

**Issue 53**

**19 September 2006**

The Pulp Mill Task Force has been advised of several amendments to the Integrated Impact Statement provided by Gunns Limited to the Resource Planning and Development Commission.

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These amendments can be accessed at the website [www.gunns-pulpmill.com.au](http://www.gunns-pulpmill.com.au)

The amendments do not alter any of the conclusions contained in the IIS documents.

Last Friday, I conducted a lengthy interview on northern radio to clarify a number of misconceptions circulating in the community about the proposed pulp mill.

Following the interview, we received a number of requests for a transcript. In the interests of informed public discussion, we are happy to oblige.

**Bob Gordon**  
**Pulp Mill Task Force**

**7NT DRIVE 16:40**

**14 SEPTEMBER 2006**

**PULP MILL**

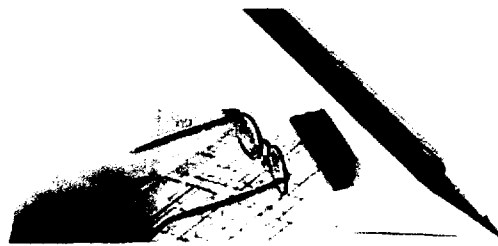
*Hilary Burden - Presenter, Bob Gordon – Pulp Mill Taskforce*

**BURDEN** ...Business questions that seem to revolve [inaudible] around pollution, around the economic aspects of the mill and also transport. And first of all, just looking at pollution, we had an e-mail from, actually a call, from Barry. He said he's a fisherman for 33 years in St Helens and he's not really happy about the proposed effluent pipeline in Bass Strait and his question to you this afternoon is, if the effluent is so squeaky clean, why is it being pumped out to sea and not into the Tamar?

**GORDON** That's a very good question. In Europe or in North America or in most places in the world, the emission guidelines allow the effluent to be put into inland lakes and rivers. Back in 1995, when the Commonwealth Government commissioned CSIRO to look at a report to develop the world's best emission guidelines for bleach kraft pulp mills, they recommended that pulp mills discharge into a marine environment and they did that only as a precautionary measure. If this mill that's proposed was being built in Scandinavia, they would allow the mill to discharge into a river or into an inland lake. What the Tasmanian guidelines do is take that a step further and are even more precautionary and allow the effluent, which at the dilution zone will meet recreational water quality standards, that is it's safe to fish and swim and recreate in.

**BURDEN** I guess there's still the question that if pollution is negligible and also safe for recreational use, as you said on the program last week, why does it need to go 19 miles? Is it 19 miles or kilometres out to sea into Bass Strait?





**GORDON** It doesn't go that far out to sea. It goes about 3km out to sea. The pipeline from the pulp mill is about 19km long, so it's about 16km from the pulp mill site at Bell Bay to the coast and then it goes 3km out to sea. And it goes 3km out to sea, because the proponent was required to find an area where there was a sandy bottom, minimal likelihood of marine life and to do detailed studies on the marine life at that zone, also to look at studies on the impact on a range of indicators marine species...

**BURDEN** Would there be a chance for it to be recycled onto plantations, so that that effluent, if it's non-toxic or of negligible toxicity can be recycled in an environmental sense?

**GORDON** The only issue there is that the..., because the major inputs to a pulp mill are wood, water, common salt and limestone, what you do as you reuse the water, and the water is probably reused five to seven times, is you accumulate salt in the process. And so the use of the treated effluent for irrigation would be difficult, because it does have salt in it, and salt is very difficult to remove. And, as you're probably aware, many of Tasmania's northern soils are actually already low in nutrients and irrigating with saltwater could make that worse.

**BURDEN** So moving on to the area of economics, Peter wanted to know how much is the proposed pulp mill worth to the state in its lifetime?

**GORDON** The proponent commissioned a report from the Allan Consulting Group and they had Monash University do a study, which found that it would add about \$6.7b to the Tasmanian economy during its life, which equates to about an extra \$894m in extra Commonwealth and State taxes generated. That's nearly \$900m. And each Tasmanian household on average would be \$870 a year better off for the life of the project every year. It would put about \$39m into the northern economy during construction phase, an extra \$98m into the trade and accommodation sectors and an extra \$58m into trade and accommodation during the operational phase.

