

Mr Speaker,

I rise to my feet on this day in October 2004 when Tasmania is experiencing one of its golden periods of economic development.

There is a vibrancy in Tasmania that we have not felt for years. The smile is back on people's faces. Our children have a future – here.

I ask you to look at the streets of our cities and towns. The young people, in their 20s and 30s, are back. They are staying here. They have meaningful jobs. They are among the drivers of our economy.

The Tasmanian economy has never been stronger, business confidence is high, unemployment is low, and the exodus of our population has stopped. We knew we were attracting Seachangers, but now we are retaining those who would have left to seek jobs interstate and overseas not many years ago.

What I find most satisfying is that those who did leave are coming back in their droves for the opportunities that exist in the New Tasmania. This is our own Seachange.

Mr Speaker,

Today our population climbs towards a half a million, at the rate of five to six thousand new Tasmanians every year. Yet it was only a few years ago that we seemed locked into an absolute maximum of 470 thousand and there were dire predictions by Access Economics in particular that we were on a downward spiral.

But what has happened? Capital investment in Tasmania has increased by more than 28 per cent in the last 12 months. That's confidence, Mr Speaker. That is confidence.

We've had 29 consecutive months of employment growth. There are 20,000 more jobs since jobs-recovery began in early 1999.

Unemployment is almost four percentage points lower than 1998.

We're marching towards a quarter of a million jobs. In a population of just under half a million, that's remarkable. That is confidence, Mr Speaker.

It's a time when we can say we have put the bad years behind us, that we can set aside the *Paupers in Paradise* syndrome that we used to wear almost as a badge of honour.

We still live in the best place on earth and now we have an economy to sustain the dream, to live the dream.

Today, I am proud to inform the Parliament that the Government has set in train the process that may see one of our dreams realised – a modern, world-scale pulp and paper industry that will maximise Tasmania's returns for its sustainable management of its forests, that will indeed reward Tasmania for the way it has cared for its forests.

What I am about to outline to honourable members today is the process by which we can have the best of both worlds:

- forests that are the envy of the rest of the world, and

- the most modern downstream processing plant of its kind in the world.

And we can do it while staying within the Regional Forest Agreement. We can do it by continuing to protect our oldgrowth forests.

We can do that, Mr Speaker, because pulp technology has now reached the point where plantation timber is by far the best feedstock – and old growth the least desirable. So there is no nexus between a pulp mill in Tasmania and our old growth forests. No nexus.

A pulp mill that meets the world's toughest emission standards, and that's what we'll have, will enable us to maintain a land, sea and air environment that we can still call pristine.

Mr Speaker, I should make it clear from the start that I am not here today to speak in favour of any particular project, because, as of today, there is no project before us.

Certainly, we all know that one at least is under consideration in the private sector and there may be more. After all, Tasmania now has a reputation for being a place to do business, and Tasmanians are good people to do business with.

Twelve months ago I announced that I had asked the Resource Planning and Development Commission, a body completely independent of Government, to undertake a thorough review of the environmental guidelines for bleached kraft eucalypt pulp mills.

I did so because it was clear to me that the world had moved on since those days 15 years ago when Tasmania lost the Wesley Vale pulp mill because of environmental concerns, a

development that would have been the single largest in our history.

Today, Tasmania exports about five million tonnes of eucalypt woodchips a year to Japan and Indonesia. Very little is processed here in terms of converting woodchips to wood pulp and then into paper.

A world-scale pulp mill could more than halve our woodchip exports – more than halve the heaps at Triabunna, Burnie and Bell Bay – because we would be value-adding for ourselves.

At the moment most of what's left from native forest operations, after sawlogs and veneer logs have been segregated out for the specialist mills around the State, is pulpwood that is chipped and exported.

But in just a few years, our eucalypt plantations – established just for this purpose – will reach the age and size at which they will become a major feedstock for a pulp mill.

In effect, this is what it has all been leading to – selective breeding of plantation eucalypts that will provide the optimum raw material for value-adding locally. That includes the source of the high-quality pulp and paper that the world is demanding.

We can do it cheek by jowl with the greatest forest reserves in the world.

Mr Speaker, the legacy of Wesley Vale was a lesson in how not to realise a pulp mill. It was all wrong, there were no early ground rules.

Members will recall that Wesley Vale would have used elemental chlorine as a bleaching agent and that it was the by-

products of this chlorine use that effectively sounded the death knell for Wesley Vale.

