

Submission on Scenario Planning

Pulp Mill ISS

To

Resource Planning and Development Commission
GPO Box 1691, Hobart, TAS, 7001, Australia

By Bernard Lloyd

Thank you for the opportunity to comment on the Pulp Mill ISS. It has not always been so.

Nevertheless, it does seem extraordinary to me that the proposal has been allowed to get to such an enormous length and level of detail, with aspects of the proposal which are little more complex than drawing for roads, railways and pipes put before us in great detail for comment whereas such higher-order matters relating to its environmental impact, its cultural and community impact and its economic impact are dealt with either not at all or only cursorily. How to build pipelines, roads, how many tons of logs fit on a truck; these are not at the heart of the proposal. In short we are being asked to comment not an impact statement, but upon a draft work plan.

Indeed, the entire edifice of the IIS is built on proving that the impacts of the certain damages that will be wrought by the mill, were it to be built, are manageable. But this is a very poor consultation prize, to be only managed. The IIS rarely proposes a way to eliminate impacts, or compensate for them, it just reduces them.

The proponents do not appear to have taken the ISS sincerely. A cursory perusal of the documents displays amateurism and naivety combined with arrogance. For example, using the crude search tool provided with the electronic copy soon shows a persistent manipulation of the language to transform the document into a selling spiel, rather than a dispassionate weighing of the alternatives, of the positives and negatives, of the worst and best cases.

For example, from the economic impact statement (the statement by those of the dismal science) the word 'decrease' does not occur *once*; nothing worth mentioning is going to decrease. 'Fall' occurs once. 'Increase', on the other hand, has 129 mentions! Marvellous, isn't it? 'Benefits' 13! 'Costs' 11, but look at *where* the word 'cost' appears: almost entirely it is buried in the Economic Impact footnotes. 'Success' 2. 'Failure' 0. 'Certain' 0. Neither the word 'certain', certainty, nor any of its stems occur at all in the report. And fair enough. Nothing is certain. But yet everything is presented and calculated to give the impression of certainty—without ever saying so.

And related to this basic textual analysis is a significant defect in the entire public presentation process. You cannot copy a single word from Gunns' PDF. Gunns told me the reason they released a locked PDF of the text is because "releasing the text would threaten our copyright". But hackers could make short work of the encryption or circumvent it by printing it and using OCR to scan and replicate it.

"Yes, that's true," a Senior Gunns Manager admitted to me.

"And surely, Copyright law itself protects you, and still you refuse?"

"We had to put a fence around it."

A text version of Gunns' IIS would open the proposal to deep textual analysis. Surely, study of the proposal is what the process is all about, study and deep analysis.

If the proponents had been brave enough to release a full text version of the ISS it could have been subjected to a much richer textual analysis, but they refused both my written and verbal requests to do so. Their justifications were wrong in law and absurd in fact, but they did have the effect of significantly reducing the ability of people to scrutinise their work. I would be pleased to make a comprehensive submission on the ISS to you in person during your deliberations on the basis of receiving a text version of the document.

But I digress.

My submission on Scenario Planning is based on my background as a Scenario Planner working for the Neville Freeman Agency, based in Sydney. The NFA is part of the global GBH business planning group of companies. NFA has had many years of experience consulting with major industries using the techniques of scenario planning to imagine futures and translate scenario worlds into strategic plans. NFA specialises in long-range strategic thinking, routinely looking twenty and thirty years into the future.

Now, the ISS make no mention of having undertaken future scenario planning with respect to this proposal. If this is so, it is a serious flaw in the planning process.

I therefore request the opportunity to address the Commission to expand upon the points I am to make on this submission. Moreover, the principals of the Neville Freeman Agency, Professor Oliver Freeman, Professor Richard Bawden and the distinguished futurologist Richard Neville, have asked me to pass on their willingness to present their expert opinion to the Commission.

