

Jobs jobs jobs! How many new pulp mill jobs?

Introduction - Why jobs?

Creation of new jobs is the central pillar in the case for winning the hearts and minds of Tasmanians for Gunns' proposed pulp mill. Gunns' CEO John Gay said the "mill would create jobs and long-term job security for a significant part of Tasmania's workforce" [1]. This position is echoed by the Forest Industry Association of Tasmania chairman, CFMEU forestry division, Timber Communities Australia, the Tasmanian Chamber of Commerce and Industry, and both Liberal and Labor parties, as well as some northern council mayors.

The promise of thousands of new jobs helped ex-Premier Paul Lennon justify rescuing the 'critically non compliant' Gunns pulp mill in 2007 with a special act of Parliament, the Pulp Mill Assessment Act (PMAA). The other main pillar of support for quickly passing the PMAA, the urgency of Gunns' commercial needs, has now been discredited. However, the creation of new jobs remains as the central justification for the project by Liberal and Labor. Labor is positioning itself for the 2010 March election as the pro-jobs party and the Greens as anti-jobs.

What we are asked to believe

There are several competing stories around the pulp mill proposal that we are asked to believe. We can choose to believe Gunns' PR man Matt Horan, who says it will create 2000 construction jobs [2], or we can believe Gunns' secret advice to the George Town Council engineer that only 1250 building workers are needed [3]. We can choose to believe Horan that the pulp mill will create "about 16,000 jobs in the future," [4] or we can believe consultant ITS Global that it will create only 292 direct long term jobs [5].

We can believe Gunns' stated wishes that underskilled Tasmanians with no experience in pulp mills will get preference over skilled outsiders from interstate or the thousands of overseas experienced pulp workers who have been made redundant in the global downturn. Further, we can believe that the fourth largest kraft chemical pulp mill in the world will happily co-exist with fishing, tourism and nature-based activities, boutique wineries, organic food producers and farming [6].

We are also asked to believe the Liberal and Labor story that Tasmania as a provider of undifferentiated bulk commodities is better than one based on the State's distinctive and unique attributes that give businesses in tourism, fishing, wineries, organic foods, and others a competitive edge.

The consequences of choosing to believe the wrong story are serious. So what are the job facts and which story stands up?

How many jobs?

How many new jobs will really be created by Gunns' proposed pulp mill? In a review of the media over the last two years I found sixteen different estimates ranging from 292 [7] to 16000 [8]. Depending on who is talking and the kind of jobs they are talking about, there are either 292,

300, 900, 1000, 1044, 1250, 1600, 1617, 2000, 2500, 2900, 3000, 3400, 3500, 8000, or 16000 new jobs from the pulp mill.

They can't all be right. And it is important for an unemployed person at number 293 to know if the recruitment list is 292 or 16000 positions long.

This discussion will look only at the differing numbers of direct jobs put forward, not the indirect jobs. This is because of untested assumptions and fudge factors that inform rubbery claims of indirect jobs arising from the project. The discussion will look at the number of new jobs for Tasmanians as opposed to 'outsiders'. It goes on to compare new pulp mill jobs with those in tourism and fishing that many within those industries say will be lost. And finally, it poses a key question on the kind of future we want.

Jobs breakdown

It is helpful to look at the claimed numbers of new jobs in construction, jobs in operating the mill, and jobs in the forests supplying wood. It is also helpful to look at job numbers from more credible sources such as consultant reports versus the numbers quoted by a coterie of 'spin merchants' including those in PR, industry unions and Government Ministers (after all, who tells the Ministers what to say?)

Here are the more credible sources of job numbers in each phase of the project that I could find. For construction, Gunns advised the George Town Council in January 2008 that it will employ 1250 workers at the peak of activity [9]. This was revised down from the previous estimate of 3000 workers published earlier. This smaller number (1250) appears more credible because it was contained in a secret letter to a pro-mill council that was wrestling with the issue of housing thousands of construction workers. The story broke in the Mercury three months later.

For the operational phase, the State Government-appointed consultant ITS Global reported that "Gunns expects to employ 292 workers at the site" [10]. This figure also appears in Gunns' IIS.

What about additional jobs in the forests to supply pulpwood? The mill's greatest supporter, ex-Premier Paul Lennon, assured Tasmania that "the resource for the mill will come from plantations and regrowth forest and we have been clear about that from the start. The mill will use wood that would otherwise be exported. Between 3.2 million and four million tonnes will be processed into pulp here" [11].

[According to Lennon, jobs in producing woodchips for export will become jobs for supplying the mill. This implies no additional jobs for contractors in the forest to service the mill.

