

Tamar Valley Pulp Mill Tasmania (formerly Gunns Pulp Mill) Australia

Sectors: Pulp, Paper and Paperboard Mills

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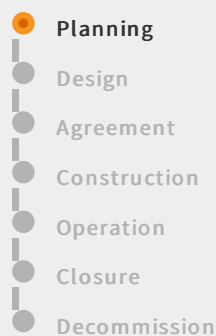
Status



Sectors Pulp, Paper and Paperboard Mills

Location

Status



About Tamar Valley Pulp Mill Tasmania (formerly Gunns Pulp Mill)

Land and permits for the Tamar Valley Pulp Mill, Tasmania (formerly known as Gunns Pulp Mill) are currently on sale.

Gunns Limited, an Australian logging giant, launched plans to build a ECF Lite pulp mill in Tasmania, on 15th December 2004 . This pulp mill was one of the most controversial issues in Australia, opposed by the majority of people. Opposition was due to its social, environmental and economic impacts.

Gunns Ltd collapsed, placing itself in voluntary administration in September 2012 and going into liquidation in March 2013. The company's assets have been on sale by the receivers KordaMentha, who continue to attempt to realise the remaining value. Gunns' eucalypt plantation estate and woodchip mills have been sold, but the pulp mill land and associated permits have proved difficult to move. This can be explained by odious history of this pulp mill proposal, including its failure to ever complete the statutory approval process and the overwhelming community opposition it has faced.

Vehement community opposition to any attempt to revive the pulp mill project remains.

Latest developments

Pulp Mill Permit has expired – Call To Repeal The Pulp Mill Assessment Act

Aug 30 2017

Latest update

Jul 8 2015

What must happen

Potential investors should undertake their own comprehensive due diligence and examine the risks associated with investing in this project.

We recommend that banks avoid financing this mill. A large number of banks have already committed not to invest in this project, and we are confident that others will also find that the risks associated with this project outweigh the benefits. The history of this troubled project has demonstrated that any investor that values their brand and credibility will not invest in the proposed Tamar Valley pulp mill.

Impacts

Social and human rights impacts

The Tamar Valley pulp mill has no social license

Throughout the life of this proposal it has faced intense public opposition. Most opinion polls show that the majority of Australians and Tasmanians oppose this pulp mill.

The independent statutory assessment process was abandoned and a subsequent fast-track approval via Parliament in 2007 resulted in a critical loss of trust and confidence of the Tasmanian community. This was exacerbated in 2014 by enabling legislation to quash a legal challenge against the current permits and water down requirements on adherence to environmental conditions.

Impact on Human Health

The Tamar Valley, which is home to over 100,000 people and is the site Gunns has chosen, has an inversion layer for a large part of the year which traps air pollution and odour in the valley. This has led to major health problems from existing sources of air pollution. The Tamar Valley is recognised as having some of the lowest standards of air quality in Australia.

The [Australian Medical Association \(AMA\) Tasmanian](#) branch has said the pulp mill 'could cause an increase in the already existing morbidity and mortality from atmospheric pollutants'.

Site selection

CSIRO pulp mill expert Dr Warwick Raverty, who was on the panel of the Resource Planning and Development Commission assessing the pulp mill before that process was abandoned, later said that Gunns chose the '**worst place possible**' in Tasmania to build the pulp mill.

- The pulp mill site is approximately six kilometres away from the Bell Bay industrial zone but within two kilometres of local residents, vineyards and organic farms.
- Until the mid-2000s when Gunns was pursuing the pulp mill proposal, the pulp mill site was a nature conservation area. That status was removed by the state government to allow the project to proceed, despite Aboriginal artefacts and endangered species being present.

Aboriginal heritage and values

The Tasmanian Aboriginal Land and Sea Council (TALSC) and the Tasmanian Aboriginal Centre (TAC) have officially opposed the proposed pulp mill because of its impacts on Aboriginal culture and heritage. These impacts to important heritage sites will occur at both the proposed pulp-mill site on the Tamar River and in the forests that may be logged to feed the mill.

The Tasmanian Aboriginal community also opposed the mill because of the impacts of the mill's effluent on the marine environment around the Bass Strait islands officially recognised as Aboriginal land. This includes toxic impacts on species traditionally hunted on and around the islands. Along with many other Tasmanians, Aboriginal Tasmanians condemn the atrocious community consultation and lack of proper assessment of the proposed pulp mill and its impacts.

Environmental and climate impacts

Environmental pollution

This project had been found to be critically non-compliant with requirements of the normal environmental assessment process when it was withdrawn from that process and given a contentious political fast-tracked approval. Issues in relation to likely environmental damage were not thoroughly tested.

The project has never properly or satisfactorily overcome probable impacts that include damage to the marine environment from the release of toxic dioxins and furans and other organochlorines, air pollution which could cause an increase in the already existing morbidity and mortality from atmospheric pollutants in the valley, odour, and the depletion of fresh water supplies. These are all of immense concern to the local community.

