

BRIEFING PAPER: WHY THE COMMUNITY ISN'T BUYING THE BIG SELL

TAP Into A Better Tasmania

Briefing paper on the current debate over the future of Tasmanian forestry and Gunns' planned pulp mill prepared by TAP Into A Better Tasmania, November 2010.

For further information please contact media spokesman Robert McMahon on 0448 547 290 or email bob@orielstudio.com.au

Introduction

A stalled proposal for a world scale pulp mill, the slow motion collapse of the forest industry, the astonishing alignment of environmental groups behind industry for a plantation-based pulp mill and the prospect of big money changing hands marks an extraordinary period in a small island's history.

So how did all this happen? It's time to examine the causes in detail because to misdiagnose the causes invites the wrong solution. One solution being proposed, for example, involves 'compensating' the forest industry to the tune of over a billion dollars. But that in turn carries its own serious consequences eg. lack of funding for public hospitals.

The interpretation of the causes presented here provides a big picture perspective from a hitherto ignored community view, the one that the special interest groups involved don't want to hear.

So how did we arrive at the point where the aims of some environment groups now mesh with industry, where conservationists signed up to support a plantation industry and a pulp mill in Tasmania, and the community was sidelined?

The story started decades ago.

1. The big sales cycle stage 1 - set up plantations

Jaakko Poyry is in the international billion dollar pulp mill business. The Finnish company's marketing strategy encompasses whole countries and stretches over decades. The strategy is founded in the economic view of the world that big pulp mills fed by big plantations are needed to compete with world scale pulp mills in a global commodity market. Poyry is a hard-nosed global player in the game for profit.

Pulp mills have to be big to get the finance as per the report published by the Centre for International Forestry Research (CIFOR), 'Financing Pulp Mills - An appraisal of risk assessment and safeguard procedures' (<http://www.cifor.cgiar.org/Knowledge/Publications/Detail?pid=1982>).

Poyry's long term sales cycle to sell a pulp mill starts with the creation of conditions favourable to plantation feedstock and ends with the lucrative contract to provide ongoing technical services for a pulp mill.

Enlisting support for plantations

Plantations with even quality wood are preferable to uneven quality wood from native forests for pulp mill feedstock. In addition, few markets will accept non-FSC native forest feedstock any

more. Just ask Gunns. Their decision to exit native forest logging is driven by profit motives not the goodness of their heart.

The stakeholders who have come on board now include government, industry, unions and environment groups.

In the late 1990's the Forest Industry Growth Plan was launched as well as Howard's 20/20 Vision of a 3.3 million hectare plantation estate by 2020. Out of this forest industry and government symbiosis was spawned the Managed Investment Schemes (MIS). It was designed to enable the 20/20 Vision at the expense of the ordinary taxpayer who subsidised the 'investment' of people who didn't want to pay tax. The MIS companies have since collapsed. The MIS turned into a blinding disaster, except for those who received the money.

Most federal Liberals are still keen on MIS for 'plantation forestry' and federal Labor is very hot for it. Despite what farmers claim is a rural disaster stemming from two million hectares so far planted, both parties passed Labor's legislation for a target of 30-odd million hectares of plantations in Australia. This is 10 times the area that John Howard planned.

Michael O'Connor, head of the CFMEU, has called for a massive expansion of plantations, most likely so the union member industries (coal and iron ore mining) can offset their carbon costs for generations to come.

The Wilderness Society, Environment Tasmania, Our Common Ground and some in the Greens see plantations as a way of substantially exiting native forest logging. They speak with one voice when it comes to promoting plantations, so much so that we could rightly speak of the four organisations as being a conglomerate. There is a revolving door between the various divisions of the conglomerate. The conglomerate's mainland friends include Australian Conservation Foundation, a party to the negotiations, and internet lobby group Get-Up.