This discussion is focussing on pulp mill jobs but it is important to note in passing that Gunns' want to cut down trees to supply both a pulp mill (4 million tonnes per year) and continue exporting woodchips (up to 3 million tonnes per year) [12]. In short, Gunns plans to almost double the wood-chipping in Tasmania.] So, jobs for the pulp mill include 1250 at the peak of construction, 292 in on-going operations and zero new jobs in the forest supplying wood. See Figure 1, number of direct jobs in construction and operation of the proposed pulp mill.

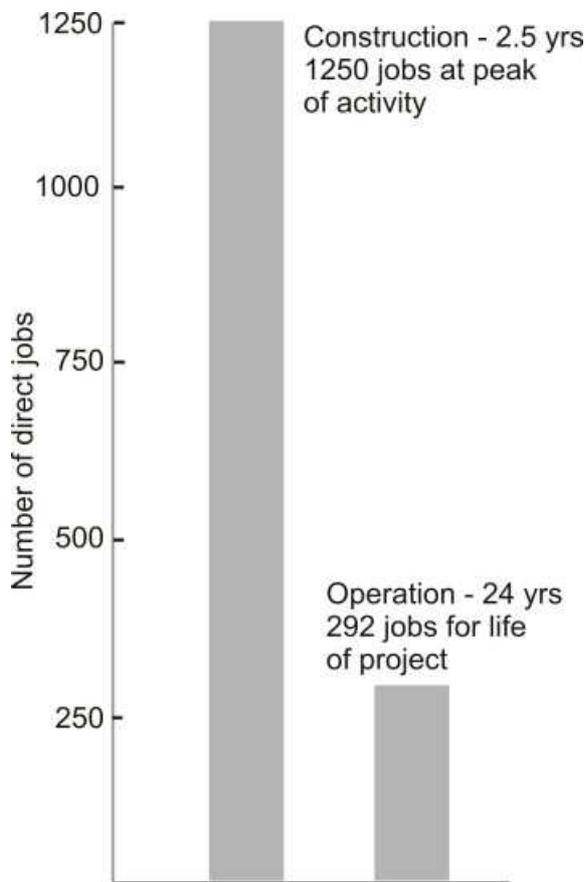


Fig 1. Number of direct jobs in construction and operation of the proposed pulp mill.

Rubbery numbers

What about all the other job numbers quoted in the media? Are they hollow promises to exploit the desperate and the hopeful to garner political support? In January 2009, an unidentified Gunns spokesman said “3000 new jobs” [13] will be created but this appears to be a rehash of outdated information published 12 months earlier; someone hadn’t done their homework. In June 2009, Federal Minister Tony Burke said, “Construction ... will create 8000 direct and indirect jobs” [14]; someone had been doing too much homework. In April 09, Gunns spokesman Matt Horan is quoted as saying it “will create 2000 (jobs) just in construction and about 16,000 in the future” [15]; but then he is paid to say these things.

These are rubbery numbers from Gunns’ ‘hangers-on’ that conflate direct employment numbers with indirect jobs, and short-term jobs at the peak construction time with ongoing jobs. The Visy pulp and paper mill near Tumut, NSW uses a multiplier of three times the number of direct jobs to estimate the number of indirect jobs.

On that basis, there will be about 880 positions servicing Gunns’ planned pulp mill. While there are indirect jobs flowing from any business activity be it fishing, tourism or pulp mills, this discussion remains focussed on the more accurately measurable direct employment numbers for the long term.

Rubbery job numbers in the pulp industry are not a purely Tasmanian phenomenon. Independent MLC Ruth Forrest went on a fact-finding visit to the Nueva Aldea Mill in Chile. Her minority report said that, “The company stated that the mill and associated operations provide 10,000 jobs within the area when considering all operations including forestry. However, locals in two surrounding villages claim that there are very few locals currently employed at the mill” [16]. And in a thorough review of the Bahia pulp mill in Brazil, researchers concluded with typical academic reserve that “when pulp mill construction is involved, there exists a tendency to overestimate the number of jobs created” [17]. Rubbery numbers are an exquisite tool in the hands of politicians for igniting hope in the hopeless and greed in the opportunistic, and for massaging the voter’s preferences.

How many direct jobs specifically for Tasmanians and the under-skilled?

While spruikers talk with largesse about new jobs, not all will be won by Tasmanian workers. It is worth examining how many jobs of the 292 in operations and 1250 in construction might be available to Tasmanians.

Construction jobs

During the 30-month construction phase, Gunns expects only 40% of the 1250 building jobs or 500 will be Tasmanian [18]; the rest of the workforce will be outsiders from overseas and the mainland.

