

TASMANIAN FORESTRY - GUNNS PULP MILL

Current Issue

- *Does the government support the construction of the Gunns Bell Bay Pulp Mill and withdrawal from the native forest industry?*

Talking Points

- The Gillard Labor Government supports a socially, economically, and environmentally sustainable forest and wood products industry.
- This includes, where possible/viable, on-shore value adding to Australian forest and wood products.
- The proposed Bell Bay pulp mill in Tasmania represents an opportunity for value adding to Australian forest products.
- Former Liberal Environment Minister Malcolm Turnbull made it a condition of his approval under the *Environment Protection and Biodiversity Conservation Act* that Gunns submit an Environmental Impact Management Plan for approval.
- All 16 modules of the Management Plan have now been completed and Minister Burke announced on 10 March 2011 that all necessary environmental requirements under federal law had been met and had been approved. He also announced that he had made changes to previously approved parts of the plan to further toughen environmental controls.
- The Gillard Labor Government remains committed to supporting regional jobs, and encouraging sustainable investment in forestry and forest product processing and helping our forest industries prepare for future challenges.

- The Government recognises that there are significant pressures on the Tasmanian forest industry, and we've committed to support the discussions that work towards the finalisation of the Tasmanian Statement of Principles ~~which will look at future forest management in Tasmania.~~

Gunns withdrawal from the Native Forest Industry

- The withdrawal of Gunns Limited from the native forest industry is a commercial decision and is not directly related to the Tasmanian Statement of Principles process.
- The Government expects that ~~any decision the company makes to change its operations~~ will have regard to the company's contractual and employee obligations.
- The Government is monitoring the situation.
- The Australian Government's employment services system, Job Services Australia, will support eligible workers affected by Gunns closures.
- I understand that media has reported that more than 100 workers at Gunns' sites across Tasmania could be out of work within four weeks.

Additional Key Facts

If asked: will the Government ~~financially support~~ provide funding to Gunns Limited ~~in for its restructuring its workforce or building a pulp mill?~~

- I am not aware of any requests from Gunns seeking funding from the Australian Government.
- Gunns Limited can, like any entity, lodge applications under relevant Government programs, should they meet ~~program and~~ eligibility criteria.

- I am advised that Gunns has not lodged an application to support redundancy payments for workers affected by its decision to withdraw from native forestry or to support the construction of its proposed pulp mill.
- I am advised that Gunns Limited has made preliminary inquiries with the Export Finance and Insurance Corporation in the Trade Portfolio.
- Decisions about the use of EFIC's commercial account are the responsibility of the EFIC Board. Under the EFIC act, the Minister for Trade cannot direct EFIC in respect of a particular transaction in the commercial account.
- Further questions about EFIC should be directed to the Minister for Trade, or his representative in this chamber, Senator Conroy.

Will the government provide ongoing assistance to ensure the Triabunna export chip mill remains operational?

- On 14 June 2011 Gunns announced on the Australian Stock Exchange the sale of its Triabunna Export Wood Chip Facility. I understand that the sale is to an entity established by family-owned logging and haulage company Aprin Logging Pty Ltd. Gunns further announced that the sale was "conditional on satisfactory progress in the implementation of the Tasmanian forests statement of principles".
- Any commercial enterprise should be profitable in its own right. The government has not been approached regarding the sale or operation of the Triabunna mill.
- Everyone in the industry and including the Government wants to see an operating mill, which should provide the best result for jobs in Tasmania.

Does the Government support the reported Gunns condition for the sale of the Triabunna mill to the Aprin bidder as conditional on the "satisfactory progress in the implementation of the forest statement of principles"?

- The Government is obviously concerned to ensure the impact of Gunns Limited's move out of native forest logging on the Tasmanian economy is well managed.
- Gunns has signalled to the market that it will be selling assets to support its move to a new business environment.

If asked: about reports Mr Kelty has called for further analysis of the Gunns pulp mill

- Mr Kelty's interim report on the statement of principles process states that 'there remains a reservoir of cynicism and bitterness which needs to be addressed' and has suggested a number of options that could be adopted by relevant parties to address community concerns.
- Governments are considering these suggestions, as will signatories and other stakeholders, and we thank Mr Kelty for his hard work.

If asked: about reports Gunns is seeking a 'social licence'.

- This is a matter for Gunns but I welcome any move on the company's part to further inform the local community.
- On 6 January 2011, Gunns Limited announced that the mill's feedstock will be sourced from 100 per cent plantation timber from mill start up, with no native forest or old growth forest used. It is envisaged that the pulp will supply both domestic and international markets.