Environment Tasmania (www.et.org.au) said, 'The Tasmanian Forests Statement of Principles sets the state's timber industry on a new path to economic opportunities through plantation-based forestry'. It supports 'Transitioning the commodity (non specialty) forest industry out of public native forests into suitable plantations'.

Our Common Ground funded an expensive pro-plantation TV advertising campaign at the time of the last State election. Get-Up launched a campaign to coincide with the release of the Agreement of Principles, seeking 50,000 signatures on a petition calling for the establishment of 250 square kilometres of blue gum plantations for somewhere in Tasmania (farmland?).

The State Government created extremely favourable conditions for tree cropping monocultures to thrive. The legislative framework includes among other things the Protection of Agricultural Land (PAL) policy, self regulation, separation from normal planning laws and the infamous Pulp Mill Assessment Act.

Jaakko Poyry could not be more pleased.

Co-opting the community for the plantation cause

So the first leg of establishing a pulp industry, leading ultimately to a pulp mill, now has the agreement of all 'stakeholders' except for the community: that nebulous group of farmers, bee keepers, specialty timber workers, irrigators, sawmillers, tourist operators, towns folk, etc that form the bulk of the Australian taxpayers.

Enlisting support for plantations from the community is important for legitimising the push by government, industry and environmental groups. Despite the lack of consultation and despite resistance to the idea of widespread plantations by many in the community, certain environment groups favouring plantations have claimed they are representing the community. Greens Leader Bob Brown, interviewed on PM Agenda (Sky News, 18 October 2010) said in effect that ‘the people are calling out for plantations’.

Government is keen to go along with the pretence. The extravagantly pro-Gunns pulp mill Environment Minister, Tony Burke said, ‘One of the strengths of the Tasmanian (forest) agreement was that it was truly community-led...’ (7 Nov. 2010 Age).

No mention of the large sections of the community left out of the negotiations.

No mention of the serious negative impacts of plantations or those who suffer from them.

2. The sales cycle stage 2 – add a pulp mill

Once plantations are established over a sufficiently wide area, they can be used as leverage for a world scale pulp mill to compete in the global market for big profits.

With no experience or knowledge of pulp mills, Gunns suddenly announced in 2004 that it will build one of the world’s largest pulp mills. Jaakko Poyry is the pulp mill provider, Gunns is merely the proxy. Their job is to prepare the way for the mill and raise the money to pay Jaakko Poyry and Poyry’s pulp mill equipment supplier Andritz in Austria. Poyry probably plays some sort of facilitating role in the money procurement as well. It’s in their interest after all, because they stand to gain a fair slice of it.

3. The sales cycle stage 3 – announce the mill technology and location

The choice of an elemental chlorine free (ECF) mill was made quickly on profit grounds despite calls by The Wilderness Society for chlorine free closed loop technology. As an aside, pulp mill expert Warwick Raverty said that no ECF mill is successfully using closed loop despite many attempts (www.tapvision.info).

If a mill is built, there are three location options, Hampshire, Tamar Valley or somewhere else. The Hampshire location was initially flagged by Gunns but quickly dropped in favour of the cheaper Tamar Valley option. The pushing of the Hampshire alternative by some people in the Tamar region reveals a lack of appreciation of the wider impacts.

The ‘somewhere else’ option was reflected in a Bob Brown interview on Radio National in December 2009. He voiced that position when he said the people of the Tamar Valley did not want the pulp mill in the Tamar Valley; they wanted it somewhere else. The Wilderness Society also asked the public in a leaflet, to support Gunns building a closed loop, chlorine free, plantation fed pulp mill in Tasmania (not the Tamar Valley).

Gunns is not going to change its proposal. CEO L’Estrange told ABC Stateline (25.10.10) that Gunns would work ‘with the community so they understood what the pulp mill facility planned for the Tamar Valley is’.

Irrespective of its location, the pulp mill and its plantation feedstock are set to have serious impacts not in a small backyard but over the whole State.

