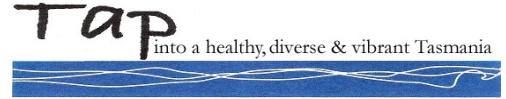


# THE GUNNS DOSSIER: PULP MILL SMOKE AND MIRRORS

**Author.** Tasmanians Against the Pulp Mill (TAP) Inc Research



**Purpose.** Pulp and paper expert Dr Warwick Raverty, reached the “sad conclusion that Gunns is not a fit and proper company to build a pulp mill anywhere” in Tasmania (14 March 2007). That conclusion is supported by this record of statements from CEO John Gay and Gunns Ltd, and State and Federal governments relating to the planned pulp mill in the Tamar Valley. The ‘Gunns Dossier’ will be updated periodically with new evidence.

**Sources.** Media reports, documentaries and publications from 2004 to the present.

**Cost.** The brief is distributed free of charge to selected groups.

**Preface.** We as Tamar Valley residents are disgusted with over four years of systematic corporate and government spin and manipulation. No one should have to put up with this form of disruption and level of violation of our rights as Australians. Our lives have been put on hold: we cannot improve our properties, have children, decide whether to stay or sell up and try to recoup anything like the real values of our properties.

We love this part of Tasmania and know that if we let this corporation take away our basic rights it will continue to happen anywhere in Australia. This is our home, not an opportunistic corporate’s playground.

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## 1. Gunns' pulp mill start dates

1. A company report listed on a Federal Government web site this week revealed that construction was scheduled to start in February 2006 with a mill commissioned by mid- 2008. [December 17 2004](#)
2. John Gay expects approval in August and a likely start in September (2007). It will take around two years to build. "We fully expected we'd never build a pulp mill in Tasmania and really believed we would have to move outside Tasmania to finish the project." [May 19 2007](#)
3. In an interview with 'The Australian', Gunns' CEO John Gay said that once the Longreach pulp mill was up and running then the company could look at building another pulp mill in Tasmania. [May 23 2007](#)
4. "Gunns plans to commence construction of the pulp mill in the first week of September 2007," Mr Germano's sworn statement (to the Federal Court) says. [June 1 2007](#)
5. "We've actually been able to build a mill that will meet all environmental guidelines" John Gay [July 30 2007](#)  
[ABC 4-Corners](#)  
["Grist For The Mill"](#).
6. Gunns chief John Gay is "95 per cent certain" construction of his company's \$1.9 billion pulp mill will begin in the Tamar Valley next week. [August 28 2007](#)
7. He confided yesterday that all being well, if he gets approval from the Feds in October, the board would then consider the project and, assuming it flashes the green light, it will be under way in January. [September 18 2007](#)
8. Gay is also unapologetic about his plans if the mill is rejected, saying he is already exploring offshore sites in joint ventures with the Chinese, among others. [September 18 2007](#)
9. John Gay asked on ABC Radio when construction of the mill could begin he replied: "Very shortly, weeks." [October 5 2007](#)
10. Just last week, executive chairman of Gunns, John Gay, told ABC radio's AM program that he hoped to start building the mill within weeks. [October 9 2007](#)
11. A Gunns spokesman says the company is looking to start work on the mill within two months, if the board gives the project the final sign off. [October 9 2007](#)
12. Gunns spokesman Tony Harrison said the company was still hopeful it could begin work within six to eight weeks. [October 10 2007](#)
13. Mr Gay said he was confident that construction of the mill would commence in January. "We are working to a timeline of about six to eight weeks and we have no issues at all with the state or federal conditions imposed on the mill." [October 23 2007](#)
14. Gunns hopes to start building by June, with the mill to start production in July 2010. [February 29 2008](#)
15. "It's all on schedule and it will go ahead," Mr Gay said defiantly this week from Gunns' headquarters in Launceston. "There is nothing holding Gunns up now". [March 3 2008](#)
16. "The mill was initially a 12-month approval process through the RPDC; I remember thinking we would be able to start in 2005," Mr Gay says. "It's now 2008, nearly five years on from the initial dinner and we still haven't begun." [March 3 2008](#)
17. But yesterday Mr Gay said the mayor was mistaken in his timelines. He said the mill was on track to be operational by July 2010, because the new 30-month timeline started from January this year, when the first land clearing permits were granted. [March 21 2008](#)
18. The company said yesterday it remained confident of beginning construction in August or September (2008). "There is no delay," a Gunns spokesman said. [June 18 2008](#)