However, the prospect of even 500 Tasmanians in the construction workforce looks bleak. University of Tasmania lecturer Alex Wadsley in May 2008 said, “Anybody who is to work on the construction of the pulp mill is already well employed somewhere else. So when you talk about new jobs, those jobs are going to have to leave other businesses in order to get the work for building the pulp mill” [19]. In addition, ITS Global stated that “Skills required for construction overlap quite heavily with those in shortest supply” [20]. Senator Christine Milne echoed those points with her statement that “Many of those (construction) jobs would be blow-in jobs as skilled teams fly in from overseas” [21]. So 500 local jobs looks optimistic.

The actual length of employment of a worker with specific skills is less than the total construction period. Gunns’ IIS shows that the number of construction jobs will rise from zero to a peak about two thirds through and then tail off to zero. Jobs peak sector by sector – first is civil, then mechanical, with piping, electrical and instrumentation peaking together at the end [22].

Operating jobs

What of employment during the operating phase? The statement in Gunns IIS that 234 or 80% of the 292 jobs could be filled by Tasmanians [23] looks wishful thinking. Industry analyst, Robert Eastment believes that “a lack of training means Tasmanians will find it harder to get work once the \$2 billion mill is operating” [24]. Because of shortage of skills in Tasmania, Gunns say that 60% of the 292 operational jobs will require additional training [25]. The job prospects of under-skilled Tasmanians look bleaker when compared with the more than 40,000 experienced Canadian pulp workers laid off before 2006 and the tens of thousands since [26]. Job-ready Canadians have already enquired about work in Gunns’ mill.

Pulp mills overseas might provide some guide as to real employment figures for locals. In Brazil, the fully functioning \$1.5billion Veracel pulp mill is reported to “employ only 741 people in its factory and plantations. The workers at Veracel are highly qualified. No less than 42% ... have university degrees” [27]. The local Brazilian people who generally have fewer qualifications are complaining bitterly that these jobs do not benefit people from the region. There is no evidence to say that the situation in Tasmania will be any different from Brazil.

So far, the tally of direct jobs for Tasmanians is fewer than 500 for two and half years in construction, plus a possible 234 in operations for the 24-year life of the project, and zero extra jobs in the forests supplying wood. See Figure 2, number of direct Tasmanian jobs (shaded) and

overseas and interstate jobs in construction and operation of the proposed pulp mill. This looks a lot less than the many thousands spruiked by Minister Tony Burke and Gunns' Matt Horan.

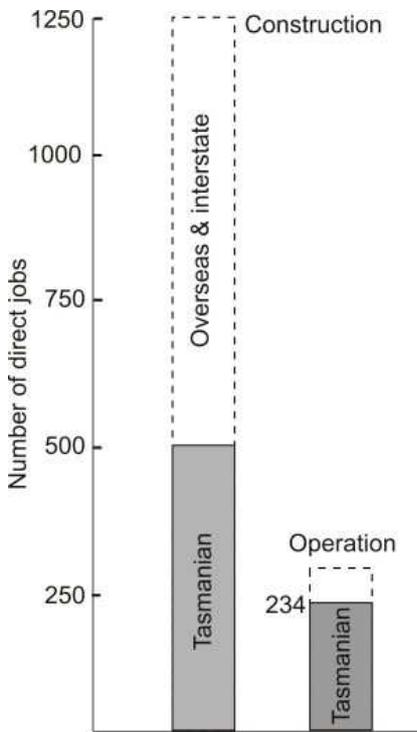


Fig 2. Number of direct Tasmanian jobs (shaded) and overseas and interstate jobs in construction and operation of the proposed pulp mill.

Job losses caused by the pulp mill – the elephant in the room

The pulp mill will ‘crowd’ out existing Tasmanian businesses and quash potential developments according to Wells Economic Analysis [28]. It locks the State into an undifferentiated bulk commodity market at the expense of businesses based on scarce, unique and distinctive attributes of Tasmania. In its benefits-only study, ITS Global, the State government consultant, suggests without any supporting evidence that a pulp mill can co-exist with Tasmania’s clean green image and therefore that those who run tourism and fishing businesses are wrong about losing their jobs (p. 5). The negative impacts on those industries are still being avoided by the Commonwealth or Tasmanian governments but the elephant is still in the room. The only details available on the negative impacts come from the economic study commissioned by the Tasmanian Round Table for Sustainable Industries Project 2007 (TRTSI) [29].

TRTSI reports that the medium level risks to Tasmania’s fishing industry could cost the industry “700 job losses over the life of the project”(p.4). In addition, “the risk to Tasmania’s tourist industry ... will cost ... 1044 jobs” (p.4).

However, these numbers include both direct and indirect jobs and provide an unequal comparison with the number of direct jobs in the pulp mill. Reworking the numbers using direct employment figures and the TRTSI methodology, the medium level risks to Tasmania’s fishing industry could cost the industry 64 direct jobs and a possible 262 direct jobs [30] from a pollution event occurring during the life of the project.