4. The meaning of a big pulp mill and its plantation wood supply

A pulp mill means big; the alternative is no mill. CIFOR revealed that there is no small scale or half-sized mill option available because the economic paradigm dictates big or nothing. A big mill means huge quantities of effluent in slow flushing Bass Strait. It means a 110k wide zone of foul odour blanketing the homes of 100 000 people in northern Tasmania. It means large scale plantations sucking water from water supply catchments that feed irrigators and towns. It means displacement of existing jobs, homes and business from a wide area.

Plantations

In their determination to stop logging of old growth forests, the conservationists have promoted plantations as the alternative despite the significant inherent problems.

The great majority of plantations consist of *E. nitens*, a species suitable for little other than as pulp mill feedstock and provides minimal return from the land and water resources used. Plantations suitable for alternative uses in timber and veneer production as promoted by environment groups appear to be decades away.

Moreover, plantations compete for water with irrigators, farmers, domestic consumers and the environmental flows needed to sustain river health. Conversion of farms to plantations is reducing food production and downstream processing worth hundreds of millions of dollars. Plantations provide far fewer jobs and leave rural communities suffering a severe cash flow shortage. The rapid devastation of family farms is leading to a collapse of rural communities and the decline of viability of whole regions. Huge monoculture plantations require huge spray regimes to counter insect attack as medical research on the impacts of sprays continually uncovers serious health effects including from low level residues. Plantations are much more susceptible to fire as the study of the devastating Victorian bushfires in 2009 shows. Tasmania's lucrative tourism business, worth around \$1 billion per year, is adversely affected by plantations. Tourists who visit this state are shocked by monotonous rows of trees devoid of wildlife.

So much had to be sacrificed so that plantations could be spun as the final solution to the forest wars: truth, decency, rural communities, freedom of speech, Greens supporters, water security, independent scrutiny, food production, health of rural communities, water quality, clean air, taxpayers' money, etc. Any number of people could contribute to this list especially the following whose work on the damaging effects of plantations is now so inconvenient and has been deliberately abandoned: Dr. David Leaman (geohydrologist), Dr Alison Bleaney (medical doctor), Dr. Marcus Scammell (researcher), Robert Belcher (Sustainable Agricultural Communities Australia), Peter Henning (historian), Karl Stevens (ex Greens Councillor West Tamar), Brenda Rosser (Actuary) , Mike Bolan (systems analyst), Bob Loone (deputy mayor Meander Council).

Collapse of the property market and displacement of existing business and industry

All the community research work (www.tapvision.info) shows that the proposed pulp industry future for Tasmania, regardless of whether the mill is at Hampshire, Long Reach, Scottsdale, Salamanca or anywhere else, would be economically and socially disastrous. It would also use scarce resources like land and water for an appallingly low return. No matter where the mill might be located in Tasmania it still would have massive socio-economic impacts on the whole of Tasmania even if, in the Alice In Wonderland scenario, all the environmental problems were solved with an alternate technology.

The threat of Gunns' pulp mill is already stifling investment in the Tamar and has caused a collapse of the property market in Rowella, Kayena, Sidmouth and north Deviot. One owner has been told by the Commonwealth Bank that her house is now worth \$100 000 less because of the

proposed mill. With up to 40 000 properties affected, the collapse in value is estimated in the billions of dollars.

A pulp industry of the scale proposed, and already with most of the approvals in place, would displace established business, deter future investment of the 'clean, green and clever' kind and depend on whopping subsidies to keep running, to the detriment of public services.

Tasmania's economy would take a big lurch backwards to domination by one huge undifferentiated export commodity in which food-producing land, predominantly dairy and beef, is displaced by *E. nitens* monoculture. It would be our version of the palm oil and coffee kleptocracies of the Third World, in which food production is sacrificed for an export industry.

Delusion and collusion between government and industry

The pulp mill should not be looked at in isolation. It is a symptom of a deep-seated disease in Tasmania. Cathran Bowyer put it succinctly when she said the pulp mill was a scab on a very big sore. The deep-seated disease in Tasmania is the lack of separation between business and government, aided by the vacuum of proper planning processes for the best long term land use in the state.

