

Wednesday, 30 August 2006

Executive Commissioner
Resource Planning and Development Commission
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Bell Bay Pulp Mill

Section 3.2 of the Executive Summary of Gunns Limited Integrated Impact Statement discusses the consequences of not proceeding with the proposed value adding mill.

As a Tasmanian who has experienced the down turn in the economy and high unemployment of the early nineties that followed the decision to not proceed with the Wesley Vale Pulp mill I would like the Commission to fully consider the impact to the State if this project was not approved.

I believe it would send a negative signal that Tasmanian did not want sustainable development and investment based upon value adding our natural resources.

Gunns IIS envisages that the “do nothing” scenario would mean a continuance of exporting of woodchips from sustainably managed native forest and plantations. However the very fact that this project does not proceed also threatens the continued export in wood chips.

There would be little incentive to invest in new technology or innovation in the harvesting or transporting of the pulp wood. Growers including the publicly owned Forestry Tasmania would also be competing with international or national growers that are likely to have a pulp mill on their “door step”. These competitors will not have purchasers needing to discount prices to pay for transportation of the raw wood chip.

My working life as a bushman and log truck owner / driver tells me that investors, small family businesses and workers would receive little protection from this possible future downturn or of the cyclic peaks and troughs of the international wood chip market experienced since the 1970s. I have personally experienced these peaks and troughs, with all too often troughs taking the shine of the peaks. Having domestic as well as international markets for woodchips will “soften the blow” and diversify the risk to harvesters, transporters and forest owners.

In an article for the Institute of Public Affairs, Senior Journalist David Barnett, analysed the consequences of the failure of the Wesley Vale pulp mill in 1989. He observed that investors were put off by sovereign risk that is to say government risk: a

concern more common in Third World countries than developed nations like Australia.

Tasmania cannot afford to again have this reputation of high sovereign risk. Mr Barnett's article is attached for the Commission's information as it is worth remembering the "doom and gloom" of the last decade of the 20th century that prevailed in Tasmania.

The IPA article also stated that the then owner of the Burnie pulp mill, APPM, wanted the Wesley Vale pulp mill as a replacement for its Burnie pulp mill, which was 50 years old and at the end of its working life. The out dated Burnie mill has closed with resultant unemployment and family hardship, and pulp is currently imported from Indonesia. Whilst there is no certainty that the current owners of the Burnie and Wesley Vale mills will purchase pulp from Bell Bay, it would seem likely that such purchases would be attractive. If this is to be the case it would see domestic production replace an import, with resultant benefit to balance of trade and taxation receipts.

Volume 1 of the IIS, Section 3.2 summarises the positive social and economic and environmental benefits of the new mill, and correctly points out that these benefits would be lost to Tasmania if the mill fails to proceed. These are further detailed in the report and include boosts to family and household income, increasing taxation receipts that can fund social services, health and education. Indirect employment benefits are also shown to flow through out the State.

All these positives will be lost if the project does not proceed and we will be left only with the negatives. Negatives that could even lead to the long term demise of Tasmania as a sovereign state and its decline to an administrative region of Victoria.

This potential threat to our very existence can be found in Mr. Barnett's article when he asks: "How sorry should the rest of Australia be for people who do not exercise those rights in the interests of their country, their State, their families and their own jobs?"

The Commission is urged to approve this new value adding, wealth creating, and employment rich development.

Yours truly,

Rodney Stagg
Retired bushman & log truck owner / driver

Attachment 1PA article "Tasmania's Greens Disease"

Tasmania's Green Disease

DAVID BARNETT

Going Green is a great way to end up in the red. A look at the decay of the island State.

TASMANIA is chronically ill from the Green virus, and wasting away. According to the Australian Statistician, Tasmania is the only State or Territory whose population will decline—regardless of which of the ABS's three sets of assumptions are used about immigration, fertility and interstate population flows. By the year 2051, Tasmania's population will be down from its present level of 473,000 to either (depending on which set you adopt) 462,100, 445,700 or 418,500 people.

Perhaps Tasmanians are fortunate that their fertile and pleasant island has become an economic backwater, and a place for mainlanders to escape the hustle and bustle which goes along with economic activity, the roar of urban traffic which is the consequence of two cars in every garage.

If that is so, Tasmanians, providing they can find jobs, should be gratified, because Tasmania's fate is mostly, if not completely, all their own work. Tasmanians vote consistently for the Green and ALP politicians who have made their State so quaint.

They have just done it again, tipping out a State Liberal government and dismissing the last two Liberals among their five members of the House of Representatives.

