

John Sutton says most Tasmanians want a pulp mill for jobs and the economy, but Katherine Teh-White argues that thwarting proper processes threatens the mill's acceptance.

Voters speak out loud and clear

John Sutton

At last year's Tasmanian state election, the Labor government and the Liberal opposition both went to the polls supporting Gunns' Tamar Valley Pulp Mill, proposed for the state's north. Together the parties attracted nearly 80 per cent of the vote.

The Greens, who mounted a vigorous campaign against the mill, garnered slightly more than 20 per cent. Clearly most Tasmanians want the \$1.5 billion kraft pulp mill on the banks of the Tamar River.

In all the heated discussion since Gunns recently decided to withdraw from the Resource Planning and Development Commission process, the views of the majority have been conveniently forgotten.

They were not just voting for a state of the art pulp mill that will add 2.5 per cent to the island state's gross domestic product, employ 3000 workers in the construction phase, create 280 production jobs and, conservatively, generate another 1600 jobs. It was a vote of confidence in high value-added industrial production in Australia.

It was the electorate's endorsement of the project, along with the potential for jobs, that the Labor government had to consider in the wake of Gunns' decision to withdraw from the RPDC process. The wishes of nearly 80 per cent of Tasmanians and the future of thousands of working families would have been ignored if they hadn't fast-tracked the legislation through parliament.

What is the real alternative to the pulp mill?

If this infrastructure is lost to Australia it will probably go to a location in South-East Asia, where labour rights and conditions are inferior and environmental standards all but non-existent.

Thinking Australians can't be happy with the scenario of woodchips being exported to



Chipping away... Gunns' proposed pulp mill is at the centre of heated discussion in Tasmania.

Photo: ERIN JONASSON

production facilities overseas so that we then import the end product, in this instance, paper.

Paper isn't about to disappear as a product in our society — either we make it here or it is made overseas. There will be an environmental impact wherever this industrial production occurs. The point is, who can best minimise that impact? The Construction, Forestry, Mining and Energy Union believes Australian industry can.

Projects such as Gunns' pulp mill will always be political — there is an element in the community that opposes any industrial development, no matter what the economic cost. The RPDC process created the fiction that the process is not political, that it will devise a solution everyone can agree on. In the forestry industry, we know that is simply unattainable.

Every concession to the Greens

emboldens them to make greater demands. It's within their rights to ask for more, but the responsibility of government to find the right balance for the whole community.

The CFMEU learnt a valuable lesson during the regional forest agreement process in the 1990s. It's better for us to debate these issues in any forum, whether it be parliament or the media, in the bush or the city.

All the science says the industry is sustainable, and slowly the public is coming to understand this — a forest industry and conservation are not mutually exclusive.

One of the most interesting aspects surrounding the proposed Gunns pulp mill is how little the opponents have focused on environmental issues.

There seems to be grudging acknowledgement this mill will be state of the art. The process set up in the new

legislation will ensure this still occurs.

In developed countries, such as northern Europe, environmental impact studies for similar projects take about two years. Gunns passed this deadline late last year and could get no assurance from the RPDC that the process would be completed by the end of this year.

Given this context, what was the company supposed to do? It knows the project is being asked to meet the highest environmental standards. At the same time, Gunns could see its window of opportunity in a globally competitive industry slipping by.

The Lennon government had no choice but to take the issue back to the forum elected by the Tasmanian people — the parliament.

John Sutton is national secretary of the Construction, Forestry, Mining and Energy Union.

Exporters key to better productivity

Tim Harcourt

There's been a lot of talk about productivity and how Australia fares in the productivity stakes. The chief economist of Australia and New Zealand Banking Group, Saul Eslake, says Australia's productivity growth in the 2000s has averaged less than 1.5 per cent a year, compared with the Organisation for Economic Co-operation and Development's average of 1.8 per cent.

As a proportion of US productivity, considered the world's benchmark, Australia's level was 79 per cent in 2005, the lowest since 1990. This is known as Australia's productivity puzzle.

Can Australia's productivity be level with the US's? Probably not, says Australian Treasury research. It considers Australia's geography, the tyranny-of-distance factor, too big an obstacle. Australia can't possibly reach the scale of US industry. But we can help improve our standing through education, infrastructure and business regulation. One way is by raising the global commitment of Australian enterprises. International research associated with the University of Nottingham shows that as nations encourage more of their businesses into exporting, total productivity in the economy improves.

The Nottingham studies examine mature economies like the US, Taiwan, Germany, UK and Canada but also some developing economies

"Micro-economic spin-offs may be the missing piece of the puzzle."

like Chile, China and even Columbia. The studies show that businesses that exported, on average, were more innovative, productive and flexible than their non-exporting counterparts, and they also got better over time through "learning by doing".