The government magically holds in its collective mind two fundamentally opposed views of the future for Tasmania. On the one hand, it favours big pulp mills and plantation wood supplies; on the other hand, it promotes Tasmania as a clean green tourist destination and food bowl of the nation supplied with plenty of water. Ex-Premier Paul Lennon was duplicitous when he told Parliament, 'We can have it all'.

Forestry Tasmania, the government's own business enterprise, claims to run a self regulated sustainable operation while some forest workers reportedly have attempted suicide and the whole industry is heading over a cliff.

The environment groups have scored a home goal by signing up to in-principle support for plantations and a pulp mill. There is only one pulp mill on the table and its massive size is dictated by the economic paradigm. It is very different from the wish list described in the policies of The Wilderness Society and Environment Tasmania, yet they signed up to the agreement without including any qualifications based on hydrology, carbon storage, jobs for Tasmanians, no impact on existing industry, etc. The media spin selling the 'historic' breakthrough papers over destructive self-censorship.

There is a robber baron mindset in an industry for which the pulp mill was the vehicle for a big grab for land, water and forest resources and the locking in of public subsidies forever. And the whole show was being facilitated by a state government and opposition long accustomed to pandering to an industry with delusions of entitlement; and to a single company intent on a complete monopoly of the industry in Tasmania and of bypassing the checks and balances of the planning system when it suited.

Ongoing dependency on public money

Naomi Edwards, retired actuary, chose to examine the economics of a pulp industry in Tasmania. The title of the paper, which was written in September 2006 as a submission to the RPDC, says it all: *'Too Much Risk For The Reward – an analysis of the pulp mill returns for the people of Tasmania.'* This was a seminal work and would be an automatic inclusion in any anthology of the intellectual capital developed during the six years of the pulp mill chapter in this island's history. Naomi's conclusions were unequivocal. Going down the pulp mill road was not what Tasmania

should be doing. A mill here would not be able to compete with pulp producers in the developing world and would of necessity require huge subsidies of public money to stay afloat.

5. Fault lines in the forest principles agreement

The strong backlash experienced by the environment groups at their community forums designed to sell the forest principles deal exposed the severe weaknesses in their negotiating stance. The environment groups and by extension the Greens risk getting badly hurt.

At the conclusion of the secret forestry negotiations, the agreement by environment groups to 'in principle' support for 'a' pulp mill was a crucial enabling step for 'the' Tamar Valley pulp mill. With only one pulp mill proposed, the stock market pumped Gunns shares up by 21.8% following the signing of the document. Gunns and the CFMEU were reportedly gleeful. Gunns is adamant that 'it sees the peace agreement as giving its Tamar River pulp mill the green light; in effect viewing the deal as a forests-for-pulp mill swap' (23 October, 2010, The Australian).

However, the secret negotiations failed the overwhelming majority of Tasmanians who are opposed to the planned mill. Dismayed opponents, 'Pulp The Mill', quickly staged a trespass action on site at Long Reach. There will be more protest action to follow, propelled by a sense of urgency that the industry sees the outcome of the negotiations as granting them a social licence for the Gunns mill.

Pawns in the game

From the industry point of view the forest principles negotiation were also about something else. Firstly: the core business of guaranteeing the delivery of massive exit, re-structuring and compensation packages for the logging industry, plundered from the public purse. The industry has been lurching on for decades with the aid of huge subsidies amounting to hundreds of millions of dollars.

Secondly: using the conservation groups to legitimise massive compensation to a failed industry. They were there to put a gloss on it, to give the grubby manoeuvre an air of legitimacy and to greenwash an unpleasant monoculture proposal. This was a classic example of Naomi Klein's 'disaster capitalism' at work. The environment groups seemed to be willing facilitators and very publicly led the chorus calling for compensation for the failed logging industry.

