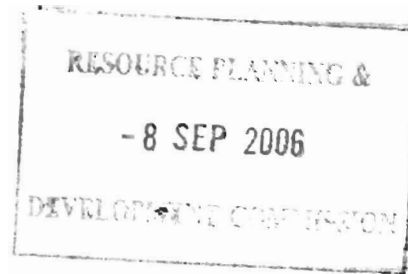


ABN 99 727 522 452

LAUNCESTON CHAMBER OF COMMERCE

26

7th September 2006



Executive Commissioner
Resource Planning and Development Commission
3rd Floor, 144 Macquarie Street,
GPO Box 1691
HOBART TAS 7001

Dear Commissioner

The vast majority of Members of the Launceston Chamber of Commerce has indicated support of the development of a Bell Bay pulp mill on the basis that it is proven to be environmentally and economically sound and sustainable.

The following comments should be taken on board with an understanding that there is broad underlying support for the mill and a high level of anticipation regarding the economic and employment outcomes that mill proponents predict it will generate.

The reason for preparing this 'comment' is to convey aspects which are of concern to Launceston Chamber members. The concerns outlined are predominantly about issues that could be managed to allay fears and create a more positive environment in which an acceptable mill could be developed.

ECONOMICS, SCIENCE & SUSTAINABILITY – The Chamber is neither adequately qualified nor resourced to establish the environmental and economic soundness of the project and must leave these aspects to the 'experts' and those who will test the rigour of information provided.

CONCERNS – TRANSPORT, TOURISM & ACCOUNTABILITY

Many Chamber members have expressed concerns regarding other impacts that the mill may have on the social and economic wellbeing of Tasmanians, particularly those in the north.

This document will focus on feedback that the Chamber has received regarding the impacts of the proposed mill on northern Tasmania's transport infrastructure, road safety and the impact of increased heavy transport on other key industries – particularly the speciality tourism, wine and hospitality sectors.

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TRANSPORT INFRASTRUCTURE – capacity, safety and maintenance

Based on the IIS data and assuming that all logs and 400,000 tonnes of the bio-fuel are to be carted to the mill via road there will be some 287,224 trucks movements per year in and out of the mill, just for timber, when it is operating at full capacity.

This 287,224 truck movement figure is based on the predicted feedstock of 4 million tonnes (@average load of 31.8 tonnes) and bio-fuel of 400,000 tonnes (@27.7 tonnes per load). That is a combined amount of 4,400,000 tonnes of wood & bio-fuel per year which equates to 125,786 (wood) trucks and 14,440 (bio-fuel) trucks – a total of 140,226 trucks into the mill each year.

Assuming these trucks must then leave the mill that number will double. That adds up to 280,452 truck movements per year (just for wood & bio-fuel).

To this timber movement must be added 6,772 trucks movements in and out of mill carrying chemicals and minor deliveries.

This will result in total truck movements of 287,224 per year. Based on transport operation of 240 days per year (as per IIS) this means that there will be 1196 truck movements per day. If, as has been indicated, 80% of these truck movements will occur between 6am and 6pm, this will equate to 79 trucks per hour ... or 1 truck movement at the gate of the mill every 45 seconds. ($1196 \times .8 =$ truck movements between 6am & 6pm, therefore 79 trucks per hour).

This does not include any other vehicle movements (staff, etc) on and off the site.

Gunns has indicated that over 80% of the feedstock will come from the NE catchment. That is 3.6 million (4m X 80% + 400,000 biofuel) tonnes of wood on the road or 230,137* truck movements per year concentrated in the NE area. (* based on 400,000 biofuel @27.7 tonne per load + 3.2m feedstock @ 31.8 tonnes per load).

The IIS indicates that 28,622 tonnes of caustic soda will be shipped to Hobart each year and then trucked to the pulp mill. Gunns, when queried on this, advised that this was a 'typo' in the IIS and that the caustic soda will now be shipped directly to Bell Bay.

These figures do not include any export chips. Gunns indicates that it does not intend to continue the processing of export chips at Bell Bay but does not rule it out. Obviously any truck movements for export loads would need to be added to the above calculations.

The Chamber understands that about 1.8 million tonnes currently go to Bell Bay to be chipped for export.