These improvements helped raise productivity all around in each nation's economy. For example, the evidence shows that 60 per cent of UK productivity growth during the 1996-2004 period was attributable to exporting businesses.

There's new evidence this is happening in Australia as well, in the manufacturing sector. The Melbourne Institute has looked at manufacturing firms in Australia between 1994 and 2000, and found that higher export intensity and a longer period of export exposure was associated with higher productivity.

The research found evidence not only of self-selection (better firms go into exporting in the first place) but also learning by doing as a result of becoming exporters. Why?

With tariffs reduced, many manufacturers had to become exporters because of import competition. They became more innovative and eventually more productive. They also paid higher wages and had better working conditions for their staff.

So exporting is good for the firms themselves, the workers and, via learning-by-doing productivity gains, good for the rest of us too.

Productivity gains by exporters ultimately provide better living standards and the chance to improve our quality of life. The micro-economic spin-offs of exporting (and importing) may well be the missing piece of the productivity puzzle.

Tim Harcourt is chief economist of the Australian Trade Commission, and author of Beyond Our Shores.

In search of a social licence to operate

Katherine Teh-White

At the core of the drama unfolding in Tasmania over Gunns' Tamar Valley Pulp Mill is the question of what is in the state's interest. It's believable that Tasmanian Premier Paul Lennon does not think he has done anything wrong in promoting Gunns' \$1.5 billion mill — no matter what the opposition parties say.

His argument stems from a world view that there is just a single dimension to a state's interest — the economic benefit of an investment for the prosperity of the community.

Shamefully, he and many other politicians have missed the behavioural changes expected of them from an electorate which increasingly cares about social and environmental issues. Voters want to be engaged in a robust process to ascertain the overall need and merits of an economic investment.

Proponents of best-practice resource projects cottoned on to this many years ago. They engage with the community about the need for the project, design it to deliver economic, environmental and social benefits, and resolve any remaining issues through dialogue.

Their reward is faster project approvals with a social licence to operate.

There are many examples of this in forestry, from the Visy Tumut Pulp Mill in NSW to North's (now Gunns') Hampshire woodchip mill in Tasmania.

Politicians who send signals to resource developers that their investment will gain all the necessary approvals speedily with little need to resolve public concerns, aren't doing them any favours.

If it is truly the "world's greenest pulp mill", then neither Gunns nor the government should require a special piece of legislation to speed it through the approvals process without any further public input.

Robust debate can produce consensus and accountable decision making. The opposite produces suspicion and anger, no matter how sound the technical claims.

The Gunns scenario should be forcing politicians throughout Australia to rethink their approach. You cannot cut public comment short and assume the weight of economic need will always get a project across the line. You cannot argue economic benefits in the face of social and environmental costs.

It's clearly the wrong solution in this new context of community expectations, it creates bad press and worst of all makes your project approval a political football. And that is what has happened here.

Resource Planning and Development Commission chairman Julian Green and another member, Warwick Raverty, resigned just before Christmas, citing political interference which compromised the commission's integrity and independence.

Raverty said he believed Tamar Valley was the worst site for the mill and recommended Gunns change it to Hampshire in Tasmania's north-west (which the company had costed at an extra \$20 million). Lennon should have told Gunns to resolve these concerns publicly. Instead, the Premier appears to have pressured

"The Gunns scenario should force all politicians to rethink."

the incoming RPDC chairman, Christopher Wright, to cut out public comment to meet a shortened project approval timeline.

These decisions, which have led to an end of the RPDC process and a special bill for assessment, have pushed the project into riskier territory because it has been politicised. What started as a lack of transparency is now a lack of accountability. And this has caused public unease.

At least one Labor Party politician has found it unacceptable and Lennon has risked his reputation, perhaps his authority. What will become more obvious is that even with the legal approvals, Gunns will suffer without a social licence to operate. Foisting this mill on a split community is no licence to grow.

While we will watch with interest whether the August deadline for approval is achieved without "incident", the key issue for Gunns is to change community sentiment.

Australia's long list of project approval failures — Wesley Vale pulp mill, Jabiluka uranium mine, Coronation Hill gold mine, etc — have taught us the importance of getting the decision-making processes right. Best-practice companies have learned that to succeed they need to embed a culture of good resource development, which requires accountability and transparency.

Best-practice politicians should also take the cue. The state's economic interest is now multi-dimensional and requires sustainable resource development through high levels of community engagement for a majority to approve the investment.

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