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PULP MILL SUPPLIER FORUM

More than 100 representatives of Tasmanian business attended a Pulp Mill Suppliers Forum hosted by the Department of Economic Development in Launceston last week.

It was the first of a number of forums that will be held to give Tasmanian firms interested in tendering for work on the \$1.4 billion Bell Bay pulp mill a better understanding of the project and its requirements.

From the department's perspective, the forum was a valuable opportunity to explain how the \$2 million Pulp Mill Suppliers Development Program announced in this year's budget could assist Tasmanian firms to prepare for the project.

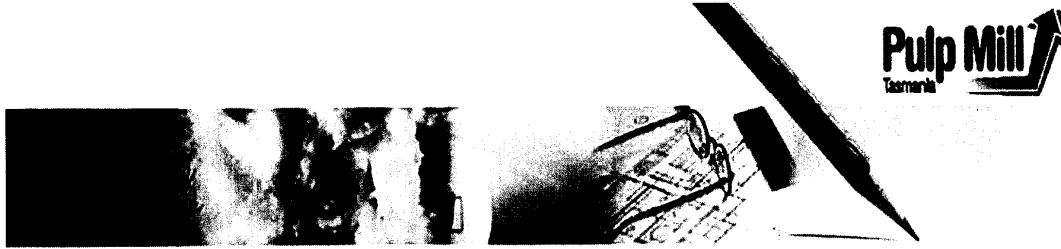
The Minister for Economic Development Lara Giddings said the aim of the program was to ensure local businesses are prepared to maximise opportunities generated by the proposed pulp mill.

"Since we launched this initiative in May, there has been strong interest from many companies that have indicated a desire to take advantage of the significant level of activity expected to be generated by this project."

The seminar was opened by Pulp Mill Task Force Executive Director Bob Gordon, and provided businesses with:

- a briefing covering the recent international experiences of the Pulp Mill Task Force
- an explanation of the Pulp Mill Supplier Development Program
- a case study of the successful VISY Tumut Kraft mill in New South Wales – presented by one of the contractors
- technical aspects of the proposed Bell Bay project from Gunns Limited and international consultants Jaakko Pöyry.

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Ms Giddings said that these seminars also provide the opportunity for Tasmanian businesses to network with other enterprises.

"This creates the possibility of business joining together to offer the larger contractors enhanced capability with a Tasmanian base.

"The Pulp Mill Supplier Development Program will provide financial assistance will be available for the development of business cases, transferring technology, training, improving business capability and supporting new capital investment to Tasmania.

"The capital investment assistance tool will be delivered after a commercial relationship is established between Gunns and the supplier.

"This program is intended to send a clear signal that Tasmania is committed to creating and exploiting new business opportunities, Ms Giddings said.

The following is a statement released by Gunns on December 2

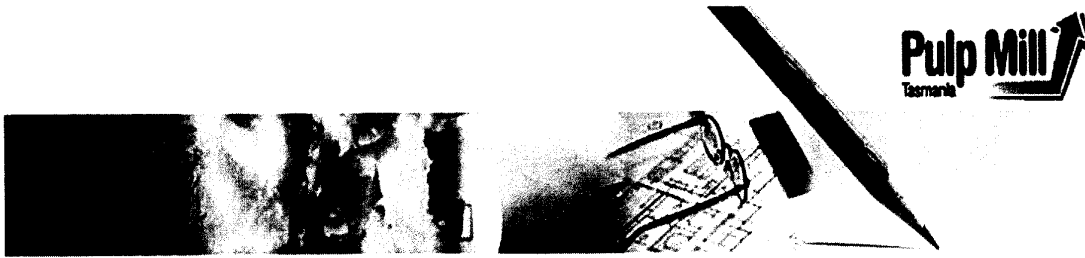
MILL WILL MEET RIGOROUS RPDC EFFLUENT LIMITS

The proposed Bell Bay Pulp Mill will meet the stringent guidelines for effluent emission limits, according to new scientific testing from Sydney-based expert marine toxicology consultants Ecotox Services Australia.