If asked: about a joint venture partner for the Gunns project.

- This is a matter for Gunns. The Government has not been advised of the identity of potential joint venture partners. The Government's job was to make sure the final modules under the Environmental Management Plan were

assessed according to the requirements of the *Environment Protection and Biodiversity Conservation Act*.

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15 July 2011 Senate Hansard – Question Time. (pp. 2857)

Forestry

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (14:18): My question also goes to the Minister for Agriculture, Fisheries and Forestry. Can the minister tell the chamber if a Tasmanian forest agreement is in the offing and, indeed, may be finalised in the next fortnight? Can the minister reassure the public, who have just seen cuts right across the board, that there will not be any money going to a private enterprise pulp mill in Tasmania from the public purse, either directly or indirectly, or to the Malaysian logging company Ta Ann?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (14:18): The statement of principles started with community and industry groups coming together. I think that is an important point to make in this area. It is not an agreement between governments. The Gillard Labor government has welcomed this landmark statement and believes it is important that we play a constructive role in supporting this significant community led initiative. As you are aware, this government together with the Tasmanian government appointed Mr Bill Kelty as an independent facilitator to work with the signatories to this community led statement to help build on the implementation. The Gillard government remains committed to working with the Tasmanian community. The community agreement has not yet been finalised, but the government continues to work with the stakeholders in the statement of principles for that purpose.

In relation to the pulp mill, I am advised that Gunns signalled its intention some time ago to exit from native forest logging to reorganise the business, including the building of the pulp mill at Bell Bay.

Senator LUDWIG: The government understands there is community concern about the proposed pulp mill at Bell Bay but recognises that the mill at Bell Bay will provide sustainable jobs and opportunities for the community of Northern Tasmania. The mill has undergone a rigorous federal environmental approval process under the Environmental Protection and Biodiversity Conservation Act. The government is not considering any funding support for the Gunns mill at this time. Similarly I am advised that the government has not received any request from Gunns for funding support in relation to the mill or its business structure.

16 July 2011 Senate Hansard – Question Time. (pp. 3106)

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (14:18): My question is also to the Minister for Agriculture, Fisheries and Forestry, Senator Ludwig, in his capacity as minister for forests. Yesterday the minister told the parliament that the government has not received any requests from Gunns for funding support in relation to the mill or its business structure. Can the minister give an assurance to the Senate that no money will be given to Gunns in relation to its mill or its business structure, including for severance payments for the hundreds of workers already facing the loss of their jobs or facing the loss of jobs in the future related to the forest agreement or otherwise?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (14:19): It is a question that is asking for something which has not been done, and therefore it is, in one sense, a hypothetical question because, of course, the facts are not on the table. The government indicated quite clearly yesterday that we had not provided any assistance to Gunns. That position has not changed.

The government can say that it is committed to assisting the Tasmanian community to respond to the challenges facing the forest industry. As the Prime Minister acknowledged in December 2010, the signing of the statement of principles is a credit to those involved—that after decades of

disagreement they have been able to start the process of working together to work through the complex problems and to forge a new consensus around the forest industry in Tasmania.

That statement of principles, of course, started with community and industry groups coming together. The Australian government, as I indicated yesterday, has appointed Mr Bill Kelty as independent facilitator to work with the parties to the statement of principles to develop a final agreement. We are not at that final agreement stage and the implementation plan that may go around it at this time.

Many of the questions that I know Senator Brown may wish to ask are not on the table at this point. What I cannot rule in or out is what the government may or may not do into the future. That is the hypothetical part of the question that I cannot answer. I can certainly take it on notice to see what further and better particulars I can find that may go to the issue. But the government continues those discussions and I welcome the signatories to the forest Tasmania agreement to continue working towards finalising an agreement— (*Time expired*)

22 June 2011 - QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS (pp. 3556)

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (15:04): I have provided a response to questions asked by Senator Milne today about audit reports relating to the Tasmanian Community Forest Agreement. As the senator is aware, the Tasmanian Auditor-General has commented on Forestry Tasmania's administration of Commonwealth funding. For further information about this report, which is public, it can be obtained from the Tasmanian Auditor-General.

In addition, my department has commissioned an audit into the administration of the industry development program under the Tasmanian Community Forest Agreement. The report is not finalised. It will be made public after its finalisation. I will get back to her with a date on when that is likely to be. My department is also working with the Tasmanian government on an audit of the Intensive Forest Management Program, part of that Tasmanian Community Forest Agreement. This audit has not commenced at this point. If there is a time line in relation to that, I will provide that in addition to those comments.