It undermined public confidence in the project to such an extent that the Foreign Investment Review Board stalled its approval and North Broken Hill and Noranda withdrew.

Following Wesley Vale, the Commonwealth issued national environmental guidelines for a bleached kraft pulp mill. Six years later it revised the environmental guidelines for bleached kraft eucalypt mills. They have not been updated since.

From my visit to Scandinavia in August 2003 I knew that the technology of making pulp had moved on. Mills in Finland and Sweden had reduced their effluents to such a degree as to be negligible. That gave those new mills broad community support. In Scandinavia, that was significant.

Mr Speaker, like many other Tasmanians I never lost sight of the prospect of a minimum impact mill here in Tasmania.

How ironic is it that, in the middle of Bass Strait, you have ships passing in the night – one bearing our woodchips to Asia to be made into pulp, and another sailing into Tasmania with pulp made in Indonesia to be made into paper here?

It is not ironic. It is ridiculous.

This Government is committed to maximum downstream processing and value-adding of our forest product – but we want it to happen here, not somewhere else.

We have built a sustainable forest industry in Tasmania that sits alongside the highest levels of conserved forests in the world.

We are the best in the world at conservation. We are the best in the world at sustainable forestry.

That is beyond challenge.

My belief is that we in Tasmania can do what the Scandinavians have achieved, and we can do it even better. We can have the most environmentally-sound pulp mill in the world, one in which the Wesley Vale problems are basically eliminated.

Last November I asked the Resource Planning and Development Commission to review pulping technology around the world and to recommend the emission limits that would make Tasmania the world leader in environmental controls. The RPDC used the 1995 Commonwealth guidelines as the base for its work, further tightening allowable limits.

Members will recall that the RPDC's draft guidelines were released in the middle of this year and were subject to a long period of public comment. The RPDC then went back and reassessed them.

Its final recommendations went to Cabinet yesterday and I am happy to inform the House that we have accepted their recommendations in total, in total, Mr Speaker.

Let's be clear. Nothing could happen, nothing would happen regarding another pulp mill development in this State until we set the ground rules for the mill to be established.

There is little likelihood that the private sector would have been prepared to seriously investigate a pulp mill project in Tasmania unless the ground rules were clearly established. Investors have to know the lay of the land. They also need certainty of process.

I would now like to look at the environmental guidelines that will apply to any new pulp mill here.

### **Environmental Emission Limit Guidelines**

The new environmental emission guidelines take into account the following factors:

- changes in technological capability;
- international standards applying to new bleached kraft pulp mills;
- Tasmanian, national and international ambient guidelines for air quality and water quality;
- environmental emission limits currently achievable using accepted modern technology and operated according to the best practice in environmental management and;
- the Stockholm Convention on Persistent Organic Pollutants, 2001

They are the standards and they are vastly different from the days of Wesley Vale.

Today's most modern pulp mills eliminate the use of elemental chlorine in their bleaching process.

Some are totally chlorine-free (TCF). They use hydrogen peroxide, Mr Speaker, or ozone.

Some use chlorine dioxide instead of elemental chlorine and are therefore elemental chlorine-free (ECF).

In Tasmania, we will have nothing less. Any new pulp mill here will have to be totally chlorine-free or elemental chlorine-free. We shall brook no compromise on this.

We want a green mill. We don't want the pollutants in our air and waterways that Wesley Vale would have produced.

The Resource Planning and Development Commission has delivered minimum emission standards, Mr Speaker, that are, without doubt, overall the toughest in the world for kraft mills.

Environmental responsibility is the main driver, yet the guidelines, according to the RPDC, will allow the cost-effective production of market bleached eucalypt kraft pulp while limiting emissions to the air, to water and to land fill.

A Tasmanian mill will be safe for the community and will have the minimum environmental impact possible in the world today.

The best feedstock for a TCF or an ECF mill is plantation eucalypts. They are better than regrowth timber and infinitely better than oldgrowth.

So let's scotch the myth from the start. A new pulp mill will not hinge on continued access to oldgrowth forests. Certainly, oldgrowth pulpwood can be used, but the less the better as far as any new mill is concerned.

The guidelines do not specify one particular technology over another. Those decisions are for any proponent, now that they will know the ground rules that the Tasmanian Government has set.

What I am pleased to confirm, Mr Speaker, is that both ECF and TCF bleaching processes are capable of meeting the emission limits we are announcing today.