The report, *Toxicity Assessment of Pulp Mill Effluent for the Proposed Tasmanian Pulp Mill*, is based on the testing of effluent from an ECF Kraft Eucalypt pulp mill in Thailand - similar to that proposed by Gunns Limited – on a range of marine organisms specified under the ANZEC water quality guidelines at a range of concentrations.

Tests were conducted on the eggs, larvae and juveniles on a range of species, such as bacteria, algae, invertebrates and fish, at concentrations of 0.3%, 1% (the concentration of effluent at the edge of the mixing zone in Bass Strait) and 10% revealed no acute or short-term effect.

Gunns Limited Pulp Mill Project Manager Les Baker said the results highlighted that pulp mill effluent at a concentration more than 10 times of that at the edge of the mixing zone would not have any impact on key species, such as scallops, striped trumpeter, sea urchins, amphipods, seaweed and others.



"The tests demonstrate conclusively that our pulp mill will easily meet the stringent requirements of the Resource Planning and Development Commission," Mr Baker said.

"The results are consistent with similar tests carried out by Ecotox on other pulp mills around Australia.

"Many of the tests used were developed by the National Pulp Mills Research Program and Ecotox's laboratory is certified by the National Association of Testing Authorities, ensuring the tests and results are scientifically defensible."

Mr Baker said there are already two pulp mills releasing effluent in to Bass Strait and have done so for more than 30 years.

"Many Tasmanians also forget that a pulp mill has been discharging effluent into the Derwent River near Hobart for more than 40 years," he said.

About 70 per cent less effluent is released from modern pulp mills, compared to those constructed about 15 years ago, due to significant advances in recycling technology.

Effluent from the proposed pulp mill will contain naturally occurring inorganic salts and organic wood constituents. All effluent will be treated on site in primary and secondary treatment facilities before being piped three kilometres off-shore from Five Mile Bluff and released at a depth of 20 metres. The Resource Planning and Development Commission has stipulated that no pulp mill effluent can be released in the Tamar River.

Mr Baker said the Ecotox report was commissioned by Gunns Limited as an extra initiative to prove that pulp mill effluent will not be an environmental concern.

"This is just another example of the additional lengths that Gunns Limited is prepared to go to ensure there is no negative impact on the environment," Mr Baker said.

"Ecotox's report also gives further weight to international studies showing there are no long-term impacts from pulp mill effluent and that industry and communities harmoniously coexist with modern mills.

"There are a number of lakes in Finland and Sweden that have three or four pulp mills on the banks discharging effluent. These waterways are home to



vibrant healthy communities, fishing industries, schools, sailing clubs and a variety of other industries.”

Mr Baker said Gunns Limited had also engaged consultants that had spent hours underwater filming the area of Bass Strait where the effluent will be released to determine which marine organisms occupy the area.

“This research has shown the area has very little aquatic life,” Mr Baker said.

“On the basis of the surveys and all scientific reports, Gunns Limited is confident that effluent from the proposed pulp mill will have no impact on the marine environment.”

Gunns Limited will continue to work on its detailed Integrated Impact Statement, which will be handed to the RPDC after the guidelines are finalised and then made available to the public.

A full copy of the Ecotox report will be available in Gunns Limited's Integrated Impact Statement.

TASK FORCE STUDY TOUR

The Pulp Mill Task Force and representatives of DPIWE have been visiting pulp mills around the world to look at regulatory frameworks.

The first leg of the study tour the delegation visited Scandinavia, Europe and North America where pulp mills enjoy a high level of public acceptance.

The delegation visited South America including a mill in Valdivia where public acceptance is lower on the second leg of the study tour.

Here is a report by Task Force tour participant Dario Tomat.

Arauco San José de la Mariquina pulp mill

The Valdivia mill has attracted world wide attention as a result of the Development versus environment conflict there.



The causes of the conflict can be traced back to the pre construction phase where the operator made some critical errors in terms of its communication with the local community.

Omissions during the early stages of the development damaged public confidence in the mill requiring the operator to take expensive remedial action.

The mill now has technology that is similar to that used in Scandinavia and is slowly overcoming the public relations damage caused by mistakes during the pre construction period.

The tensions between the local community and the mill has even led to claims that black swans were falling out of the sky dead – a claim completely rejected by Chilean environmental regulators. These claims were also dismissed as untrue scaremongering by local residents.