Considering the shape of the future is a vital aspect of any major project, especially for projects with huge capital investments and long time frames. This project in particular is based on an enormous amount of guesswork, prediction, estimate, hope. The IIS is, in essence, a plan for the future. There is nothing wrong with this, it is natural, but what requires explanation is *how* this future (on which so much rests) has been established. What are the assumptions that underlie the explanation? No mention of any strategic assessment of the potential shape of the future is included in the document.

Predicting the future is an activity fraught with risk and uncertainty.

A cursory reading of the document demonstrates profound flaws in its strategic stance. And as one example of the stance the proponents take to uncertainty, they state that their economic model cannot make predictions beyond 20 years, because beyond this time, “the future becomes too uncertain to predict”. What an understatement this is. It is true that the state of the world in 2026 and beyond is highly uncertain, but this is hardly less true of 2024, 2023 and so on. Are the proponents saying, in effect, that they *can* predict 19 years ahead? I think this is not only unprovable, but it highlights a fundamental misconception about the nature of prediction. Gunn’s are not God, nor are their consultants privy to the divine plan. Any one who makes statements like this is pissing in

the wind. Who would care to predict the world price of, say oil, —but *anything* will do—two years in advance? Twenty years? They are dreaming.

In fact, the structure of the proponent's strategic thinking is revealed. The sort of modelling they have engaged in is trend analysis. It looks to the past, calculates the trend and then extrapolates it. Now, if there is one thing we know about the future, it is that the future is NOT at the end of a trend line. In graph after graph, the lines that are growing continue to grow and grow at a steady rate. This is an absurd and dangerous presumption; a childish, technocratic vision of the future, outside of all experience. Indeed, the ISS gives the impression that the price of pulp is independent of everything, even such factors as have influenced the demand and price of woodchips, which have suffered significant unpredicted fluctuations.

Again, it is not uncommon to regard the future as at the pointy end of an arrow, the future as a line through time and space, a line in which the past is behind us and the future ahead of us; however, experience has shown us that the line is ever-twisting and that the future is in fact filled with alternative futures. And it goes to the essence of planing to consider alternative futures. It is at the core of strategic planning to undertake a study of alternative futures yet, in the ISS the stance adopted is most generally to regard the future as being at the end of a trend line.

And here is a further example. One of the crucial factors underlying the viability of the mill are the plantations. The plantation resource is not examined in the IIS but is itself deeply enmeshed in uncertainties. That a change in tax law could make the project completely unviable is what futurists call a wildcard event. Actually, this is not a wildcard, it is a perfectly imaginable, predictable change, which would have manifold repercussions for this mill. Climate change is a clearer example of a wildcard. The cumulative political and social effect of greatly expanded plantations is another unknown 'wildcard'. It is conceivable that a wildcard event could destroy either the plant, the product or the market for pulp. It is possible that technology could make the process redundant. It is possible that changes in the global political climate could make the trade impossible or greatly restricted. The economic cost of water could soar. Demand for paper may rise, is likely to rise, okay, for the sake of the argument, let us agree that it will, but the demand cannot be guaranteed to rise. And *what* paper will be in demand? We know that, although the far-future is, paradoxically, clearer than the near future, millions will be bet and lost by wrong choices along the way. The concern I have is that the ISS does not address strategic planning in a sophisticated way.

To raise these unsettling possibilities in the future is easy. No plan can be expected to prepare for every eventuality. All business involves risk, large businesses must take risks, that is not my point.

The issue I raise is strategic. It is the *approach* to the future that is so narrow and thus deeply flawed. The linear approach to the future is at best misguided, at worst, catastrophic. Such thinking is, however characteristic of large, but inward-looking businesses who tend to make their annual and long range plans on the basis of a general

view that they are in control of their future, and around those factors, all of them internal factors, that they can control; when in fact, their future—like everyone’s—will be dominated by factors completely *outside* their control. This is a very unsettling thought. However, organisations that embrace the uncertainty inherent in it can nonetheless thrive. The beginning (and it is only the beginning) of managing that uncertainty is by seriously imagining and then developing a *range* of diverse but plausible alternative futures. That a proposal of this magnitude could have reached this stage without a serious examination of the possibility of alternative futures almost beggars belief.