The consequence, as Peter Nixon reported early last year in his joint Commonwealth-State Inquiry into the Tasmanian economy, is that Tasmania has an unfriendly business environment.

Nixon told the Prime Minister, John Howard, who commissioned the report in October 1996, and the State Premier, Tony Rundle, who lost office in September 1998, that this unfriendly business environment made it difficult to develop manufacturing industries which would be viable and competitive on world markets.

'This factor has been associated with the high levels of sovereign risk associated with the Tasmanian forestry industry,' said Nixon in his report.

'Sovereign risk', in the context of Tasmania's forests, is comprised of Senator Bob Brown and of Christine Milne—who used the Wesley Vale project to launch

herself as a national figure, and to win a seat in the Tasmanian Legislative Assembly.

It is also Bob Hawke, who was Prime Minister when the Wesley Vale project was proposed, and Graham Richardson, Hawke's environment minister. You should also include Tasmanian Senator Shayne Murphy, although he made his contribution

as an official of the Construction, Forestry and Mining Union (CFMEU).

Tasmania's unemployment rate is 10.6 per cent, against a national average of 7.5 per cent; despite a decline in population as a result of interstate immigration during the year to March of 4,650, or one per cent.

There hasn't been a worthwhile development project in Tasmania for decades. Incat, one of the world's leading boat-builders, is Tasmanian, but that just happened as the result of the enterprise of one man, Robert Clifford, whose success surprised everybody.

The rot began 25 years ago, with the flooding of Lake Pedder, in the central Tasmanian highlands, to generate electricity. The ALP Premier, Eric Reece—aka 'Electric Eric'—who was strongly committed to development driven by hydro-electric power, was cheered in the Tasmanian Assembly when he announced that, Green opposition notwithstanding, the Pedder project would go ahead.

Less than a decade later, a proposal by the then Hydro-Electric Commission to dam the Franklin River, in south-west Tasmania, as the last major project of the State's hydro-electric development programme, was defeated by Green agitation.

The issue became symbolic. Greens around Australia took up the cudgels on behalf of a river they had never seen. The Coalition government of Prime Minister Malcolm Fraser, sensing the electoral tide and the strength of conservationist sentiment, offered Tasmania's Liberal Premier

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Robin Gray a thermal power station and a lump of money to abandon the Franklin project.

Gray saw himself as another Charles Court, the Western Australian Premier who incited tiffs with Fraser, and profited from 'standing up to Canberra'. Court picked his issues so that they were storms in teacups, not fundamental conflicts which would inflict real harm on a fraternal government.

Gray's other role model was the Queensland Premier, Sir Johannes Bjelke-Petersen, whose antipathy to Canberra was deep seated. The Franklin was no storm in a teacup.

Gray had been elected on a development programme after the ALP Premier Doug Lowe had vacillated for a year.

The Whitlam Government had accepted the right of the Reece ALP Government to proceed with the Pedder scheme in the 1970s, but the price had been high—Lake Pedder contributed to Whitlam's landslide loss in 1975.

The Hawke-led ALP was not about to put economic development ahead of political considerations. It had, as a basic strategy, a determination to exploit the concern about the environment which had developed—concern helped along by the highest rate of population growth in the developed world, which, ironically, was a basic strategy of the Hawke Government.

The Franklin became an issue in the 1983 election campaign which tipped out the Fraser Government—a case can be

made that it was the decisive issue: greenies in platypus suits haunted Liberal and National Party candidates across Australia.

Newly installed as Prime Minister, Bob Hawke forced the cancellation of the Franklin project by having it listed as a World Heritage area at the United Nations and legislating to enforce the cancellation; legislation ruled (by 4 to 3) constitutionally valid by the High Court.

Tasmania got no thermal power station. It got top-up money to build the King and Anthony dams on the West Coast, which made up 112 megawatts of the 180 megawatts which the Franklin would have supplied at less cost, and an undertaking that the other 68 megawatts would be financed if there was ever a demand for it.

It can be argued that, from that moment, Tasmania's downhill course was set. The ALP was ever mindful that saving a Tasmanian tree at the cost of a Tasmanian job was worth votes on mainland Australia. A pattern emerged of knuckling under to Green pressures, mobilized nationally, to rescue this river or that forest from capitalism.

Brown made his name campaigning against the Franklin. He got 10 years in the Tasmanian Assembly as a member for Denison from 1983 to 1993, and has been elected for six more as a Senator. He was elected as a conservationist, but pursues a Left agenda.

It may be difficult for the rest of us to perceive how voting against economic reform saves rivers, trees and little furry creatures, but not for Bob Brown, who is just as adamant about the GST as he was about the Franklin. Perhaps he has arrived at an ultimate truth—economic stagnation is good.