Processes using elemental chlorine, and that's what Wesley Vale would have used, are not capable of meeting our guidelines. That rules out Wesley Vale Mark 2. Any new mill in Tasmania will not be the Son of Wesley Vale. It will come from different stock.

Any pulp mill proponent will have to undertake studies to show the suitability of a proposed site. That will be in terms of the mill's ability to meet specified ambient criteria for air quality, water quality and biological condition.

They will have to conduct meteorological and topographical studies of the site and detail the state and effects of emissions into receiving waters.

They will have to survey the marine environment to characterise the distribution of marine habitats within the expected mixing zone around the proposed outfall.

Mr Speaker, some doubters have queried why the Tasmanian Government directed that any mill here had to be a kraft mill. There's a simple explanation. It's the system that works. It's the accepted technology worldwide and the most marketable.

Mr Speaker, the word "kraft" seems to have a few people confused as well. It's not a brand name. "Kraft" is the German adjective for strong. The kraft process is the dominant chemical pulping process worldwide because of its superior pulp strength properties. It's suitable for all wood species.

The kraft process is responsible for 90 per cent of the world chemical pulp production and 70 per cent of the world pulp production.

According to the RPDC, bleached kraft pulp demand is predicted to grow by over 50 per cent over the next 15 years and the highest growth rate is expected for bleached hardwood kraft pulp, mainly from eucalypt.

### **Closed-cycle**

Opponents of any mill will reach back into their Wesley Vale song books to demand a closed-loop technology and assert it can be put in place.

Mr Speaker, it's trendy, it sounds good, but it's wrong.

As of now, there are no bleached kraft mills producing pulp for paper that operate fully closed on a continuous basis. I repeat. There are no bleached kraft mills producing pulp for paper that operate fully closed on a continuous basis.

Although significant progress has been made, the RPDC reports, closed-cycle technologies are not yet technically or commercially-proven.

### **Project of State Significance**

Mr Speaker,

A project of this scale, of this importance to the economy of Tasmania, is a rare event. It will need the support of a well-informed and engaged community.

My Government is committed to the people of Tasmania and to the Parliament of Tasmania having every opportunity to be engaged and to examine it in close detail.

This will be a thorough approval process – a painstaking process. No stone will be left unturned. No voice will go unheard.

Once we have a proponent I intend to ask the Lieutenant-Governor to make an order for any pulp mill proposal to be declared a Project of State Significance – to allow that unfettered public and parliamentary scrutiny.

This is a ruthless process. The commission process is inquisitorial and thorough. It rejects the projects that people have real concerns about – like Oceanport – and embraces those supported by evidence and that people can be comfortable with – like Basslink.

The entire assessment process is run by the RPDC rather than a local council. Given the resources required to analyse a complex project it is only right and proper not to burden the ratepayers with such an effort.

Nevertheless, within the process there is broad consultation with affected councils. Under the 1993 State Projects legislation that passed with the support of the Liberal Party and the Greens the status of Project of State Significance is reserved for major projects in Tasmania that:

- involve a large capital investment
- have a significant effect on the State's economy

- and that usually have some impact on the State's infrastructure of roads, railways, energy, etc.

A pulp mill satisfies all of these criteria.

Because of its scale, a Project of State Significance operates outside normal land use planning provisions, but it is no less open and transparent in its process. It is more open, more transparent and more inclusive.

It involves full public consultation and the process must be approved by the two houses of parliament.

By its nature, it is time-consuming, much slower than orthodox planning decisions.

It is conducted by the Resource Planning and Development Commission, which I remind members, is an independent body.

The RPDC will make a wide-ranging integrated assessment of the issues raised by the project:

- environmental
- social
- economic
- community

But before the RPDC carries out that work, the Parliament will decide whether a pulp mill proposal should be given that Project of State Significance status.

It is not our decision as a Government. It has to be our decision as a Parliament. Both Houses.

Therefore, once we have a proponent, I as Premier will recommend to the Lieutenant-Governor that a pulp mill proposal be declared a Project of State Significance.

The Lieutenant-Governor's order, if he agrees, will be published in the State Government Gazette but it will have no effect, can have no effect, until approved by both Houses. It is only after parliament gives its approval that the assessment can begin.

The RPDC will establish guidelines for the proponent to prepare an integrated impact statement. The public can comment on the guidelines before they are finalised and provided to the proponent.