When the mill is operating at full capacity, the amount of Gunns wood chip feedstock on northern Tasmanian roads will be **more than double** the amount carried to Bell Bay in the past year (05/06).

The above figures are based on current 'actuals' – not the 'control' used in the IIS. The Chamber's main interest is about the current volume of heavy

vehicle transport moving in and out of Bell Bay chip plant and how this will compare to future movements.

From discussions with councils in the areas from which the majority of timber will be carted, many roads and bridges are not built to withstand the volume and weight of log trucks.

‘Cost’ of transport infrastructure maintenance – in terms of dollars, safety, lives and impacts on other industries.

In addition to the costs of road maintenance on the rate and tax payers of Tasmania, there is concern regarding the ability of these roads to facilitate safe movement for residents and tourists to the areas. There is also concern from the parents of children who use the country bus services – particularly as the buses will be operational in the 6am – 6pm time frame when the majority of trucks will be on the roads.

Rail?

Whilst Gunns has indicated that it will ‘investigate’ the use of rail there is no commitment to do so – nor will there be any imposed requirement for it to do so. Although Gunns discusses an ‘intention’ to use rail this will be highly unlikely for the timber sourced from the NE as there is no adequate rail infrastructure and the haulage distances are too short to be viable.

Gunns, in a recent briefing indicated that rail will not be viable for timber travelling less than 200kms. Given that over 80% of the feedstock and all non-mill biofuel will be drawn from the North East, use of rail, if it is ever implemented, will do little to reduce impacts on the relevant road infrastructure.

2007 – 2009 East Tamar Highway road and mill construction – the \$60m Federal upgrade of the East Tamar Highway is contingent on the work being completed during three years commencing in summer 2007.

If the pulp mill is approved, it has been indicated construction will start in 2007. During this construction phase the East Tamar Highway will be required to carry the existing 1.8 million tonnes of chip in addition to construction materials and the predicted 2500 construction workers.

Research indicates that there has been absolutely no provision made to cater for this period of extreme stress on a highway that is already carrying the second highest level of freight in the State.

If commuters or, worse still, log and construction trucks are pushed to use the West Tamar Highway, the burden and associated problems will simply be shifted to another inadequate stretch of road, rather than managed. Issues of safety, road repair and inconvenience will impact on West Tamar Council and residents.

Surely for the well being of motorists, be they locals or visitors or truck drivers, this issue of adequate road infrastructure should be addressed and dollars committed before the project is allowed to proceed.

Inadequate State road funding committed for North East

With the exception of \$4 million to upgrade some small sections of the East Tamar Highway, the State Government has less than \$6 million committed to improve road infrastructure for the entire north east of Tasmania between now and 2009.

There is no indication of any preparation for increased timber volumes on the roads and, as a result of the mill, concentrated in the North East.

The Chamber does not consider that it is appropriate to shift the burden of road maintenance to the municipalities and their ratepayers. This is the responsibility of State and Federal Government and it needs to be addressed before the incidence of log truck related accidents and deaths sky-rockets.

This is not just about roads east of the Tamar

A significant percentage of timber for the mill will come from the northern North Midlands, Meander and Fingal Valley areas. Timber from these areas will be carted on very poor roads – be that via the Fingal Valley or Frankford Highway.

Anything coming from the South of Launceston will actually be carted through the middle of Launceston, 'Australia's third oldest heritage City', creating further issues of safety, amenity and maintenance.

For over thirty years the Chamber and other groups have been pushing for the development of an Eastern Ring Road to divert heavy and inappropriate transport away from the CBD of Launceston. To date these calls have gone unheeded.

The point I make here is that the northern region has been given no hope that the existing issues will be addressed – let alone those created when transport of timber to the region doubles.

SHORT & LONG TERM ENVIRONMENTAL PERFORMANCE - MONITORING

If the required environmental and scientific hurdles are cleared, the Chamber believes that it is vital to ensure that strong and transparent methods of monitoring the environmental behaviour of the mill are implemented and, if necessary, significant ramifications for non compliance or damage imposed.

Sadly there is a strong view that the mill will enjoy the 'special' privileges of the forestry industry in general – that key information not be made available through FOI processes and the industry errors overlooked or covered up.