Can I also indicate there is an additional response to Senator Bob Brown's questions without notice on 15 June 2011 dealing with Tasmanian forestry issues relating to browsing animals. I seek leave to incorporate that into *Hansard*.

Leave granted.

The answer read as follows—

Additional response to Senator Bob Brown, Question without Notice 15 June 2011

TASMANIAN FORESTRY ISSUES

Browsing Animals

I have consulted with my colleague, the Minister for Sustainability, the Environment, Water, Population and Communities, the Hon. Tony Burke MP and submit the following additional information in response to Senator Brown's questions of 15 June 2011.

Forest management on public lands is the constitutional responsibility of states and territories and is primarily subject to the state's regulatory framework.

Specific queries relating to Forestry Tasmania operations in Tasmania forestry coupes should be directed to the Tasmanian Government and relevant state authorities.

Tasmanian Forestry Statement of Principles — Ta Ann supply arrangements

The Government is not a signatory to the Statement of Principles and any questions on about topics of negotiation should be directed to the signatories themselves.

Assistance to Gunns Limited

Following on from Question Time on 15 June, I have been advised that Gunns Limited has made preliminary inquiries with the Export Finance and Insurance Corporation in the Trade Portfolio.

Decisions about the use of EFIC's commercial account are the responsibility of the EFIC Board. Under the EFIC act, the Minister cannot direct EFIC in respect of a particular transaction in the Commercial Account. Further questions about EFIC should be directed to the Minister for Trade.

JM

Mahony, Colleen

From: paul.considine@pmc.gov.au
Sent: Tuesday, 1 March 2011 6:23 PM
To: Dowse, Yvette
Subject: Ministerial Correspondence Referral from PM&C, C11/15465 [SEC=UNCLASSIFIED:NO CAVEATS]

The below correspondence addressed to the PM was received by PM&C and has been referred for your Minister's consideration. Thank you.

Reader: Considine, Paul
Date of letter: 27 Feb 11 15:41:50
PMC ID: C11/15465

5919 SS

RECEIVED
30 MAR 2011
Minister for Agriculture
Fisheries and Forestry

s22 (1) (a) (i) (Exempt Material - Personal Privacy s47F)

Country: Australia

Gunns Ltd's proposed pulp mill

Subject - Gunns Ltd's proposed pulp mill Message - The deadline looms for a decision on the final three marine permits for the above project, and we expect you will have been lobbied hard by proponents of the project.

As you are well aware this pulp mill is highly controversial, continues to be opposed by 70 per cent of the Tasmanian population, and has played a significant factor in the resignations of two state premiers following repeated State Government interference in the project's approval process.

Next week Tony Burke is due to give a decision on the remaining marine permits for the mill.

I ask you to remember the health of our marine environment, and all who depend upon it, as well as the health of the 100,000+ people who will be forced to live with the consequences of any adverse effects from the pulp mill's toxic effluent, are surely regarded as being more important than the dubious economic benefits that may result from this mill. Despite your response in parliament last week to the question asked by Independent MP for Denison, Andrew Wilkie, that related to the pulp mill and possible - further - federal funding to assist the project, please note that the advice apparently provided to you and your Cabinet colleagues is incorrect.

No community group representatives were involved in the forestry Roundtable discussions last year, and while a pulp mill may have been a contentious and inflammatory concession made by the environmental groups involved in the discussions that eventually delivered the fragile Statement of Principles, there was no specific mention of the pulp mill proposed for the Tamar Valley. Gunns and forestry industry spokespeople have however subsequently and deceitfully chosen to manipulate the details to suggest their withdrawal from native and high conservation logging is conditional upon approval for their pulp mill.

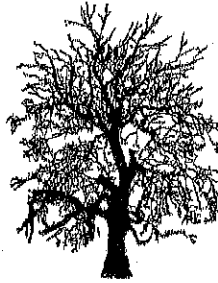
Few of us would disagree a strong, sustainable timber industry is important - both for Tasmania and Australia generally - but for the federal Government to stubbornly support Gunns' flawed, inappropriate - and in today's world arguably unviable - pulp mill, and dismiss or ignore the valid and serious concerns the community have raised about the project over the last seven years, would demonstrate a travesty of democracy. It will also undoubtedly threaten further political fallout, and the possibility of class actions.

The risks from the proposed pulp mill - for our health, our economy and our natural environment are too great, and I urge you to ensure Tony Burke rejects these final permits. And that further public money is most definitely not provided for this deeply unpopular and controversial project.

