

## Submission: IIS for proposed bleached kraft pulp mill in Northern Tasmania by Gunns Ltd

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I welcome the opportunity to submit a response to the Resource Planning and Development Commission (RPDC) on the integrated impact statement (IIS) submitted by Gunns Ltd for their proposed kraft chlorine pulp mill at Longreach in the Tamar Valley, Northern Tasmania.

I do so as a university academic with an expertise in public policy, particularly regional development policy, with a Ph.D that examined ecologically sustainable development as a public policy process.

I have a long-term research interest in what constitutes sustainable development as a policy parameter and how that understanding shapes our political and policy response to development proposals that impact on regional communities and their landscapes. I am a social scientist, so I will confine my submission to areas of my expertise: sustainable development; monitoring and compliance, competitiveness in a global economy and broad impact assessment issues.

In addition, in previous employment positions I have taken an interest in pulp mill technology and have a long-term interest in the future of the forest industry in Tasmania. This submission remains a personal submission, and is not a University of Tasmania position.

### Preamble

In 2006 the Tasmanian community is far better served in terms of assessment of this proposal than it was in 1988 when the North Broken Hill, Wesley Vale kraft chlorine pulp mill project was examined. The legislative framework that supports the role and function of the RPDC as the *guardian* of what constitutes sustainable development in Tasmania provides opportunities for transparent, responsible public policy that was simply not present with the earlier proposal.

This is not to suggest that the task facing the RPDC is any easier. The proposed project will be the largest single industrial development by the private sector in Tasmania and its impact - if it were to be approved - on the economic, social and environmental landscape of Tasmania will be profound and long-lasting, not just as a timeframe, but as an indicator of how

Tasmanians see ourselves as a small sub-national peripheral economy engaging with the global economy and its complex challenges.

In this sense, under the legislative mandate handed to it by the parliament the RPDC is not only the *guardian* of what constitutes *sustainable development* as the underpinning *principle* of this legislative approvals regime, it has a significant obligation to present a Report on this project's *sustainability* that clearly *argues* the case for supporting or rejecting the proposal. Nothing less will suffice in fulfilling its role in this *Project of State Significance* process.

The reason this is necessary is because the RPDC cannot be seen to be endorsing a project as *sustainable* simply because the proponents response to the IIS is rendered to be an intelligible collection of data and information that neatly responds to the criteria that constitutes the guidelines for the IIS. An \$11m document of some 7,500 pages, backed up and publicly endorsed by the government sponsored Pulp Mill Taskforce does not simply on the basis of its presentation, constitute a project that is sustainable under the principles of the various Acts that collectively constitute that sustainability *test*.

The RPDC has a *legitimacy* obligation to the people of Tasmania. It needs to take *responsibility* for rendering this project *sustainable* or otherwise, by way of an argument, rather than merely accounting for its determination by reference to the proponent's response to the IIS guidelines. Rather than *just* produce a Report (as required by legislation) as to if/how the IIS matches up to the Guidelines and hence is declared sustainable, there must be an *argument* mounted by the Commission, not the proponent, that demonstrates that as a *whole* this project – in the Commission's view – meets the objectives of the resource management and planning system of Tasmania under the *State Policies and Projects Act 1993 (Tas)*.

The challenge for the RPDC is to convince Tasmanians that for the project to proceed it complies with the following outcomes:

- (a) *sustaining the potential of natural and physical resources to meet the foreseeable needs of future generations; and*
- (b) *safeguarding the life-long supporting capacity of air, water, soil and ecosystems; and*
- (c) *avoiding, remedying or mitigating any adverse effects of activities on the environment.*

Why is this necessary? The political and public policy reality that Tasmanians need to be aware of is that once a project is declared to be a *Project of State Significance* there is just one trigger for rejection (Section 28a) but many caveats that will allow its passage through to fruition (Section 26, 26a, 26b). The odds are very firmly on the side of the proponent. Some may interpret this as a *quid pro quo*. The proponent undertakes the cost of a laborious process but the spoils will follow.

So, an *argument* from the RPDC is required rather than a tick off of various boxes to signify to the Tasmanian community that the IIS has passed the test of *sustainability* as argued by the *guardians* of sustainability. This as a process outcome is in sharp contrast to the assumption made by the proponents that an *intelligible response* to a guideline constitutes a *sustainability indicator* of some sort. Ticking off against a series of guideline response boxes, does not by itself, constitute a sustainable project.