Allow me to repeat, what I have said is only a brief overview of some of the issues not covered or poorly covered in the IIS. Should you agree to my request to address you directly, I, along with the principals of NFA would be pleased to expand upon these issues.

In conclusion, I believe that the proposal is not only deficient because it fails to use long term scenario planning but is dangerously misguided by its single-line model of the future and the project should be, at the very least, put on hold until a comprehensive long-term future scenario projection is properly completed.

Submission on the Economic Impact
Pulp Mill ISS

By
Bernard Lloyd

I am a graduate from Monash University in Economics, the university in which the economic modelling was done. I am familiar with the philosophic stance of Monash on economics.

I have outlined several concerns that are immediately apparent from a first reading of the ISS, however I have not made a detailed analysis of the model in its present incarnation and I am writing to request the time to address your examination of the proposal in person. And for that, I will prepare a full analysis of an alternative use of the same model.

It has to be said, straightaway that while the economic impact is covered in two main sections, (The Economic Impact and the Impact of not proceeding sections) but there is an enormous replication not just in ideas but in actual sentence content between the two sections. The one section repeats the key section, word for word, from the other economic report.

If I was to say anything very general about the tone of the economic report, at the deepest level, it is that it has been written by people who have no specific, let alone intimate knowledge of Tasmania's economic history nor its economic situation. This is not surprising, perhaps, when you consider who the economic consultants consulted with: The Pulp Mill Task Force, Forestry Tasmania, the Department of Economic Development, Bruce Felmingham, Tourism Tasmania, (I'd be interested to know what Tourism's R. Sproule said). This is hardly diverse, expert or comprehensive.

At a more abstract level, it reads like a schoolboy's essay. It reaches the peak of naivety when it states that, in essence, without this mill, nothing else can happen. Without a mill, there will be no growth in Tasmania. No creditable economic alternative exists. No evidence is cited for this. Moreover, if this mill is rejected, the report cautions: Tasmania will become a basket case. Investment will flee. Again, this is not only highly speculative, but it is also highly unlikely both theoretically and politically. Here is their failure of imagination as well as their arrogance and a heavy-handed, crude bullying threat.

As one real example of this, (which is more than the proponents have provided against it) I met a banker on a boat cruise a few weeks ago. He was Malaysian, here a week settling his daughter into university. He was surprised to see a salmon farm in the river. He knew about their pollution loads, he knew about the salmon's status as some kind of underwater rabbit, and he was perplexed because he had always admired Australians for saying 'No' to such environmentally destructive schemes. 'You Australians really love nature. You *wouldn't* let it be destroyed just for money', and he said this quite urgently, quite passionately. And because only minutes before that we had seen through the underwater camera kelp beds, dozens of brightly coloured sponges and a large wrasse curiously swimming by, and because before that, near Kingston, we had watched one of two bright-white sea eagles swoop from a cliff-top perch right in front of the boat to

pluck a fish from the water—I couldn't... I just couldn't bring myself to reveal to him the pulp mill proposal. Should I have?

It is equally conceivable that by rejecting the mill, Tasmania will experience an investment boom. Only time will tell, but if the proponents revealed on page one who they consulted (rather than in the Appendix) and also gave a précis of the assumptions their modelling was based on (not on page fifty-one) no one would read any further. They would smile and go back to something serious. The report has to walk the line between saying it is bigger than Ben Hur but softer than Sunlight dishwashing liquid. It is soap powder advertising. It is a disgrace to economic analysis. And, if you read other work by Anderson Consulting, far beneath their usual standards. This indicates to me that the real economics has been done elsewhere, another deal has been done. This is just fairy floss.