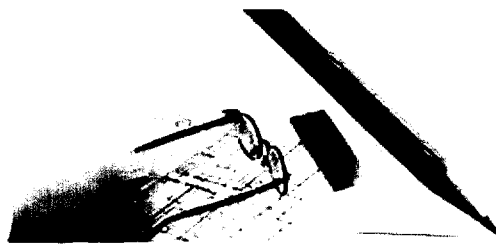
**BURDEN** Now, several analysts have questioned if the mill will be viable because of fluctuating prices in pulp and resources. Can you understand people are concerned?

**GORDON** I can understand that the economic viability of the project has been raised by people. Gunns is a large public listed company and I suppose the flipside of that is that if Tasmania continued to export woodchips to Japan and China and let them add that \$6.7b to the value of that product by turning into pulp there, then Tasmania would be equally subject to the fluctuations in the pulp and paper market in China, Japan and Indonesia. So what this project is about, is taking something like 65% of the woodchips that otherwise would have been exported to Asia, where they would have added the \$6.7b in value adding, and instead of that adding the value here.

**BURDEN** We've got a couple more questions that have come through listeners, but just wanted to tackle you on this one. Analysts were warning at the time that Spirit III was launched that there was no sound business case there, that they were proven right over time. They were ridiculed at the time but they were proven right over time, Spirit III wasn't viable. So, how can the public trust that this will be a viable business, as you say it is?

**GORDON** Well, I'm not going to comment on Spirit III. My expertise isn't shipping. But people also said in the early 1900s that the petrol-driven motorcar would never be a success. It was too complicated, it was too hard to work. And of course, they were also proven to be incorrect. So I think you've got to be careful with the examples you use.





**BURDEN** [inaudible] comparing businesses where the Government is encouraging investment, and there was a big encouragement with Spirit III at the time and it failed as a business, and it's similarly with the position with the proposed pulp mill. So we're comparing like with like in that sense.

**GORDON** The Government also encouraged Incat to establish in Tasmania when there were again people said it wasn't possible to have a world scale shipping manufacturing operation in Tasmania. People like Tim Reed, who's developed the market for apples and pears and cherries in Asia, were certainly encouraged and supported by the Government. Everyone said that wasn't possible. So again, if you refer to the pulp mill, Gunns have obviously spoken to their financial backers and if you look at the stockbroking reports that have been done on the proposal, there was one negative one, that was the one done by CommSec, which seemed to get all the publicity. There were six others done at the same time, all of which said that the establishment of the pulp mill would [inaudible] the Gunns share price.

**BURDEN** Okay. Frank called the program, just before the news headlines today and he asked, how much volume is growing per hectare in various of the forest growths?

**GORDON** I've actually been through this stuff with Frank Strie (ps) before, but I'll do it again.

**BURDEN** He said you had, but he still wasn't comfortable with the answer, I think his word was.

**GORDON** The average managed regrowth native forest grows about five tonnes of wood for every hectare every year. Plantations grow a bit over 20 tonnes per hectare per year, so they grow about four times the rate of the best managed native forests and to put that in context, the RFA and the RFA review of 1997 and 2002 set out sustainable yield from Tasmania's forest for the next 40, 50, 200 years. And the volume of wood available to harvest in Tasmania increases over the next about 15 years, and it increases because there was a huge investment, hundreds of millions of dollars, in plantations, and they grow faster. The native forest yield is set by sustainable yield calculations, and regardless of whether there's a pulp mill built or a rotary veneer plant or a widget factory, the allowable cut from Tasmania's forests remains the same. It doesn't matter where it's used, the calculations are done independently by scientists, saying this is the amount that is growing, and therefore this is the amount that we can harvest. All the pulp mill proposal is doing is taking about 65% of the woodchips that otherwise would have been exported and turn them into pulp here.

**BURDEN** Okay. Now I know you are actually waiting to catch a plane, aren't you, Bob? But there's two more questions. If I could put those to you?