This *argument* within the Report of the RPDC is also necessary because I believe that there is an unfortunate sense of foreboding in some sections of the Tasmanian community that this project is a 'done deal', that the legislative framework is an elaborate smokescreen for fast-track approvals and whilst opportunities exist for input, such as the submission process, in reality this amounts to 'being listened to but not heard'. There is a growing sense that too much political capital has been attached to this project by the government and the proponent (often seen to be in tandem) that valuable, informed input will be conveniently disregarded in the rush to meet political agendas. This view is enhanced by constant references by the proponent, its supporters and the government - through the Pulp Mill Taskforce - to *science* as the only arbitrator in this debate and the patronising view that dissident voices are simply ill-informed, unable to fathom the depth of information contained in the 7,500 page, \$11m IIS.

Sustainable development is a socio-economic and public policy construct – see the definition above – that cannot be reduced to the vagaries of science, a discipline constantly undermined as its various disciplines are proclaimed to support a pre-determined position in a variety of settings from the tobacco industry to global warming sceptics. If it is to be anything other than a convenient ambiguous public policy framework that ameliorates political conflict over resource management issues sustainable development needs to be endorsed, embraced, and owned by the communities that it seeks to sustain in their relationship with non-human species and other values. This highly political endeavour is not readily reduced to the machinations of deductive and empirical science.

Determining what constitutes sustainable development will emerge from a dialogue with all stakeholders that in turn forms an argument. That argument will be informed by technological change, political and public policy realities. It will be ongoing, for example, we assumed water management would not require a sustainable response in the 1950s, now we know this is not the case. We assumed that selective logging from the 1930s to the 1950s would sustain our forests and our dependent forest communities but now how we sustain our forests in the 21<sup>st</sup> century needs to take into account a variety of circumstances, including the competitive pressures of the global economy and the established forest management regime. These are issues well beyond technological changes to forest harvesting.

What objectives constitute sustainable development within our resource management and planning legislative frameworks? What principles define the development of an argument for or against the proposal before the RPDC? What components within the project IIS should be considered in a broad examination of the sustainability of this project? What issues that shape the sustainability of this project *won't* be considered by this Project of State Significance process and the corresponding IIS?

**What objectives constitute sustainable development within our resource management and planning legislative frameworks?**

Having examined the IIS submitted by the proponent can the RPDC construct an argument that demonstrates compliance with the following outcomes? Can an argument be constructed that supports or rejects the project meeting the objectives of the Resource Management and Planning Scheme of Tasmania:

1. *The objectives of the resource management and planning scheme are*
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  - a) *to promote the sustainable development of natural and physical resources and the maintenance of ecological processes and genetic biodiversity; and*
  - b) *to provide for the fair, orderly and sustainable use and development of air, land and water; and*
  - c) *to encourage public involvement in resource management and planning; and*
  - d) *to facilitate economic development in accordance with the objectives set out in paragraphs (a), (b) and (c); and*
  - e) *to promote the sharing of responsibility for resource management and planning between different spheres of Government, the community and industry in the State.*

Ref: (Schedule 1, Part 1, Environmental Management and Pollution Control Act 1994)

Can the RPDC construct an argument as to how – if approved – the project meets the objectives of the environmental management and pollution control system established under the relevant Act?

The objectives of the environmental management and pollution control system established by this Act are, in support of the following objectives:

- (a) to protect and enhance the quality of the Tasmanian environment; and*
- (b) to prevent environmental degradation and adverse risks to human and ecosystem health by promoting pollution prevention, clean production technology, reuse and recycling of materials and waste minimization programmes; and*
- (c) to regulate, reduce or eliminate the discharge of pollutants and hazardous substances to air, land or water consistent with maintaining environmental quality; and*

*(d) to allocate the costs of environmental protection and restoration equitably and in a manner that encourages responsible use of, and reduces harm to, the environment, with polluters bearing the appropriate share of the costs that arise from their activities; and*

*(e) to require persons engaging in polluting activities to make progressive environmental improvements, including reductions of pollution at source, as such improvements become practicable through technological and economic development; and*