The economics is extraordinarily short on numbers, long on assumptions, and more significantly, long on platitudes. It never really grapples with the issues. It takes the happy view of a steam-roller driver. For example, the word 'decrease' does not occur *once*; nothing worth mentioning is going to decrease. 'Fall' occurs once. 'Increase', on the other hand, has 129 mentions! Marvellous, isn't it? 'Benefits' 13! 'Costs' 11, but look at *where* the word 'cost' appears: almost entirely it is buried in the Economic Impact footnotes. 'Success' 2. 'Failure' 0. 'Certain' 0. Neither the word 'certain', certainty, nor any of its stems occur at all in the report. And fair enough. Nothing is certain. But yet everything is presented and calculated to give the impression of certainty—without ever saying so.

The very first thing the economic consultants say is, before they even start, is that they are not responsible for anything in their report. "While the Allen Consulting Group endeavours to provide reliable analysis and believes the material it presents is accurate, it will not be liable for any claim by any party acting on such information."

Just precisely, by the way, are they giving us: the best-case, the worst case, the middle case? It is never stated. It doesn't really tell us what the economic benefits are. The IIS points out almost *ad infinitum* how the scheme will benefit us all, but these 'benefits' are in fact, to the proponent, all costs. And like any business, costs are to be reduced or avoided at every turn. So we can expect the benefits promised to be, at best, the very, very maximum we will ever get, but we should prepare ourselves to get a lot less. And what is the guarantee that we will ever get any of it?

The economic promise is a projection. It is therefore a shimmering hope, but it has no reality. And it can have none. All the economics is speculative. But all the impacts are real. They are certain. You put this much through, you will get this much out.

Driving the rosy prediction is, of course, an economic model. Now, the Monash university model of economic growth is a computer program. It is not real. It is not intended to be a tool for economic planning. It is very interesting for academics to, in an academic way, play with their models of the economy, but I don't think the Reserve Bank is relying on it, and I don't think we should either. It may be an excellent model but it is a

model. It is not a predictive device. And they will bet nothing on its reliability. I mean, really, do they think we are children to trust it? I bet it can't predict what will happen in the next thirty minutes. Let alone the next thirty years. They do say that we can't predict 30 years ahead. Are you having us on? What, it *can* predict 20 years ahead? That is an absurd claim. It cannot predict anything. It simply models by calculation and formulae what its assumptions are.

In fact, if you look at the report closely, it's finest grade of prediction concerns the period of about three years around the construction of the mill, before and after, during which the size of expenditure has a direct impact on various economic variables—and you see the rises and fall in the graphs. But after that, the future becomes suddenly, and perfectly quiet, undisturbed, regular and unchanging. The long-term modelling is fakery, it is deceptive and it is manifestly absurd.

Like all models, it is based on assumptions. You know the story about economists and assumptions? The punch line is, for the three men shipwrecked on the desert island with nothing but cans of beans, the Economist says "I know how to open the cans. Firstly, *assume* we have a can-opener."

And these economists are no different.

Firstly, they assume that if this scheme goes ahead, no other investment will *not* go ahead. What it is all based on is... nothing else happens. It doesn't know what will happen to interest rates, stock exchanges, technology, society, technology. All this could be wiped away, made redundant. It is an extraordinary assumption. Of course, demands for some type of service inevitably result in a fall in demand for other services. There is no mention of this. We can only eat so much: If we eat more fish, we will eat less of something—perhaps beef. This is only commonsense.

Underneath this terrible, terrible assumption that all else will go on is the idea that you can do one thing, and nothing else will be affected. But everything is connected. This is the profoundly simple understanding of ecology, that these proponents just refuse to accept or even acknowledge. You can *not* do just one thing. It is a demonstrably and profoundly misleading assumption.

And on go the simplifications and additional assumptions. But we do not get to be privy to all its assumptions. Those we here make for charming reading, like children's stories. It is a world like a doll's house. But you can only have one type of furniture, a kind of Ikea model of the world.