Australian Newsprint Mills—which was jointly owned by the Herald and Weekly Times group and Fairfax, and which is now owned by Fletcher Challenge of New Zealand—has a pulp and paper mill on the Derwent at Boyer produc-

ing newsprint without the benefit of tariff protection.

Associated Pulp and Paper Mills (APPM) operated on Tasmania's north-west coast, producing pulp at Burnie and paper at Wesley Vale, near Devonport. It is a remarkable part of Australia, possessed of rich, red, well-watered basalt soil. Nowhere else in Australia is so suitable for horticulture.

Burnie had a pulp mill, a paper mill and a hardboard mill marketed as Burnieboard. At Wesley Vale, another APPM mill produced white paper. The plant was antiquated, and the operation survived behind a 25 per cent tariff which was already moving down.

In these circumstances, APPM decided on a new mill at Wesley Vale to produce pulp by the kraft process, which uses caustic soda to dissolve lignin.

The new Wesley Vale mill was to be a massive project, involving capital investment of \$1 billion. APPM brought in a partner, the Canadian firm Noranda. Wesley Vale was to produce 440,000 tonnes of pulp a year on an internationally competitive basis. There would be 20,000 tonnes for the Tasmanian mills, with 420,000 tonnes being exported.

APPM, wholly owned by the listed North Limited, wanted the Wesley Vale pulp mill as a replacement for its Burnie pulp mill, which was 50 years old and at the end of its working life, although they never did say so. They sited it next to their paper mill at Wesley Vale, 40 kilometres from Burnie, and made plans to build a further paper mill, at the same site.

It was always obvious to the Hawke Government, that Wesley Vale was to replace the mill which had been the basis for a rise in Burnie's population from 4,000 in 1938 to 10,000 at the end of the Second World War, and to 18,000 today.

Furthermore, being within bare commuting distance, it was the last chance for Burnie. It was also, you might say, just what Tasmania needed, even if it were plunked

in the middle of the nation's best horticultural land, where Christine Milne had a farm.

As with Pedder and the Franklin, Wesley Vale became a politico-emotional battleground, launching Milne on a political career which took her to the Tasmanian Assembly, where she was to remain until unseated in September 1998.

For the ALP government in Canberra, Wesley Vale was another political god-send. Hawke appointed Richardson to be environment minister in 1988, not because Richo was a famous greenie, but because, as former NSW ALP machine man, he was a famous political operator.

Hawke and Richardson could not deny that they knew there were playing fast and loose with the livelihoods of the Burnie workforce, as they shifted the environmental requirements on Wesley Vale around, in order to wring every last drop of political capital out of the project.

It was just as obvious to then ACTU President Simon Crean, who said at the time that the company was prepared to comply with standards more stringent than any in the world, and no government could ask for more.

There were other factors at work, as there always are. Robin Gray's environment minister, Peter Hodgman, became nervous about the strength of the Green push, so that the State government appeared ambiguous and uncertain in its support for APPM.

The last straw was when Richo commissioned the CSIRO to draw up a further report and guidelines for such projects. North and Noranda pulled out. As it happened, the Wesley Vale project was within those CSIRO guidelines when they eventually appeared, but the issue in 1989 was not the environment. It was sovereign risk, that is to say government risk: a concern more common in Third World countries than developed nations like Australia.

Simultaneously with these events, a retired judge of the NSW Supreme Court, Michael Helsham, was conducting an inquiry at the request of former environment minister Barry Cohen into the Lemon-thyme and South Forests, to consider whether 283,000 hectares of forest should be up for World Heritage listing.

Helsham found only eight per cent of the area he was investigating warranted nomination for the World Heritage list. Richo was appalled. It was a blow at the election strategy which he had developed. The Helsham report became unavailable. There was no media distribution.

Richo took a submission to overturn the suddenly secret Helsham recommen-

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dations to Cabinet, which was divided. Richo had the support of Kim Beazley, who suggested Richo shore up his case. Richo enlisted the support of Treasurer Keating, who carried the day.

The ALP Cabinet agreed to nominate 70 per cent of the Helsham area for World Heritage listing—which Hawke subsequently and unilaterally raised to 80 per cent—to make a total of 378,000 hectares excluded from logging.

The Huon Forest Products joint venture was established in 1986 to use waste timber from sawlog operations in the Australian Newsprint Mills and Southern Concessions which would otherwise be left to rot. All feed into the chip mill was to be residues.