*(f) to provide for the monitoring and reporting of environmental quality on a regular basis; and*

*(g) to control the generation, storage, collection, transportation, treatment and disposal of waste with a view to reducing, minimizing and, where practicable, eliminating harm to the environment; and*

***(h) to adopt a precautionary approach when assessing environmental risk to ensure that all aspects of environmental quality, including ecosystem sustainability and integrity and beneficial uses of the environment, are considered in assessing, and making decisions in relation to, the environment; and***

*(i) to facilitate the adoption and implementation of standards agreed upon by the State under inter-governmental arrangements for greater uniformity in environmental regulation; and*

*(j) to promote public education about the protection, restoration and enhancement of the environment; and*

*(k) to co-ordinate all activities as are necessary to protect, restore or improve the Tasmanian environment.*

Ref: (Schedule 1 – Objectives, Part 2, Environmental Management and Pollution Control Act 1994) My emphasis.

Will the compliance and monitoring regulatory practices constitute *best practice environmental management* as defined by the relevant Act?

- 1. For the purposes of this Act, the best practice environmental management activity is the management of the activity to achieve an ongoing minimisation of the activity's environmental harm through cost-effective measures assessed against the current international and national standards applicable to the activity.*
- 2. In determining the best practice environmental management of an activity, regard must be made to the following measures:*

- a) *Strategic planning by the person carrying out, or proposing to carry out, the activity;*
- b) *Administrative systems implemented by the person, including staff training;*
- c) *Public consultation carried out by the person;*
- d) *Product and process design;*
- e) *Waste prevention, treatment and disposal.*

Ref: (Part 1, Section 4, Environmental Management and Pollution Control Act 1994)

Will the RPDC initiate as a licensing condition of an approved project an independent *Environmental Audit* of such a major industrial project on a regular basis to systematically check the *design* component of the project against the *operational* dimensions?

*An environmental audit is a documented, systematic, objective assessment of any one or more of the following:*

- a) *The ability of management systems to adequately manage waste and control pollution;*
- b) *The extent to which actions required to be taken, or outcomes required to be achieved for waste management and pollution control have been taken or achieved;*
- c) *The extent, nature and sources of wastes and emissions generated by an activity or process;*
- d) *The likelihood of waste management problems and pollution control problems occurring and the adequacy of safeguards in place to prevent their occurrence or limit their impact on the environment;*
- e) *The degree of compliance with –*
  - i. *Any conditions or restrictions applied by the Board to a permit issued under the Land Use Planning and Approvals Act 1993; or*
  - ii. *Any conditions imposed by an environment protection notice; or*
  - iii. *Any other requirement of this Act;*
- f) *Any other matter specified by the Board for the purpose of determining compliance with the Act, a State Policy or an environment protection policy.*

Ref: (Section 5B, Environmental Management and Pollution Control Act 1994)

Independent of the raft of resource management and planning legislation, the RPDC should make provision for an independent socio-economic audit of the assertions made by the proponent in relation to socio-economic *benefits* accruing to the state and regional economies as a result of its equilibrium modelling – employment, GSP, etc.

This audit should be undertaken *two years* into the operational phase of the project, together with an independent assessment of compliance with wood supply projections, water use and a cost-benefit analysis of the financial return to Tasmanian citizens of access to state owned native forests under the commercial arrangements determined by Forestry Tasmania (stewards of the forests) and the proponent. The latter should be undertaken in light of

the commitment made by the state government to competitive neutrality in forestry and the findings of the 2001 Productivity Commission Report commissioned by the Commonwealth Competitive Neutrality Complaints Office.

In addition, recent revelations by the Australian National Competition Council in relation to public subsidies accorded to forest product cost and access in Tasmania relative to other Australian operations suggests these subsidies must be clearly quantified and identified as significant impacts on public revenue. This is an issue of legitimate public accountability and transparency and must be considered under the sustainable development principles and objectives as identified above.

### **What components within the project IIS should be considered in a broad examination of the sustainability of this project?**

In a 7,500 page document produced at an estimated cost of \$11m what aspects of the project, in a broad sense, might catch the mind's eye of the RPDC when it begins the task of constructing an argument as to the sustainability of this project?

