

# The downfall of Tasmanian timber company Gunns and former chief John Gay



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**CONVICTED:** Former Gunns boss John Gay was convicted of insider trading for selling \$3.1 million worth of shares while being privy to price sensitive information. He was ordered to pay \$50,000 in 2013 and \$500,000 in 2015.

As part of the 175th anniversary of *The Examiner*, the public was invited to vote for our top 20 news stories. To count down to a special publication available at the end of March, we will be sharing those that did not make the cut. Here in number 24:

The sorry saga of Tasmanian timber company Gunns was long and controversial and extensively covered by journalists at *The Examiner*.

At the company's peak in the early 2000s, shares traded at \$4 each, with an annual profit of \$100 million. It was one of Australia's largest corporations but its story is more than a century old. Brothers John and Thomas Gunn established a building business in 1875 and moved to timber production in the 1890s.

Former chief executive John Gay started at Gunns in 1974, managing the Waverley and Summerhill mills but it was not until 1986 that he took on the top job. At that time the company was still small and privately owned, turning over about \$10 million a year. Later that year, Gunns was publicly listed on the stock exchange and the expansion process began, with Gay driving timber and hardware acquisitions.

But it was plans announced in 2004 for the controversial Tamar Valley pulp mill that led to both Gunns' and Gay's downfall.

Activists and anti-mill protests attracted thousands and 20 prominent conservationists, including

former Greens leader Bob Brown, were sued by Gunns for loss of jobs and profits.

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After several years of complex assessment procedures, conditional approvals abandon funding partners and continued protests, Gunns announced its decision to exit naive timber logging.

Gay resigned in 2010 but charges of insider trading were quickly brought against him, alleging he sold shares in December 2009 before a shock announcement of a 98 per cent half-year profit slump.

In 2011 the company sold assets, closed sawmills, stopped exporting woodchips and sold the Triabunna mill, in an effort to fund the pulp mill.

By early 2012 the company was in a trading halt, while Gay pleaded not guilty to the insider trading charges.

In September Gunns entered voluntary administration, but it was not until August 2013 that Gay was convicted.

The Examiner's special publication for its 175th birthday will be available at the end of March.