Any mill proponent must then conduct a study to determine the impact of the mill in those four contexts that I mentioned: environmental, social, economic, community.

The proponent will detail those effects in the integrated impact statement.

The RPDC will then refer that impact statement to relevant councils, government departments and agencies for their comment.

Drawing on this advice and the advice from its consultants, the RPDC will issue a draft report on the pulp mill development.

The public will have another look and at least four more weeks to comment on that draft. The RPDC may hold hearings into any concerns, if it so chooses.

Then it will make its final report to me about whether the project should proceed and the conditions under which a pulp mill should operate.

Once I am convinced that the proponent is going to deliver a pulp mill that meets accepted modern technology and best practice environmental management I will recommend a Governor's Order for the project to proceed.

The order will give effect to the RPDC report and the conditions it contains. It will be like a development permit.

Ancillary issues, such as ensuring that guaranteed rights of access by road or rail can be secured, will be addressed by legislation, if necessary.

## **Communications**

Mr Speaker,

The Government wants the whole community to have its say and to be actively involved and engaged in this process.

If Tasmanians are to participate fully, then they need to know how. We will dedicate significant effort to informing the community about how they can be heard.

Members will be aware that the Government has established a Pulp Mill Investment Attraction Unit within the Department of Economic Development to pave the way for the environmental examination that must accompany a development of this nature.

This is an inclusive exercise. We want the community to be involved and to be informed. We want the community to be inquisitive. We want the community to ask questions on matters it needs answered.

There are several mechanisms we shall be using to keep people informed. Obviously, we expect the normal channels of the mass media to have an abiding interest in any pulp mill project that results from the guidelines I have announced today. Such a development would be of local, national and international significance.

We have established a website – [www.pulpmill.tas.gov.au](http://www.pulpmill.tas.gov.au). It has all of the relevant information that I have announced today and will be constantly updated.

We shall use electronic mail and fax to correspond directly with people.

We shall be on the highways and byways, talking directly to interest groups around the State – explaining the processes, answering their questions.

And the Government will advertise, where appropriate, to ensure people have the information they need.

It is my wish that this whole exercise be as open and transparent as we can possibly make it. It is in everybody's interest.

I want all Tasmanians to actively participate in the process.

## **Monash Study**

Mr Speaker, the Government asked the Centre of Policy Studies at Monash University to investigate the economic impacts of a pulp mill.

It looked at two sites for comparative purposes.

Each site would be close to the forest resource and close to existing woodchipping operations.

The Monash study found that a pulp mill could increase Gross State Product by as much as 2.1 per cent per year, with a final year increase of about \$600 million in 2001 dollars.

It could increase consumption by as much as almost 4 per cent or more than \$611 million a year by 2020.

Importantly, the Monash study estimates that in the long term, the number of direct and indirect jobs created by a pulp mill will be around 1500.

Obviously, there would be a surge in employment during the construction phase. In the first year, the Monash study has suggested about 1700 jobs growing to between 8,000 and 12,000 at the peak of construction – depending on the size and capital cost of the mill – and more than 2,000 in the final year of the construction stage.

In the longer term, the forecast suggests some 1500 direct and indirect permanent jobs operating the mill.

But let's be clear. These are forecasts by Monash about the impact across the whole community of a pulp mill producing 600,000 tonnes of air-dried pulp.

We won't know the actual numbers until a proposal is put forward and we know the size and scale proposed and where it would be built.

The projections for the North-West Coast, developed around a higher construction and transport cost scenario, are slightly higher.

The study found that the pulp mill would further increase our population and produce \$6 million worth of electricity a year.

Mr Speaker, a new pulp mill for Tasmania is not the extent of the dream. It is the next stage. The Government is looking at all the consequences of a mill.

For instance, what are the transport infrastructure ramifications?

Is it time to upgrade our rail network?

If we are able to produce our own world-class wood pulp, can we move to the next stage and convert that pulp to paper?

Mr Speaker,

What I have described today is a highway code for anybody who wishes to develop a pulp mill in Tasmania. They are the rules that must be followed. They are the tests that will be applied to ensure that any proposal meets our requirement for environmental compatibility with everything that Tasmania stands for today.

I am confident that a pulp mill in Tasmania can now be a reality. The technology has come of age. A pulp mill's time has come.

As I said at the beginning, this is a golden period of economic development in Tasmania.

We are a vibrant and expectant community. We know our future has to be in our hands.

Thank you, Mr Speaker, honourable members.