What compelling argument would the RPDC construct in order to defend the *sustainability* of an industrial project of the magnitude where the following are but a small selection in an integrated process with multiple components and multiplier impacts, at socio-economic, environmental and community levels? These components include:

- \$1.4 billion of capital expenditure;
- an additional 3,400 more jobs in 2008;
- 1,617 on average additional jobs during the operational phase of the project;
- increase in local property prices of 15%;
- expenditure increases per Tasmanian household of an additional \$870 per year;
- increased pressures on access to scarce public housing and services in the host locality – Georgetown;
- consumption of 26 gigalitres per year of water supply from Lake Trevallyn at full capacity and its effect on the hydrology of the water catchment;
- an effluent treatment plant that will treat an average of **73 ML** of process effluent per day or **26, 645 ML** per year to be dispersed via a 19 kilometre pipeline into Bass Strait, and discharged at a depth of 26m, 3 kilometres off shore<sup>1</sup>. This equates to approximately **33,660 tonnes** of treated effluent released per day or approximately **12,285,900 tonnes** per year<sup>2</sup> for the life of the project;

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1 The reference for this figure is from Executive Summary of the IIS (p.22) and the annual discharge rate is an extrapolation based on the daily figure.

2 The reference for this figure is from Vol 4: Page 4-194 of the IIS and the annual discharge rate is an extrapolation based on the daily figure.

- a solid waste depository totalling 49,000 tonnes per year;
- Construction activity will occur 24hrs a day, seven days a week for **26** months;
- The loss of 9.1 ha of the threatened 'eucalyptus ovata forest and woodland' protected under the Regional Forest Agreement;
- Overall increase in log truck, bio-fuel and chemical transporter movements on the existing road network;
- The assertion that long-term dioxin releases from the proposed mill is 'very unlikely' to cause health effects;
- Over a 25 year timeframe, **75%** of the wood supply will be drawn from the North East of Tasmania;
- Feed stock for the mill will require 3 times the current plantation tonnage;
- Ambiguity presented in the IIS in relation to wood supply: What is the exact relationship between the proponent's current woodchip exports, the transfer of that export allocation to the project and the continuation of export woodchip exports?

**What issues that shape the sustainability of this project won't be considered by this Project of State Significance process and the corresponding IIS?**

The central underpinning principle that supports sustainable development as an alternative to the economic growth mantra is its consideration of *inter-generational equity*. This essentially requires consideration of the present access to and use of resources in terms of the impact that allocation or access might have on the broad well-being of *future* generations.

The critical imperative attached to inter-generational equity is consideration of *alternatives* before determining policy outcomes. This is fundamental to good and effective public policy. Regrettably, this consideration is completely missing from the IIS because it was not required by the Guidelines. This is a gross failure of responsible government.

This is not to conclude that the proponent's pulp mill proposal is not the most sustainable alternative use of Tasmania's wood resource. It may very well be, however, this IIS does not provide an opportunity to examine that proposition against alternative value-adding proposals. This industrial project will effectively lock out access to the wood resource for the 30 year life of the project and so there is little likelihood of alternatives emerging into the future.

At the very least a public consideration of alternatives from a range of different proponents should have been undertaken prior to placing all of the wood resource 'eggs' in the pulp mill 'basket'. For example, a proponent may have come forward with an IKEA-like proposal for the down-stream, value-adding of our distinctive wood products. Several diverse projects, regionally located might have emerged rather than this one large industrial project - that converts one commodity into another.

That process would have been transparent and allowed for appropriate assessment and consideration of alternatives prior to a selection of the most suitable, viable and sustainable project – that could have been a kraft chlorine pulp mill proposed by Gunns Ltd. That selected project would then have been the subject of a *Project of State Significance* approvals process.

What we have in response in the IIS is a series of spurious arguments by the proponent outlining what the consequences of *not proceeding with their* project might be, without any reflection on the possibility that there might be alternative projects, rather than the 'one best way', 'take or leave it' stance of the proponent, with a not so subtle implication that the project will be relocated off-shore if compliance to the proponent's project requirements are not met within Tasmania. Is this the way public policy should be managed in Tasmania? I think not.

However, beyond the failures of the public policy process attached to the approval mechanisms related to this *Project of State Significance* there is an even more compelling lack of attention to detail and that relates to the *competitiveness* of this project as a pulp and paper industrial development in a developed nation, competing in a global economy.