This email has also been forwarded to -
Minister for Sustainability, Environment, Water, Population and Communities (tony.burke.mp@aph.gov.au)

IMPORTANT: This message, and any attachments to it, contains information that is confidential and may also be the subject of legal professional or

other privilege. If you are not the intended recipient of this message, you must not review, copy, disseminate or disclose its contents to any other party or take action in reliance of any material contained within it. If you have received this message in error, please notify the sender immediately by return email informing them of the mistake and delete all copies of the message from your computer system.



7192 SJ
RECEIVED
20 MAY 2011
Minister for Agriculture
Fisheries and Forestry

tasmanian conservation trust inc

Senator the Hon J. W. Ludwig
Minister for Agriculture, Fisheries
and Forestry, and Manager of
Government Business in the Senate
Parliament House
Canberra ACT 2600

16 May 2011

Joe

Dear Senator,

Taxpayers Money Must Not be Used to Fund Gunns' Tamar Valley Pulpmill

The Tasmanian Conservation Trust (TCT) is concerned that 'GetUp!' is urging Australians to e-mail their local Labor MPs urging them "to call on the Prime Minister to ensure that funds are allocated for Tasmania's forests and timber industry" to "buy back the rights to log Tasmania's native forests." We are sure that 'GetUp!' is well meaning but it is hard to imagine a less appropriate use of Australian taxpayers money, especially at a time of national budgetary belt-tightening.

The reality is that the principal beneficiary of any such 'buy back' scheme would be Gunns Ltd which still hopes to build a deeply unpopular pulp mill in the Tamar Valley in Tasmania's north. While some might find it amusing to use Australian taxpayers money to drive a wedge between the Tasmanian Greens and the Labor government they support, given commitments not to spend more public money supporting Gunns while elephants, we do not. Please find attached a media release issued by a number of Tasmanian environment and conservation groups recently that clearly articulates the view that supporting 'that pulp mill' in return for forest protection is a silly and unacceptable notion. In effect, Australian taxpayers would be subsidising Gunns' efforts to secure investment funding for an otherwise unsupportable proposition - an act calculated to inflame community outrage and degrade Tasmania's investment environment for all.

Gunns has already decided to sell off all its native forest based mills (saw-, veneer and woodchip mills) for the very simple and appropriate reason that they are not profitable enough for a publicly listed company. There is absolutely no basis for compensation because the state and Australian governments had no involvement in this decision which Gunns made solely for commercial reasons.

Gunns' decision does create an historic opportunity to recalibrate forest allocation and management in Tasmania with a view to strengthening rural communities and helping them move on from entrenched conflict over excessive logging of native forests and attendant loss of high conservation values.

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Australian taxpayers money can be justified to help these rural communities move on from high dependence on unsustainable native forest logging and to help the Tasmanian government restructure its public land management institutions to reflect a decisive shift from extractive logging to conservation. The only possible justification to pay money to Gunns is to help it survive a decision to abandon its conflictive plans to build a Kraft pulpmill in the Tamar Valley. There are plenty of alternative sites and processing options for Gunns but, as yet, no political or commercial will to seek them out.

Over the last twenty-five years, the TCT has watched in helpless frustration as successive Australian governments keep throwing money at the Tasmanian forest industry in response to expressions of community conservation concern - with predictably perverse results - the industry simply digs in and gets bigger. At this difficult time, with a very large, market-induced contraction in the native forestry industry, we urge Federal Parliamentarians to consider helping Tasmania develop a broad-based regional development package that will allow its rural communities to move on rather than yet another logging industry bail out that incites them to dig in to an unsustainable past.

Please note that, in advocating such a shift, the TCT remains supportive of retaining a speciality native forest craft wood sector, including speciality timbers and honey, among others. We also support retention of a regrowth native eucalypt timber industry on both public and private land - but at a scale appropriate to the resource available and pursuant to management plans that genuinely identify and effectively maintain high conservation values throughout the forest estate - not only in expanded parks and reserves but also with improved logging prescriptions to ensure Tasmania's biodiversity is conserved.

This is not hard to do - we have countless national laws, strategies and programmes notionally designed to do this - but a complete lack of political will to actually implement them in a way that meets their objectives. For instance, the Tasmanian Labor government continues to block a modernising revision of the biodiversity conservation provisions of the Forest Practices Code administered by the Forest Practices Authority, in misguided support for a recalcitrant logging industry. Entrenched community conflict is the inevitable result. It does not have to be this way. The market-induced shrinking of the native forestry industry offers Australia a genuine opportunity to get it right for once - unfortunately, we fear yet another perverse application of public money. Please do not hesitate to contact the TCT if you would like any additional information.