But on they go. Based on the model, they go on to gleefully show how a 14 billion dollar investment will inject 14 billion dollars into the economy. Duh! How can it not fail to inject what it states it will inject?

The interesting power of the model, of course, is in its sophisticated calculation of the multiplier effects of this injection. All the wonderful charts are built on this, and they say,

in effect, if you build a mill of this size you can pulp this much wood, and then comes the sleight of hand, for now it says, and so therefore you will need this many workers, this many chemicals, this many everythings, and the value of all this is X. (The analysis loves the construction period and the workforce, employment, jobs, it is a mantra of itself.) I loved best (although it is only one of many similar charts) the Biomass output chart. After a small rise between 2010 and then a small fall in 2012, from 2113 until 2030, the output remains exactly the same. Sixteen million dollars a year. Year after year. Without fail. Without change. What a wonderful prediction! Amazing. Unbelievable! I will bet you sixty million dollars it won't happen.

But wait a minute. Yes, at maximum capacity 24-hours a day you can produce that much. But will it be demanded? This is the exact same sleight of hand used by the Hydro Electric Commission to build more and more dams. If we build them we will be able to sell this much electricity and that will increase the GDP by this percentage. Sound familiar? Hydro has left us with a billion dollar debt. This is the cargo cult mentality of some primitive pacific islanders. This is little more than black magic. Such a model can be told to predict anything.

The deeper assumption is that if we have economic growth, if we have more money, our living standards will go up and—here is the assumption—we will therefore be happier. My god! What? Are the consultants now also psychologists, are they? Where is the evidence, the study, the proof of this money-equals-happiness? None is tendered. It is just assumed. The underlying assumption is that economic activity is good. This underlies the entire analysis. Well, is it? By this thinking, road accidents are good, wars are good, turning artworks into rubble is all good economic activity that increases GDP. If you built an inferno for burning the world's poor, the sums would be exactly the same.

I would submit that the ISS's economic impact is profoundly flawed and dangerously narrow and that the economic model used to demonstrate the economic impact has been falsely used and cannot be relied upon.

Submission on Cultural Impacts
Pulp Mill ISS

Bernard Lloyd

Thank you for the opportunity to comment on the Pulp Mill ISS. It has not always been so.

Nevertheless, it does seem extraordinary to me that the proposal has been allowed to get to such an enormous length and level of detail: with so many aspects of the proposal which are little more complex than technical drawing for roads, railways and pipes being put before us in great detail for comment whereas such higher-order matters relating to its cultural impact have not been raised at all, let alone dealt with in the ISS. How to build pipelines and roads, how many tons of logs fit on a truck; these are not at the heart of the proposal.

I have spent most of my working life in publishing as a writer. I work in what is now called the creative industry. I have worked in Tasmania, writing about Tasmania for most of Australia's major magazines and newspapers for a dozen years. I have published a dozen books, including three on various aspects of Tasmanian history and cultural affairs.

The ISS almost never addresses the general issue of the cultural impact of the mill. Of course, there are a great many of cultural impacts in any large scale enterprise and I would have expected there to be a complete document exploring the cultural issues. It would seem that the proponents have not even been able to conceive of the idea that their proposal has a deep cultural significance.

Let us look at the culture of Tasmania, and ask, How is this a culturally beneficial project? In my view, the cultural impact of the proposed works is almost entirely negative. But, to return to my first point, this is an issue is not even addressed in the ISS.

Thankfully, the proponents spared us the obscene suggestions put forward for the Wesley Vale Mill that it would be a tourist drawcard, that people would come for tours and to marvel at it. No doubt some would have, but the vast majority of people drawn to Tasmania will be horrified by it. But even that is not the kind of cultural analysis or cultural impact I am getting at.