There is no reference at all to *how* this pulp mill project intends to respond to existing and future competitive pressures from developing nations such as Brazil, Chile and China within a framework of sustainable development. The only linkage is a supreme faith in the ongoing demand for pulp in the Asia Pacific region, despite the corresponding decrease in the trend price for the commodity. How will the pulp mill respond to the following indicators of competitive advantage available to countries such as Brazil where investment from business enterprises based in developed nations is leading the transfer of this industrial complex from Europe, USA and Canada to socio-economic and benign environmental regulatory environs where *cost* imperatives can be met to the satisfaction of shareholders? These indicators include amongst a multitude of factors:

- 7.5 year rotations for feedstock (half of our existing plantation rotations);
- Consequently supporting outputs of 2,543 tonnes/day from plantation based feed-stock of 70,000-75,000 ha (demonstrates the competitive advantage of volume and yield);
- Salary levels of one-fifth the average of the proponents weekly after tax salary average of \$650<sup>3</sup>;
- Investment tax havens.

Without evidence to the contrary can we not assume the following? This project if it is to be approved would respond to the international competitive

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<sup>3</sup> \$650 is the 2009 projection for 2,500 employees during the construction/operational phase of the Longreach proposal: Allen Consulting Group p.44.

pressures that have seen 10,000 Canadian forest, pulp and paper workers lose their jobs in the sector over the past 10 years, via the following means:

- Constant wage and salary pressures on workers, contractors in a 'race to the bottom' to address cost pressures (already evident as market shifts have occurred over the past 18 months);
- Ubiquitous use of 'commercial-in-confidence' supply contracts with Forestry Tasmania to access state-owned feed stock at well below cost of production to the owners of the resource, the Tasmanian community;
- In addition to the above subsidy, continued reliance on government subsidised infrastructure support in the areas of water access (Hydro); highway development (Commonwealth and State government) and; Freight Equalisation subsidies;
- Continued reliance on Managed Investment Scheme (MIS) status for plantation forestry operations that remain essentially a tax-free haven for investors and a cost-minimisation plan for industrial users. In short, a tax payer subsidy.

The RPDC might turn its attention to how this package of subsidies constitutes a sustainable industry/project into the future, using its Report as an opportunity to present its analysis and argument.

This industrial project is unlikely to be able to sustain itself in the global market place for pulp without continual and growing support from the public purse. If this situation is politically acceptable, to what extent should its monetary level be transparent to those who contribute the support - the taxpayer? After all, if such support was indeed transparent it might be fully welcomed by the community. Surely, in a representative liberal democracy that support should be tested in an informed manner?

Without an argument to support an alternative view – because it is not present in the IIS – we are left to assume that this project's competitiveness, will be *sustained* by taxpayers and employees (direct and indirect, often as both) who will collectively shoulder the cost pressures of this enterprise as it struggles to compete around cost and protect its bottom-line. Or, will the enterprise be the subject of a convenient foreign takeover once the commercial imperatives are put in place, including feedstock supply and market contracts, in the form of some foreign-owned vertical integration investment strategy, potentially by a significant competitor, that does not have current access to suitable feed stock, China?

Another weakness in the IIS that won't necessarily be considered without intervention from the RPDC is a critical literature analysis of the *limitations* of the computable general equilibrium model, especially relating to a critical assessment of the validity of the assumptions underpinning the results. In essence, whilst it is true to suggest that this type of modelling is a pre-eminent tool for economic impact assessment, it nevertheless remains just that, a model/tool, that is only as good as the quality of the data that goes

into it. Who supplied the data? How valid is it? Could it be subject to interpretation? Was it a narrow data set?

General equilibrium modelling also tends to make assertions around impacts that are presented as a *balloon/bubble effect*. The impacts are presented as a bubble effect on a locality, a region, a state or a nation, but they have no way of differentiating the dynamics of the effects in a way that is clear in terms of the implications. For example, in the IIS the consultant draws upon the model to make the prediction that in the Mersey Lyell region, the regional employment bubble effect will be in the order of some +177 persons as an average annual operating phase employment impact (Allen Consulting: p.48) What is not clear is whether this figure – that ostensibly is a net figure – takes into account the distinct possibility that for the Mersey Lyell region, there is every likelihood that there will be a significant *drift effect* away from the region as young male, skilled workers head to the Northern region to take advantage of vocational opportunities.