Wood supply

At the outset this project envisaged using natural forests as a source of wood supply. In response to intractable community opposition to the ongoing extraction of high volumes of natural forest, Gunns eventually moved in 2011 to have its permits adjusted to allow only plantation grown feedstock. The assessment process never evaluated the 'upstream' impacts of utilising a native forest resource.

The 3.8 million to 4.5 million tonnes of plantation fibre that is required to produce 1.1 million air-dried tonnes of pulp per annum will not now be available following changes to ownership.

It is feared that permit conditions could be changed to again provide for wood supply from natural forests. If so, or if native forests are burned to generate electricity in the associated biomass burning facility, this may lead to the destruction of Tasmania's high conservation value forests, biodiversity loss and be a huge source of greenhouse gas emissions.

Other impacts

Marginal Economics

Economic risk remains a serious impediment. The cost structure is uncompetitive and demand uncertain. This pulp mill will be competing against pulp and paper mills in China, Indonesia and other countries that are close to large plantation estates, and also closer to markets. Shipping costs will remain prohibitive, labor costs will remain high and the Tasmanian Government is facing serious financial challenges so is unlikely to offer subsidies, or to be able to support them if they do.

Governance

Applicable norms and standards

Equator Principles

Other applicable regulations

Gunns' banker, ANZ, stated that the Equator Principles (EPs) should apply to this project. Although the bank has not publicly issued an opinion on the project's compliance with the EPs, ANZ's decision to stay out of the pulp mill project is in line with its commitment not to finance projects which do not satisfy the EPs.

Updates

Pulp Mill Permit has expired – Call To Repeal The Pulp Mill Assessment Act

Aug 30 2017

Expiry of the Tasmanian Pulp Mill Permit today has been welcomed by [Markets For Change](#), who called for the Tasmanian government to now repeal the Pulp Mill Assessment Act – enabling legislation that gave the project Parliamentary approval after it failed to meet assessment standards as a Project of State Significance under the state's planning system.

Latest update

Jul 8 2015

An announcement from KordaMentha, the receivers for Gunns Ltd, is pending regarding the outcome of their most recent efforts to sell the industrially-zoned land previously designated for the Gunns pulp mill development on the Tamar River in Tasmania. It is possible that the accompanying permits to build and operate the pulp mill could also be sold to the same buyer, although KordaMentha was unable to find a bidder for both land plus permits last year. This year the land and pulp mill permits have been offered separately.

KordaMentha claimed in June 2015 to have received several bids, including one for land plus permits, and were to enter negotiations with bidders.

A new round of expressions of interest was initiated in April 2015, at which time KordaMentha announced that they were splitting the land and the pulp mill permits, making it possible for a buyer to purchase the land without the permits. This followed failure of a previous call for expressions of interest in 2014, when land and permits were on sale as a single lot.

Following years of intense community opposition, opponents of the pulp mill project are speculating that a sale of land without permits would finally herald the demise of this loathed project almost a decade after it was launched.

Forico, a subsidiary of New Forests which bought the Gunns eucalypt plantations and woodchip mills in 2014, has ruled out owning, operating, or supplying the Tamar Valley Pulp Mill (formerly known as Gunns pulp mill). This means that the proposed pulp mill does not have access to a plantation grown wood supply. Current permits include legal provisions set in May 2011 at the request of Gunns Ltd that enforce the project to use only plantation grown wood supply.

Fears are held for native forests if a sale of land together with pulp mill permits eventuates. Concerns centre on the possibility that a new proponent could seek to change the permit conditions to enable a native forest wood supply. Such a wood supply would be very contentious after the Tasmanian government repealed legislation that provided for protection of 400,000 hectares of native forest in secure reserves under the Tasmanian Forest Agreement, and instead allocated those high conservation value forests as production forests.

Latest update

Feb 28 2014

When the land and pulp mill permits were put on sale in February 2014, the following **RESOLUTION** was unanimously approved on 27th February 2014 by a public meeting of 250 people at the Tailrace Centre, Launceston, Tasmania:

'This meeting does not support the Tamar Valley pulp mill project because of its many unacceptable environmental impacts and the process by which our community was excluded from involvement in the assessment and approval. Critical non-compliance of the project with formal assessment requirements led to that process being dispensed with in 2007 and a legislated 'fast track' approval that also removed our rights was substituted.

We also strongly oppose the most recent legislative intervention in Tasmania which in January 2014 lengthened the life of the Pulp Mill Permit, alleviated repercussions for failure to observe environmental conditions under the Permit, and prevented a court case regarding the validity of the Permit from proceeding.

Further, the proposed pulp mill jeopardises other business and industry reliant on a clean unpolluted environment, thus hazarding existing and future employment and wealth creation in Tasmania.'

The Tasmanian Parliament in January 2014 was convened at the request of Gunns' receivers KordaMentha specifically to approve fast track legislation that extended the life of the pulp mill permit from 4 years to 10 years, stymied a current court case over the validity of the permits and watered down penalties for failure to observe environmental conditions. This was yet another disgraceful episode of many in the history of this project in which the Parliament acted to shore up the financial interests of proponents of this pulp mill proposal against the will of the community.