Forgive me if I am not able, in this short submission, to elaborate in detail on what a cultural impact statement should contain, and on the specific cultural impacts of this specific proposal.

I think that cultural practitioners would, firstly, be inflamed by the fact that their concerns do not even rate a mention, let alone a rebuttal in the IIS. And I would call on you to consider the views, by calling as an expert witness, some figures of national repute in this field who might advise you on the cultural impact on Tasmania of this mill proceeding.

In the meantime, I will outline the thought that I have had but better still, you should call on real experts in this field to advise you.

I do not know in detail what the cultural industry of Tasmania's general view of the impact of the mill is. But as a member of the creative economy, I have spoken with many fellow practitioners and not one of them has had a good word to say about it. Perhaps the question should be asked, but I suspect that the producers of culture will be almost overwhelmingly opposed to the mill. They see it as monster growing. To me, and to most art practitioners, the mill is like a cancer in the culture of Tasmania. I would characterise their view as this: Culturally, this mill is the scheme of some kind of warlock. It is a scheme conceived beneath Mount Doom. It is a scheme to transform the Tasmanian landscape from Middle Earth into Mordor. It is the scheme of a crude, anti-technocratic, utilitarian min. And essentially, it is a scheme with no cultural benefits whatsoever.

Now, on the other hand, it is said that the proposal will have economic benefits—more cash—and a proportion of that will be spent on the arts. That, if demonstrated, is a benefit. It is also said that the mill will employ highly skilled workers, and historically, some correlation between income and consumption of art has been demonstrated. My gut feeling is that these positives will not be significant when compared with the negatives. But firstly, Why is the cultural industry and the cultural community likely to be so opposed to the proposal?

I think the answer is that culture producers oppose the proposal not out of hand, by knee-jerk, or because they do not understand it, for it is easy to understand; not because they have no contact or personal stake in it: quite the contrary. Nor is it that they cannot recognise technical beauty, they can, but as we know, this project's chief potential elegance—the closed loop, the leap beyond dioxins and chlorine into state-of-the-art technology—has been abandoned.

The cultural industry opposes the proposal, I suspect, because it is essentially a reductive process that produces an indistinguishable, undifferentiated, unsophisticated material: pulp. They would recognise that pulp is a value-added product, but then they would ask: have you ever seen paper pulp? It is a kind of dried sludge. It is a mulch. Yes, strictly, it is more valuable than woodchips, but pulp is only a fraction of the value of paper and it is a joke to call this process sophisticated. In *their* terms of value-adding, this is a pathetic addition. By contrast, many of them would recall The One Tree Project, which showed how a single tree (a tree destined for woodchipping) could be fashioned into hundreds of products. That is value-adding, the pulp mill is merely the crudest up-stream-by-one-step process. There is also the romantic revulsion at the idea that something that is innately beautiful and self-sustaining and natural—a forest, and indeed, something that was not produced by the proponents, but created by forces we barely understand, will be destroyed by a single entity. Moreover, it is an enterprise based not on creation but on destruction. The building has no aesthetic beauty and is inhuman in scale. It is a kind of slaughterhouse. And so it is, at its core an offensive, brutal, ugly and crude proposal. To artists it leads to nothing.

I would say that the deepest root of Tasmanian culture draws, and always will draw, from its natural estates: from its land, and sea and its most magnificent forests and the wildlife they contain. From the colours of its soil and sky and sea and flora. From the sounds of

its winds in its trees, its birdsong. It is from this inspiration that culture is produced. Any society that wants a unique and vibrant culture needs deep forests and wildness. This proposal has negative impacts on all this.

I think that the ISS has completely failed to examine the cultural impact of the mill but that, in concept, the proposal entrenches a vision of Tasmania that is diametrically opposed to its long-term cultural health and that, on these grounds alone, the proposal should be rejected. Or at the very least, the proponents must conceive of a plan that compensates and ameliorates Tasmanians for the cultural damage they are proposing to carry out.