The industry is used to huge public subsidies and is aiming to have its problems solved with more of the same, reportedly somewhere between \$600 million and \$1.2 billion. CEO Greg L'Estrange said, 'Gunns' employees, contractors and shareholders deserved to be compensated for Gunns' decision to move out of native forest logging' (ABC Stateline 25.10.10), but their decision was made for financial reasons. There is not the same level of support for others in dire straits such as vegetable growers, carpet factory workers and scallop fishermen. Why should Gunns be treated differently?

Did the environment groups see their agreement as simply a trade-off between exiting native forest logging in exchange for broad support for a pulp mill? There are many who want to know if there were other inducements. Was it also a way to deflect criticism of them as somehow being 'anti-development' whilst forgetting that a pulp and plantation industry is a massive displacer of existing businesses and jobs?

The ongoing suspicion threatens the standing and support for environment groups and by association the Greens.

6. Choices for Tasmanians

A big pulp mill or no pulp mill; this is the choice the community has been making since it was proposed 6 years ago. The majority have sided against the proposal but if Gunns, Jaakko Poyry and the government succeed, then the cost will blight Tasmania's future.

Jaakko Poyry and Gunns' designs on Tasmania should have been weighed up against a pulp mill free future with all the costs and benefits assessed and in the knowledge that the pulp industry on the scale proposed would displace much and pre-empt much.

A glimpse of a pulp mill free alternative took place in Launceston in 2007 when The Wilderness Society and TAP Into A Better Tasmania, with the assistance of dozens of fine food and wine producers, tourism concerns, artists and crafts people and various other small businesses of the Tamar Valley, organised a trade fair. It demonstrated the vibrant and creative range of small businesses already established in the valley, and a healthy per capita income and low level of unemployment.

The choice about our forestry future, however, is not all or none, yes or no; there are alternatives in scale and design put forward by knowledgeable experts such as Peter Brenner and Frank Strie.

How different it would be if bland world scale monoculture pulp plantations were replaced with complex, close-to-nature 'working' forests, in harmony with 'hydrology, carbon, climate/weather extremes, fire risk, job opportunities, landscape impact, integration with other industry and community interests,' as described by Frank Strie. It is a vision considerate of the natural limits and long-term survival of a rich and diverse Tasmania.

(http://tasmaniantimes.com/index.php?/weblog/article/war-and-peace/show_comments).

Logical fallacy

The environment negotiators see plantations as the key to substantially exiting native forest logging. Their aim is to substitute wood from native forests with wood from plantations to supply a range of 'timber processing facilities including a pulp mill' (industry principle).

However, the plantation resource in Tasmania is currently insufficient to feed a pulp mill of the sort of scale that has any chance of attracting international finance.

The consequences are twofold. The area of plantations in Tasmania would have to increase substantially to supply the voracious appetite of a big pulp mill. Moreover, the 'timber processing facilities' like sawmills would have nowhere else to turn but native forests for their wood supply.

The catch for environment groups is 'making ends meet'. They provided 'in principle' support for a pulp mill and want an end to native forest logging but are opposed to extending the area of plantations that is necessary to make it all happen.

This is the very deep corner into which the environment negotiators and the Greens have argued themselves.

What next?

The pulp mill question is an all or nothing debate but the issue over forestry holds many shades of grey.

The industry wants big money to exit native forest logging but market forces were already driving them down that road. The involvement of environment groups was almost superfluous to the exit decision.

The support by environment groups for plantations contains the inconvenient flaw of serious and growing impacts on the whole environment. Their call for unity is loud and insistent but papers over the fault lines between their narrow agenda and broad community concerns.

The community and taxpayer is expected to fall into line with demands by special interest groups and hand over hundreds of millions or billions of dollars. The unexamined cost is foregone services such as hospitals and schools.

So far, the public is not buying it and the secret forest principles deal is set for collapse. It remains to be seen how large is the fallout for environment groups.