [REDACTED], 1 Treasury Place, Melbourne, 3002



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