The pulp mill is located in Region X of Chile on the Cruces River. The mill is in a rural setting with a few houses within a few hundred metres of the process areas and several large villages in the vicinity. It is about 40km north of Valdivia.

The mill is located in the upper part of a valley that has a significant temperature inversion.

Unlike other modern kraft pulp mills including the mill proposed for Tasmania, the Arauco mill did not install a modern gas collection system when the mill was built which led to some odour issues during start up. In order to address odour mitigation, the mill owners invested around \$6.5 million retrofitting an odorous gas pick up system. This equipment ensures that odorous gases do not escape from the mill and at the time of the visit there was no odour detectable. The fitting of this equipment has improved the company standing with the community.

Gunns has stated publicly that their proposed mill will have the most up-to-date technology including state of the art odour mitigation measures. DPIWE officers are well versed in this area and will ensure the Valdivia issues cannot occur in Tasmania.



Carlos Anwandter Sanctuary

The Carlos Anwandter Sanctuary provides a habitat for black neck swans which migrate to the wetland area near the mill. Black neck swans feed off an exotic introduced Brazilian weed known as luchecillo which grows in the wetland. In October 2004 it was noted that the luchecillo was not as prevalent causing the swans to migrate to other wetland areas and in some cases, die from malnutrition during the summer of 2004. The mill was accused of being responsible and the Government set up an inquiry.

CONAMA (the Chilean EPA) engaged a team of professionals to report on all aspects of the mill operations and on the ecology of the wetland. While the anti pulp mill lobby were quick to blame the operations of the mill for the changes in the Sanctuary CONAMA reports that there is no identifiable link between the mill and the disappearance of luchecillo. In fact the Austral University has shown that the luchecillo will grow in 100% effluent from the mill.

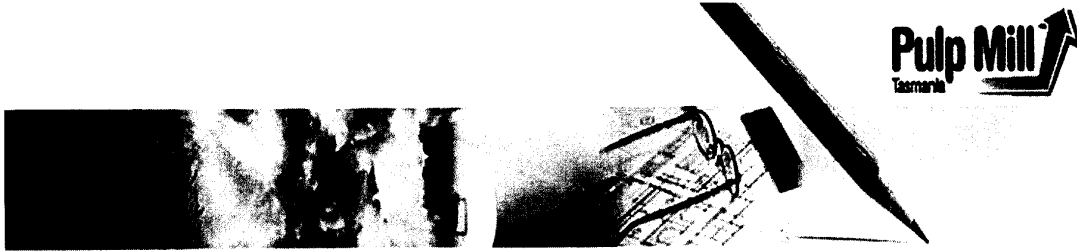
At the time of the visit it was reported that the black neck swan population was increasing in the wetland including the return of breeding pairs to the Sanctuary. Tourism is also flourishing with visitors from various countries filling the sight-seeing vessels.

Effluent Treatment at the Mill



Effluent treatment system at the Arauco mill accords with modern effluent systems and in addition incorporates a tertiary treatment system. A beaker of effluent taken from the outflow is shown at left.

The results from the effluent treatment were excellent with a very clear effluent being produced and operating parameters equivalent or better than BAT standards.



Conclusion

The difficulties the Arauco mill experienced at inception stemmed both from unacceptable emissions and from the absence of linkages being developed with the community in the development and construction phases.

In Tasmania comprehensive emission guidelines (the most stringent in the world) have been put in place that provide rigorous design parameters for all forms of emissions so the odour management systems will need to be explained as part of the Integrated Impact Statement. The effluent impacts are also extensively covered in the guidelines and the monitoring that is required for baseline studies is set out.

The Tasmanian approval process will examine all of these aspects before a decision is made on a local development.

ANOTHER BUSINESS GROUP TO VISIT PULP MILLS

Following a successful study tour of Finland by the Tasmanian Chamber of Commerce, the University of Tasmania and Brand Tasmania, the Northern Tasmania Development Board is considering undertaking its own study tour next year.

The proposed business trip may visit mills in Portugal, Sweden and Germany that use the same processing technology that Gunns Ltd has proposed - elemental-chlorine free.

The Pulp Mill Task Force is cooperating and assisting NTD in its consideration of a visit.