Penalties, fines and shut downs for non-compliance should be clearly defined before the project commences to assure Tasmanians that Gunns and the State Government will be accountable.

TOURISM – mill, a double-edged sword

Whilst many of the larger tourism and hospitality operators eagerly await the corporate business that will flow into Tasmania as a result of the mill, there are plenty who have major concerns.

Many of the factors that differentiate tourism in the 'clean green' State are linked to the 'natural' attributes of the destination – to our friendly locals, cruisey lifestyle, fresh produce, top wines and restaurants, creativity, design and culture. Tasmania also promotes its natural environment, patchwork agriculture vistas and charming villages and communities. It is difficult to integrate the pulp mill concept with these images of Tasmania.

The Chamber has received calls from operators of a range of tourism market sectors expressing concern about the impact of the proposed mill on the image of the State as a destination and on the Tasmanian brand. They believe that the message conveyed by the forestry industry and Gunns directly contradicts the Tasmanian image that they are trying to sell.

It is hard to quantify the impact that will be created by log trucks thundering by every few minutes on the experience of visitors enjoying a leisurely drive around the beautiful wine route, the historic 'trail of the tin dragon' or the tranquil Tamar Valley.

What is most disturbing is that tourism and wine operators do not believe that they have independent bodies to represent their concerns regarding the mill. The Tourism Council, probably due to its financial dependence on State Government, rarely expresses a view that could be perceived as 'biting the hand that feeds it'. Others are very aware of Gunns' increasing dominance of the wine industry and its contributions to peak industry bodies.

Gunns has indicated that, regardless of the mill proceeding, almost 6.8m tonnes of timber will be processed as woodchip in coming years. The key concern for the Chamber is that, because of the pulp mill, over 80% of that timber will come from a very concentrated area in a finite time frame instead of being spread more evenly Statewide.

Road transport infrastructure in northern Tasmania is already regarded as being inadequate to cope with current heavy transport loads.

Whilst the \$60m Federal funding for the upgrade of the East Tamar Highway will solve a lot of problems on that specific route, virtually all other road infrastructure in the region would require upgrading to cope with the increased and concentrated load that would be created if the mill comes into operation – particularly when it is running at full capacity.

SOLUTION ? State Government and Gunns should work with affected communities to determine areas of greatest need and commit to an appropriate road infrastructure program, relevant to sources and timing of access to feedstock, commencing in 2007.

This program would focus initially on addressing the most pressing needs for dealing with major road upgrades being undertaken during the mill construction period. It would then work to ensure safe passage for all vehicles on roads that will be most affected as the mill ramps up to full production.

Funding this solution

Funds for this essential infrastructure could be provided by State and Federal Government – both of which stand to gain many millions of dollars if the mill proceeds.

We are advised that the mill will add almost a billion dollars to the coffers of State and Federal Government over its lifetime. How much of this will be invested in the infrastructure used to generate these dollars?

'User payers' - Funding could be supported by the introduction of a 'road pricing' policy where operators of heavy vehicles are taxed on a 'weight per kilometre' basis rather than the current fixed registration and fuel tax contributions. A 'road pricing' policy would represent a true 'user pays' system and be relevant to the way in which transport contractors are paid for their haulage. It is fair and widely accepted as the most realistic and equitable system in many European countries and New Zealand.

Such a system would mean that Gunns, the forestry industry and associated contractors would be contributing returns that actually relate directly to their use of tax payer funded road infrastructure.

This system would create some level of equity, ensure that the beneficiaries of the 'heavy' industries pay their way and help bring our failing infrastructure up to acceptable standards.

SUMMARY - The Launceston Chamber maintains support for an environmentally and economically sound mill at Bell Bay on the proviso that the State Government agrees to the upgrading of relevant road infrastructure in the north. A program of upgrades should be negotiated with the relevant Councils to ensure safe passage for timber and people.

In the interests of the northern community in general, the Chamber believes that this commitment to provide safe and adequate road infrastructure should be made prior to a final decision regarding the mill.

This transport issue is about people's safety and wellbeing - about impacts that are imposed on their lifestyles and the livelihoods of others. Why would we not deal with it?

Yours faithfully



AP Josephine Archer
Executive Officer