How responsive is this type of modelling to the dynamics of regional economies? This is another reason why all these *assertions* should be tested *two years* into operation by an independent audit, commissioned by the RPDC, to see whether in fact the assumptions underlining the socio-economic benefits are translated into *real* outcomes in the communities impacted by the project. **To design a project of this magnitude is entirely different to actually implementing the operational phase of the project.**

If the projected plantation based feed stock will grow from 1million Green metric tonnes to 4million Green metric tonnes over the life of the project surely it is incumbent on the RPDC to initiate an analysis of the impact that outcome will have on agricultural productive capacity and the viability of rural and regional communities, their water supply and water quality? Surely, such an analysis would be imperative from a sustainability perspective?

This issue also adds to the observation made in relation to competitiveness of the project particularly with regard to access and use of plantation estates at a comparative country level. Gunns' plantation estate (soft and hardwood) currently stands at close to 111,117ha, but this is apparently not sufficient to sustain a globally competitive output. Yet a comparative output is being produced at the VERACEL joint venture, bleached eucalyptus kraft pulp mill at Eunapolis, Bahia state, Brazil on plantation estates of 75,000ha. Each pulp mill is designed to produce around 1million Adt per year. Access to cheap native forests is obviously a competitive advantage to Gunns Ltd, otherwise surely they would be using their existing plantation estate?

Finally, in this section a brief reference to aspects that *are* addressed by the IIS in the proponent's community-consultation program but not adequately in my view. As such they require the attention of the 'independent umpire', the RPDC. These include community-based concerns recorded by the proponent's consultant, with links to issues of sustainability, such as:

- This proposal would lock Tasmania into an 'old undifferentiated bulk commodity market' rather than the alternative of diversifying into high value low volume products;
- It doesn't make sense for a small economy to be so vulnerable to global pulp markets, the global market for chemical pulp is highly volatile with the price trending downward for the past 20 years;
- The impact of plantations on biodiversity, water supply, quality and use, due to use of chemicals, pesticides and fertilisers in water catchment areas;
- What might be the 'cost' of this industrial enterprise in terms of loss of Visitation numbers into Tasmania and the 'cost' to Tasmania's 'brand';
- Only **72** (25%) out of 292 employed at the pulp mill during the operating stage will be salaried staff, 75% will be engaged on a contract basis including the 32 persons working for the chemical plant that will be outsourced.

### **Base Line Studies: Protecting the Integrity of the Impact Assessment Process**

The proponent's commitment to 2.5 year monitoring of receiving sites for a range of effluent dispersal is commendable. Base line studies are critical to establishing the integrity of the site in terms of its impacts.

In this case, as a social scientist, the processes attached to the base line studies for this project are confusing from the perspective of methodology.

What I ask the RPDC to examine is the following:

- What reference is being made in the proponent's base line studies to existing data that has a timeline greater than 2.5 years – dispersal site in Bass Strait (CSIRO) and air shed analysis in the Tamar Valley?
- Why does it appear that the proponent's air shed analysis is attempting to disaggregate the base line studies for the project from the broader Tamar Valley air shed, in order to argue that its (the project's impact) is within air pollution limits? If this is the case - I could have misunderstood this approach – surely this is methodologically unsound because it attempts to circumscribe the impact of the project as if in a 'bubble' of isolation?
- If the methodologies are seen to be sound, once the data is collected and aggregated within existing pollution (base line) data, who is it who makes the determination as to whether or not the project can proceed within the limits set for each effluent dispersal and on what basis would a project be allowed to proceed outside the limits? Who would be responsible for that decision? If they made it, on what basis would they be authorised to do so and by whom?
- It is also not clear what the nature of the training might be for the personnel described within the IIS has having monitoring and compliance responsibilities. I note that the VERACEL pulp mill in Brazil claimed that its 'excellent performance level' in terms of its start-up

curve of 174 days was largely due to its **2 year** training period for employees.