Latest update

Jan 27 2014

The following **'Joint Statement to the Parliament and people of Tasmania'** by 28 non-government organisations from Asia, Europe, North and South America and Australia attending an international meeting in the Netherlands on Stopping Irresponsible Investment in Pulp and Paper Mills organised by the Environmental Paper Network (EPN & EEPN) was issued on 27th January 2014:

'We are deeply concerned by the re-emergence of the Gunns pulp mill project in Tasmania, Australia for well documented environmental and social reasons.

We have been informed and are dismayed to learn of the efforts being made in Tasmania to revive this project, and of the secrecy surrounding the bidders for Gunns' assets, including the Permit to build and operate the pulp mill.

This pulp mill project was never able to satisfy environmental assessment procedures, was withdrawn from the formal assessment process when the company was informed that they were not compliant with the environmental requirements, and instead a fast track approval via the Tasmanian Parliament overrode due process. The right of citizens to be heard and for environmental and social problems to be exposed and rigorously examined was denied.

An undertaking eventually made by Gunns Ltd to utilise only plantation resource for this project was unilateral and is not a condition on the Permit. Hence we also fear that this may lead to the use of native forest as feedstock for the mill by a different proponent, possibly including forests assessed and agreed as high conservation value.

Further, we are puzzled that the Tasmanian Parliament would intervene to negate a legal judgement on the continued validity of the pulp mill Permit.

We are also concerned to learn that the Tasmanian Parliament and people of Tasmania have no knowledge of which companies are to potentially benefit from the enactment of the proposed Doubts Removal Bill, and that the new law would allow the transfer of the Permit to any company, no matter their environmental, social or financial reputation.

Buyers and investors should be aware of the potential environmental and social risks connected to the Gunns pulp mill project.'

BankTrack was one of the signatory groups to this statement.

Latest update

May 5 2011

In March 2011 the Australian Federal Environment Minister set new legal conditions for Gunns' pulp mill that enforce the project to only use plantation timber and to use the ECF Lite bleaching process.

In September 2010, the Chief Executive of Gunns announced that the company will move out of native forest logging and will work with the community and conservation groups to "find joint solutions to age-old conflicts and move beyond [to] a real, sustainable forest industry". These comments forecast a change in direction to the long running conflict over forestry in Tasmania and were welcomed by many Australian environmental groups.

In May 2010, John Gay and Robin Gray were forced to step down from the Board of Gunns Ltd and will no longer have any further involvement with the company or its subsidiaries. The Wilderness Society believes this creates the opportunity to achieve permanent and lasting resolution to the conflict over forestry in Tasmania.

On December 31, 2009 Gunns announced its plans for a [restructuring of the company](#), by proposing the creation of a new corporate group, to be known as Southern Star Corporation ("Southern Star"). Southern Star's principal assets will be a world scale bleached hardwood Kraft Pulp Mill in the Bell Bay Industrial Zone of Northern Tasmania and the highly prized Tasmanian land and eucalyptus plantation resource currently owned by Gunns Limited.

Gunns plans to isolate its native-forest logging operations from the pulp mill proposal, plantations and other more acceptable parts of its operations such as wine-making and retail outlets, is seen by NGOs as a vain attempt to hide its native forest logging operations from scrutiny by potential pulp-mill investors.

At the AGM of November 2009, Gunns announced that Swedish pulp and paper company Södra is one of the potential pulp-mill investors the company is in talks with. Södra has set minimum benchmarks for any pulp mill development in Australia, saying it would need to be totally chlorine-free (TCF), 100% plantation-based and Forest Stewardship Council (FSC) certified. Gunns current proposal doesn't meet any of the preconditions set by Södra. Gunns will have to undertake major reforms to meet the preconditions set by Södra, such as ending the logging of native forests and not using litigation against community members standing up for the protection of their environment.

However, Gunns also indicated that they are in talks with other pulp and paper companies.

Gunns has not received approval from the Australian Federal Government to operate the pulp mill. Gunns evidence to the Federal Government on the mills impact on the marine environment was rejected and they have been given until March 2011 to complete further research. However, Gunns has indicated it will begin construction of the project as soon as it secures finance for the project. Gunns has not yet completed critical scientific work on how the pulp mill pollution will impact on marine life and the fishing industry.

Financiers

Note that the finance details above refer to finance for Gunns Ltd, which was liquidated in 2013, and remains noted here for record.

At one time, ANZ was expected to be the lead arranger of funding for the mill project. However, after conducting their own independent review of the pulp mill proposal and following public protests against the mill, ANZ decided to discontinue its involvement with Gunns.

In January 2014 ANZ [confirmed](#) that it is not involved in providing financial support for the proposed Tamar Valley pulp mill.

Related companies

Andritz Austria

Gunns Limited Australia