**GORDON** Sure.

**BURDEN** One from Pete, and this is on the subject of transport, which we have had many calls and e-mails on. His question is, why do the taxpayers of Tasmania have to foot the bill for road upgrades, when it is Gunns' mill traffic that will be doing the damage to our roads and bridges?

**GORDON** Okay, lets go back and just look at the transport issue. Opponents to the mill have been saying that there is going to be a doubling in the rate of harvest and a doubling in the rate of log truck traffic in the mill. Both of those are simply not true.





**BURDEN** What will be the number of trucks per day?

**GORDON** Well, going back to the forest bit, there will be no change to the rate of forest harvest that would have otherwise occurred. It will be, whether there's a pulp mill built or not. Exactly the same amount of trees are able to be harvested, and that is an increase in volume over time, because of the increased plantation yield...

**BURDEN** How does that square, sorry to interrupt, Bob, but with the \$894m extra dollars you're expecting the pulp mill to gain in its lifetime you mentioned at the beginning of the interview?

**GORDON** No, the \$894m is the extra taxes that the pulp mill pays to the Commonwealth and State Governments, and those \$894m will presumably be used for the things that Governments use taxes for: education, health, transport, other infrastructure. The pulp mill by itself will not lead to any change in the rate of harvest. If you go to the transport component of the proponent's IIS, they are required to do 15 different strategies, including the use and non-use of rail, and different ratios of wood from native forests and plantations. Their preferred and anticipated strategy says about 85% of the wood that is required by the mill is already being taken to Bell Bay to be sent out as woodchips. The 15% that they need on top of the existing truck transport into Bell Bay, their preferred option is to bring that by rail from the North West and the South. So under that strategy, the number of heavy vehicles using the East Tamar Highway could increase by up to 12%, but the total volume of traffic on that road will only rise by about 1%.

**BURDEN** But as there isn't a rail infrastructure that is being invested in, the rail component of that is really hypothetical, isn't it?

**GORDON** Well, there is a rail delivering point going into the Longreach-Bell Bay woodchip site at the moment. The reason it hasn't been used is that the current owner of the rail network hasn't invested the capital to keep the rail network in a reasonable state, and as I understand it, they've now accepted the package from the Commonwealth and State Governments of, I think it's \$115m, to significantly upgrade that rail network to bring it up to scratch, so that not just log transport, but cement from Railton to Devonport, containers that are transported around the state, coal, pulp, paper to Boyer, can all be back where they should have been and being transported by rail.

**BURDEN** Just one final question from Pete. His calculation, based on reading the IIS is that 720 trucks a day are taking logs and chemicals to the mill. Is that correct?

**GORDON** That sounds about right. I think that might actually be during construction. I haven't got a copy of the IIS in front of me, so most of this is from memory, but that sounds about right, which would be about a couple of percent difference in the total traffic movements on that part of the system.

**BURDEN** And finally, Bob Gordon, Michael asks, what will be the differential in greenhouse effects? Is there any work being done to show what the balance is between planting new trees each year opposed to the burning off of the carbon emissions of processing of forest resources?



GORDON Yes, there's a component of the IIS that deal with greenhouse gas carbon balances and there's another study that was commissioned by Forestry Tasmania for the two Southwood projects by CSIRO that looks at the same thing. And that demonstrates the pulp mill reduce greenhouse gas emissions by I think it's 461,000 tonnes of CO<sub>2</sub> a year and it does that because chemical pulp mills generate a significant amount of surplus electricity and that electricity will be sold to the grid. And it's the next best alternative to produce that electricity was via Basslink, which would be basically from thermal-generated electricity on the mainland, or from the gas fired power station at Bell Bay, then it will save 461,000 of CO<sub>2</sub> a year. So it's very greenhouse gas positive.

BURDEN Okay, well, I think that's all we've got time for this afternoon. We may call on you again. I hope you won't mind, Bob Gordon?

GORDON No, I'll actually be in Launceston all day tomorrow.

BURDEN Fantastic. Look forward to seeing you. Thanks for your time on the program.

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