There seemed to be no reason, even for a Green, to oppose the project. The only effluent was logwash—earth washed off logs to clear them before milling. But oppose it the Greens did. The Gray Government—fearful of losing the 1989 election—dithered again, postponing the granting of environmental licences.

Gray lost anyway. The ALP's Michael Field entered a pact with the Greens, without whose support he could not become Premier. Bob Brown had 100 conditions, one of which was the dumping of the Huon Forest Products project.

Richo was now satisfied. The Green preferences strategy was in place. In the 1990 Federal elections, Richo and the ALP Secretary, Bob Hogg, appealed successfully to those voting Green to give the ALP their second preferences.

Just as the Franklin was a winner for the ALP in 1983, so Wesley Vale was to help give the ALP a fourth term in Canberra. Richo had done the job he was given when Hawke so unexpectedly made him environment minister.

The pulp and paper industry on Tasmania's north coast was now doomed but, just to make sure, the CFMEU in 1992 pulled on a work practices strike in Burnie. They won.

In 1993, North sold APPM to Amcor—which was once known as APM, and which already had a sizeable operation at Maryvale in Gippsland, producing pulp and paper using the kraft process.

You might wonder why such a company would need antiquated plant in Tasmania, with a militant workforce. Amcor must have asked themselves the same question, for the company shut the Burnie pulp mill down in October 1998.

Amcor still has mills making paper at Burnie and Wesley Vale, both of them requiring further investment to survive, fed with pulp imported from Asia at a cost which is \$100 lower than the cost of producing pulp from Tasmanian woodchips.

Pressing on with Tasmania doesn't seem to make a lot of sense. Nor does further investment, when Maryvale is producing the same product. Why not concentrate activities at Maryvale, say a final farewell to Burnie, and let it sink, economically speaking, into the Southern Ocean? Stand by, for the next instalment of this saga of decay and decline.

But how sad for the Burnie workforce, and for a town which grew from 4,000 in 1938 when the first mill was opened to 18,000 today, but where the unemployment rate is 13 per cent and rising. We must weep for them.

Well, must we? The people who worked at the Burnie mills, producing pulp, particle board and, for the time being, paper, are not children. They are adults, with the right to vote, and to raise their voices.

How sorry should the rest of Australia be for people who do not exercise those rights in the interests of their country, their State, their families and their own jobs? How sorry should the rest of Australia be for people who voted for their own Darth Vaders, and, furthermore, continue to vote for them?

How sorry should we be for a workforce which forces up labour costs when, at any time, the five o'clock whistle's next blast might be its last?

Isn't it enough, just to have to pay unemployment benefits to people who brought it on themselves and who con-

tinue to reward the instruments of their ruin by electing them to office?

Not only did Christine Milne get nine years in State Parliament, not only is Bob Brown a Tasmanian Senator, but so is Shayne Murphy, who, as an official of the CFMEU, led the Burnie strike in 1992. The former Liberal MP, Chris Miles, lost his seat in Federal Parliament on October 3 to the ALP's Peter Sidebottom, another union official.

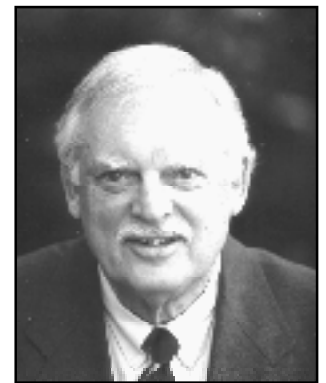
Of the 17 Tasmanian members of Federal Parliament, all but the five Liberals can be fairly described as opposed to economic reform—Brown unthinkingly, Brian Harradine on reflection because the measures are 'ideological' and the ALP members because they are only following orders.

Peter Nixon, in his hard look at the Tasmanian economy, came to the conclusion that the State government should sell the Hydro-Electric Corporation, use the proceeds to discharge the debt incurred on behalf of the HEC in building dams and start again.

Nixon also recommended electoral reforms to reduce the number of State politicians, which Premier Rundle followed in a deal with ALP Opposition Leader Jim Bacon, once of the Builders' Labourers Federation and brother of prominent Sydney Green activist Wendy Bacon.

Bacon campaigned on a pledge to save the Hydro from privatization, and won. When the Death Star is in their sector, Tasmanians can't help themselves. Maybe, if economic stagnation is what they want, we should let them get on with it, and just enjoy the place on our holidays.

Tasmania is, after all, very beautiful—should we care if, like Marilyn Monroe, it is also dumb and self-destructive, prepared foolishly to place its destiny in the hands of ruthless, powerful men and women who hold their own interests to be absolute?



David Barnett is a senior Press Gallery journalist

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