### **IIS Compliance and Monitoring: Commitments**

Designing a pulp mill and operating a pulp mill to meet guidelines and licence provision are two entirely different things. The link between the two is not necessarily guaranteed as the history of licence breaches, maintenance records and closure provision in the USA and Canada (see USA EPA and Environment Canada records) attest.

The proponent's promotional literature makes a number of statements that highlight the significance of monitoring and compliance. These include references to the project as the 'world's greenest pulp mill' and:

*'An extensive environmental monitoring program will ensure a long-term commitment to environmental excellence'*

This would have been good news and laudable objectives from a responsible corporate citizen. But, within the proponent's IIS there is little evidence of rigorous regulatory intervention by government agencies to clarify, measure and record *independent* confirmation of that commitment. All that is provided is an outline of a monitoring and compliance regime that matches legislative requirements that are of a recording nature by the proponent and include the passing on of those records by the proponent, if required, under narrowly defined circumstances. The 'Engineering Manager' and 'Site Project Manager' are going to be very busy employees with enormous responsibility.

Here, I repeat my pleas submitted during the review of the IIS Guidelines. It seems to me to be even more pertinent now that the IIS has been produced, confirming my concerns.

With due respect to the RPDC and the proponent I suggest that such *lack of transparent and regulated* compliance is not satisfactory in relation to a large industrial project that will have such a profound and irreversible impact on our ecological, social and economic environments. None of the *people* identified in the compliance, monitoring and environmental management sections of the IIS who have responsibility for disclosure provisions appear to be anyone other than employees of the proponent? How can this be a satisfactory outcome if sustainability is a key principle employed in shaping outcomes?

This self-regulatory regime may very well be appropriate for Level 1 and Level 2 licence conditions but surely within the context of the significant impact of a Level 3 project of this size and nature, an independent regulatory regime needs to be in place, to secure the integrity of the monitoring and compliance regime?

In my view there must be a way where Tasmanians can feel their well-being is being protected by independent, regulatory audits that are conducted in a random manner and not at the behest or influence of the proponent, nor on an annual basis where the systemisation of the regulatory regime builds complacency, rather than rigorous auditing.

Tasmanians should not have to be concerned about 'what happens in the pulp mill when no-one is watching'? If this requires additional rigour in the legislative arms of current compliance and licencing regimes then I believe that the RPDC should recommend that the parliament endorse such a proposal as it relates to this project so Tasmanians can be proud of this project, if it proceeds. The RPDC in doing so can advance the quality of the assessment and approvals process under the *State Policies and Projects Act 1993 (Tas)*.

### **A Polemical Conclusion: Opportunity Lost or Last Chance?**

Rather than present a conventional conclusion, summarising the main argument attached to this submission, I will take the opportunity to explore some broad concerns – from a public policy perspective – that motivates this submission then briefly revisit, three areas of concern.

Question? What ICT company is the largest supplier of toilet paper to the Republic of Ireland? Answer: Nokia.

Nokia made its start as a forest, wood and pulp manufacturing company in Finland. Now it retains its links to its past but its product and brand is secured in the ICT sector. Tasmanians need Gunns to be Tasmania's Nokia, integrated into the economic challenges of the 21<sup>st</sup> century, not tied down to the "big is beautiful" backed up by the public subsidy mantra that drove industrial development in Tasmania in the mid 20<sup>th</sup> century.

On behalf of at least the **35.4%** and the **23.6%** - a total of **59%** - of Tasmanians who did not support the project or were unsure of their support<sup>4</sup> I ask the RPDC to approach to government to reconsider this project. In my view there is still an opportunity to establish some public policy integrity around this process.

My suggestion is that the RPDC commission Canadian company, H.A. Simons, to revisit Tasmania and update their 1990 Report into the viability of a Northern non-chlorine bleaching pulp mill. H.A. Simons are experienced in the industry, are familiar with the Tasmanian forest industry and most significantly drew upon their international understanding of the pulp and paper industry to draw conclusions that in the early 1990s, Tasmania's

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<sup>4</sup> IIS Social Impact Assessment, p.29.

competitive **disadvantage** in the sector was approximately 30%.<sup>5</sup> relative to existing competitors at the time, such as Brazil, Chile and Indonesia.

