

TAKING AIM AT GUNNS

When it comes to cutting a swathe through Tasmania's old growth forests no-one can hold a candle to Gunns Pty Ltd. Eighty percent of the logging in Tasmania's State Forests is carried out by Gunns. Eighty percent of that ends up as wood chips.

Gunns recently took the surprising action of serving writs on 20 individuals and organisations (including Senator Bob Brown the Wilderness Society and Doctors for Native Forests) claiming damages of more than \$6 million. Gunns claims that the defendants' campaigns against Gunns constitute "a conspiracy to injure [Gunns] by unlawful means; and interference with [Gunns'] trade and business by unlawful means". Despite these impediments to its commercial well-being Gunns still managed to report a 42% rise in net profit for the 2004 financial year.

Gunns action seems calculated to silence those voices that speak out against the company's activity in the old growth forests of Tasmania. If successful it also sets a precedent for other corporate miscreants to use this tactic to bully their opponents to silence. (Of course such tactics can also backfire horribly, such as in the famous McLibel case in the UK.)

So what can you do?

If you do happen to hold shares in Gunns, then our ethical financial advice would be to sell them immediately or contact the Gunns ethical shareholders group at the web address below. (You might also like to boycott Mitre 10 hardware stores and Tamar Ridge wines which are both at least part owned by Gunns.) So who are the other companies you might want to reconsider your relationship with?

Gunns's biggest shareholder is Perpetual. The Perpetual Smaller Company's Fund holds over \$200 million worth of shares in Gunns. We have raised this issue with representatives of Perpetual over the years, but have never received an adequate response. We were particularly galled by the recent remarks of

Perpetual's Charlie Lanchester that the action of Gunns was the correct one and that, "this [legal action] will have medium-term benefits for all stakeholders." Charlie clearly does not see our children, who will inherit the forests we choose to leave them, as legitimate "stakeholders".

If you hold investments in Perpetual you might like to consider writing a letter of complaint to the company. You might also like to request in the same letter that all or some of your Perpetual units be redeemed.

Other companies that have significant holdings in Gunns include Deutsche Bank, AMP and NAB which hold shares on behalf of a range of groups (from the Victorian WorkCover Authority to Anglican Retirement Villages in the Diocese of Sydney) as well as within their own managed funds. Concord Capital has a mandate to manage a part of the MLC Australian share investments and has a substantial investment in Gunns.

There are a number of things to consider before deciding on your course of action. If you have investments with any of the companies that invest in Gunns, you need to decide if it is better to sell your shares in the company as a protest or use your holding to try to persuade the company to change its relationship with Gunns. (Indeed one of the complaints in the Gunns writ is that the Wilderness Society persuaded the ANZ Bank to review a loan it had to the company which required a substantial response from Gunns.) You also need to take into account any capital gains consequences of selling out of an investment. (Is there a capital gain? Have you held the investment for more than 12 months? Do you have any offsetting capital losses that you are able to realise?)

You might also like to consider donating to "The Gunns 20 Fund". Cheques or money orders made out to The Wilderness Society can be sent to GPO Box 1562, Hobart, Tas, 7001. <http://green.net.au/gunnsethicalshareholders>