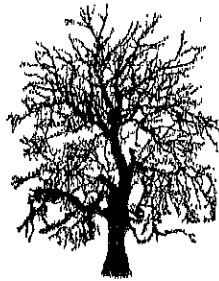
Yours sincerely,



Peter McGlone
Director

Enclosed: Media Release, 'Conservation groups unite to support a logging moratorium and reject the Gunns' proposed Tamar Valley pulp mill', 8 May 2011.

Cc: Simon Sheikh, National Director, GetUp! Australia



tasmanian conservation trust inc

Media Release

Sunday 8 May 2011

Conservation groups unite to support a logging moratorium and reject the Gunns' proposed Tamar Valley pulp mill

Eight conservation groups which met in Campbell Town on Saturday 7 May (listed below) call upon the state government to instruct Forestry Tasmania to immediately establish a true moratorium to stop logging of identified high conservation value forests (HCVF) on public land, as a first step in establishing a lasting forest peace deal.

The groups also supported 'Friends of the Tamar Valley' and 'Pulp the Mill' in calling for Gunns to abandon its giant Kraft chemical pulp mill at Long Reach in the Tamar Valley and for the state government to revoke the Pulp Mill Assessment Act and stop providing support to the mill.

The meeting convenor and Tasmanian Conservation Trust Director, Peter McGlone, said that "The groups at the meeting and many others consulted emphatically rejected the idea that, somehow, forest conservation outcomes should be conditional upon support for the pulp mill. We all support forest protection and oppose the Gunns proposed pulp mill and could never sign up to any agreement which supported the pulp mill in exchange for forest protection or any thing else."

Lucy Landon-Larie, spokesperson for Pulp the Mill, said, "Bill Kelty, in his interim report on the Forest Statement of Principles, proposed that the mill have a new assessment process. This retrospective legitimising of the pulp mill is absurd and pointless. We fear this is the horrendous 'forests for the pulp mill deal'. The fast-tracked Pulp Mill Assessment Act must be repealed and the mill under-go a thorough, independent assessment such as the ditched RPDC process which found the mill to be critically non-compliant in environmental and social concerns. The government must also stop spending public money on infrastructure and other support for the mill."

Spokesperson for CODE Green, Lisa Searle, said that "We are sick and tired of seeing Tasmania's unique and irreplaceable native forests being destroyed. Until the state government establishes a true and complete moratorium or permanent protection is given to these forests, we will not stop protesting. We want the Tasmanian public to know that there is no moratorium in place and that this is simply not good enough."

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The groups who met strongly supported the Huon Valley Environment Centre, Still Wild Still Threatened and CODE Green's call for a genuine moratorium and their actions in support of such a moratorium. While the state government describes these groups and their protests as radical and unhelpful, what they want is very reasonable and nothing more than the Forest Statement of Principles asked of the Tasmanian government.

"By failing to stop logging in these areas that we all value, the state government is undermining attempts to settle the conflict over forests. Instead of acting, the Giddings government meekly supports an out-of-control Forestry Tasmania in continuing with business-as-usual" Peter McGlone concluded.

Forestry Tasmania's fake logging moratorium:

- allows logging to continue at a rate which is the same or faster than normal
- allows logging and roading to continue in high conservation value forests including wilderness areas and
- fails to guarantee that FT will permanently protect a single hectare of forests after six months

The TCT convened the 7 May meeting to discuss groups' concerns that the Forests Statement of Principles and the Bill Kelly process will not deliver the conservation outcomes which have been promised let alone the conservation outcomes we and many in the conservation movement consider to be responsible and prudent.

FURTHER COMMENTS:

Peter McGlone

Director, Tasmanian Conservation Trust
0406 380 545

Lucy Landon-Lane

Spokesperson for Pulp the Mill
0417 105390

Lisa Searle

Spokesperson for CODE Green
0408 862866

The groups which attended the 7 May Tasmanian Forests and Pulp Mill meeting and endorse this media release are:

- Tasmanian Conservation Trust
- Pulp the Mill
- Friends of the Tamar Valley
- Citizens Opposed to the Destruction of the Environment (CODE Green)
- The Environment Association
- Diversity Tasmania
- Upper Meander Catchment and Landcare Group
- Western Rivers Preservation Trust

Groups which were unavailable for the meeting and endorse this media release are:

- Huon Valley Environment Centre
- North-east Bioregional Network
- Still Wild Still Threatened
- Now We the People (Tasmania)

Endorsements received 11 May 2011:

- Friends of Kelcey Tier Network
- Friends of Iris Farm Private Nature Reserve

Endorsements received 12 May 2011:

- Tasmanian National Parks Association

Endorsements received 17 May 2011:

- Launceston Environment Centre