I would add that in my view, currency fluctuations alone would push this disadvantage closer to 40% than 30% in 2006. In addition to Simons revisiting the competitive aspect of industry prospects, it is well positioned to advise government – on behalf of those who own the forest resource, Tasmanian citizens – what potential, viable alternative commercial options might be available and suggest an appropriate Expression of Interest process.

What is there to lose in this process other than a confirmation that Gunns Ltd's proposal is *in fact* the only commercially viable option for truly value-adding to our distinctive forest and wood products, on a scale that is economically, socially and environmentally sustainable for this and future generations? Perhaps Gunns might reshape its proposal and redirect its energies into a more sustainable project? Such a process could be complete within 3-6 months. This would represent a very short delay to the existing approvals process.

Tasmanians need Gunns to be our flagship carrier into the economic, social and environmental challenge of the 21<sup>st</sup> century, mirroring Nokia's role in Finland. No other Tasmanian based enterprise has such a capacity. Converting our forests from one undifferentiated commodity – wood – to another undifferentiated commodity – pulp – is at the very least regrettable, at worst a tragic lost opportunity. Even the 'men with a greyness of spirit', the bean counters in the market place don't believe in this project, if Gunns' share price is to be a guide. Why not take the time to reconsider this project?

Gunns Ltd has a proud history in this state but its reputation has been increasingly sullied by its abuse of political power, its arrogance and wilfulness. In the case of Tasmania's publicly owned forests it has taken a proprietary role that is inappropriate. This is the last chance for the company to reflect on the privileged position it finds itself in, and to act responsibly with more than a profit line shaping its decision-making. The company can cement its place in the history of this State by inspiring our young people to be proud of our rich natural heritage and manufacturing history with an innovative and sustainable project that will secure GSP, employment growth and viable rural and regional communities well beyond the limitations and uncertainty of this project.

This pulp mill project is unlikely to deliver any of those outcomes unless it continues to be supported by massive public and natural resource subsidies and if not rejected outright, a delay in the process to incorporate an independent feasibility study around alternative possibilities must be

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<sup>5</sup> This figure is a recollection and may be inaccurate by degrees but not substantially enough to be totally disregarded. I have not been able to secure a copy of the Report to confirm the exact figure but my recollection is that it was in this range.

recommended by the guardians of the sustainable development in Tasmania, the RPDC.

Three concluding comments: Sustainable development is an argument around a diverse set of values, not a reliance on a single discipline. To declare a Project of State Significance a sustainable project will require, just that, an argument, not a mere ticking off of boxes that have been filled by an intelligible response by the proponent to a series of Guidelines. The construction of that argument is the critical legitimising role and function of the RPDC as the guardians of what constitutes sustainable development in Tasmania. Tasmanians expect that argument to emerge in the RPDC's Report so they can test its veracity.

\$11m and a 7,500 word IIS does not by itself constitute a sustainable development. Nor does the public funding of a project cheer squad – the Pulp Mill Task force – constitute a reliable source of independent and objective information. The role of the Taskforce has been a shameful exercise in propaganda, bullying and patronising behaviour. It has sullied the name of public policy in this State.

Kraft Chlorine pulp mills are complex industrial entities. The regulatory failures in relation to effluent dispersal, spillages and breakdowns are well documented.<sup>6</sup> Self-regulation is not good enough for an industrial complex of this size and capacity in terms of its access to natural resources and its impact on air, water, and forestry sustainability together with human well being. Random audits undertaken by government or preferably independent auditors are required to reassure Tasmanians that if approved this project delivers on the safeguards that are required – environmental and resource management aspects - together with the alleged socio-economic benefits to the broader Tasmanian community. Designing and operating a pulp mill of this size are two entirely different things. Responsible government requires nothing less than rigorous regulatory regimes that support and promote collective well-being as a defence against the potentially destructive capacity of naked self-interest attached to industrial projects of this magnitude.

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<sup>6</sup> USA EPA and Canadian Environmental regulatory reports are replete with references to licence breaches in relation to guidelines, accidents, spillages and in some cases acts of negligence that could be interpreted as being deliberate. Such is the failings of self-regulatory regimes. One of the breathtaking outcomes of audits conducted on admittedly older plants in the USA indicated that the mills were actually using up to double their water licence provision, because the operating requirement of the mill in terms of water intake was double the design expectation.