Such an event is illustrated by river pollution from the industrial accident causing a gaseous explosion in the piping of the new Botnia pulp mill in Fray Bento, Uruguay on 27 February 2009. This “modern mill is similar to Tasmania’s” [31] and Andritz who supplied all the major production systems to the Botnia pulp mill, is also involved in Gunns’ proposed mill.

In the growing Tasmanian tourism industry, the medium level risks using reworked numbers could cost 818 direct jobs [32]. These direct job losses in tourism appear conservative as the latest Tasmanian Visitor Survey showed a surprisingly strong up-trend and that “900 000 tourists

spent \$1.45billion in Tasmania” for the year to June 09 [33]. Job losses in other threatened industries such as vineyards from foul gases and agriculture from expanding plantations were not included in the TRTSI report.

It is clear that the loss of 64 direct jobs on the fishing boats and 818 jobs in accommodation, on the tours and the like, from sullyng Tasmania’s clean brand exceeds those promised by pulp mill proponents.

We can compare the total amount of work expected to be lost and gained by Tasmanians over the 24 year life of the mill by using ‘job-years’. One person working for one year equals one job-year. In construction of the mill, the number of jobs rises steadily from zero to its peak then falls back to zero. Gunns’ mill would provide direct work to Tasmanians equivalent to 625 job-years (500 jobs x 2.5 years x about 0.5) in construction and 5616 job years (234 jobs x 24 years) in operations for a grand total of 6241 job-years.

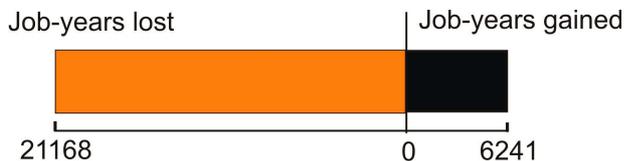


Fig 3. Number of direct Tasmanian jobs x years lost in fishing and tourism compared to that gained from the proposed pulp mill. Nearly three and half times more work will be lost compared to that gained.

Over the 24-years, the work in tourism and fishing that will disappear is equivalent to 21168 job-years (882x24) or 3.4 times more than new Tasmanian jobs in a pulp mill. See Figure 3, number of direct Tasmanian jobs x years lost in fishing and tourism compared to that gained from the proposed pulp mill. This number will grow when job losses from other sensitive industries are calculated. Is it any wonder that more than twice as many Tasmanians oppose the mill as support it? [34].

Relaxed and comfortable governments

So how is it that the State Government is comfortable with policies that will cause the loss of around three Tasmanian jobs for every one gained? Part of the answer lies in not being willing to examine both sides of the ledger; remember the ‘benefits-only’ studies commissioned by the government. It is impossible to have benefits without costs and risks in the real world. Another part could be the influence of corporate donations from Gunns to both Labor and Liberal parties; if you are paid not to notice certain things, then you won’t. Whatever the cause, the threatened businesses and struggling unemployed will find little help from Liberal and Labor elected ‘representatives’ in Tasmania.

Maybe the unspoken knowledge and guilt that others will lose their job is part of the extraordinary bitterness of the forest lobby directed towards opponents. In response to full-page advertisements in overseas newspapers warning of the investment risks, Michael O’Connor (CFMEU) “accused the green movement of being “hard-hearted” in its preparedness to destroy jobs” [35].

And the bitterness is not limited to the industry lobby. Commenting on the failed appeal to the full bench of the Federal Court by Lawyers for Forests, Minister David Llewellyn said the Greens “and their radical supporters” should stop their “endless legal stunts against the pulp mill”. “These appeals achieve nothing and are simply bloody minded tactics to try and delay a project that will provide hundreds of jobs for Tasmanians and pump tens of millions of dollars into the Tasmanian economy” [36].

Perhaps both Michael O’Connor and David Llewellyn have guilty consciences knowing that pulp mill jobs will send more than three times the tourism operators, fishermen, farmers and wine growers to the back of the unemployment queue. But next election, that won’t stop Michael and David asking you to vote for them.

Of the struggling forest workers, we can do little but offer Ferdie Kroon and the Forest Contractors Association our sympathetic understanding. They are squeezed by an industry going out the door backwards in response to relentless global competitive pressures, one that is long overdue for restructure and redirection. They are also squeezed by Gunns’ monopoly which leaves them in an awful position, like so many of our farmers, of being price takers rather than price setters.

Which story will the people believe?

The proposed pulp mill is far from being finalised. There is an elephant in the room, the people are angry, and our political “representatives” want you to vote them. Voter choices at the next State election will show which story is more believable and which future is more likely.

Note: version 2

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