19. Gunns nominates 4 August as the start date of construction for its water pipeline to the planned \$2 billion Bell Bay pulp mill. Up to 50 properties are in the path of the \$50 million pipeline but several landowners said they would not be selling. [25 June 2008](#)
20. Gay noted this week's announcement by the Tasmanian government to extend the pulp mill sovereign risk agreement until November 30 (2008) and said Gunns expected to start construction of the mill before then. [July 4 2008](#)
21. Mr Gordon said Forestry Tasmania and Gunns had agreed to vary the date for commencement of construction by five months to 30 November 2008. [September 22 2008](#)
22. Gunns does not expect principal construction activities to commence before the first quarter of 2009," Mr Gay said. [August 29 2008](#)
23. "Gunns cannot state with certainty that such a structure will be achievable, nor can it provide an assurance that the mill project will proceed." [August 29 2008](#)
24. Timber company Gunns has admitted for the first time that its controversial Tamar Valley pulp mill may never be built. [August 29 2008](#)



Source, Foto Search

## 2. The assessment processes

### 2.1 RPDC process

25. On the final day of public comment on guidelines for the project's impact statement, Gunns submitted a revised project scope. Among the changes are a tripling of the size of the Bell Bay site in northern Tasmania to 650 hectares. There is also a requirement for a new wharf. [June 20 2005](#)
26. Gunns Limited has admitted its 7500-page pulp mill study contains serious errors and omissions but has rejected a suggestion it should go back to the drawing board. Gunns' counsel Jeremy Gobbo said the company recognised there was a number of errors and mistakes in the draft IIS. "We see a number of matters of substance need to be addressed afresh," he said. But he said the additional information would be supplied in one block of material by mid-December. "A new IIS that supersedes the draft could not be produced by mid December," Mr Gobbo said. [October 26 2006](#)
27. Gunns' CEO John Gay said that unless the mill was approved within 6 months the project would be axed. [January 10 2007](#)
28. Gunns' chairman John Gay claimed the company had met all environmental standards required by the Resource Planning and Development Commission and should be allowed to get on with building the pulp mill immediately. [January 11 2007](#)
29. "I am concerned about the time it is taking. It has already been more than 12 months now," Mr Lennon said yesterday. "I would have hoped we could finalise our consideration (of the pulp mill) by the end of this financial year." Mr Gay issued an ultimatum that he needed a green light for his pulp mill at Long Reach, near Bell Bay, within six months -- a timeline the Premier has now endorsed. [January 13 2007](#)
30. Last week, Gunns' boss John Gay called for a decision within six months, otherwise he would look at taking the mill offshore. He said he believed Gunns had sufficiently met requirements and ongoing delays would escalate costs, threatening the viability of the mill. [January 15 2007](#)
31. John Gay said that they would not be sending the additional information asked for by the RPDC, which was due in today. [January 31 2007](#)
32. John Gay says that "the Longreach proposal is hanging on thin threads and it has all to do with negativity about the project; it has gone too far to redeem it". [March 8 2007](#)
33. "How can I feel confident that any process is going to deliver an answer while we are spending money every day of the week, every month of the year? We've been spending large amounts of money trying to get a project up in Tasmania, and no one can give me any answers." (John Gay) [March 14 2007](#)

### 2.2 Withdrawal from the RPDC

34. Mr Lennon confirmed to state parliament yesterday that he met the head of an independent mill assessment panel on February 27 to seek a speeding up of its deliberations on timber group Gunns' \$1.4 billion proposal for the state's north. [March 14 2007](#)
35. Mr Gay had publicly warned that the project – the biggest in the state's history - could be dumped or taken offshore if it was not approved by mid-year.
36. In a shock announcement, Gunns' executive chairman John Gay told Premier Paul Lennon that his company could no longer wait for the independent pulp mill assessment panel to decide if the pulp mill should be built. [March 15 2007](#)
37. Mr Gay blamed the RPDC's recent admission of an "indefinite" timeframe, possibly stretching to 2008 before a final decision, as the reason for his company's

withdrawal. He said such delays had proved "commercially unacceptable" to the timber giant's board of directors yesterday. They had wanted a decision made by June 30.

38. The incoming Resource Planning and Development Commission pulp mill panel chairman, Christopher Wright, had said his panel could not make a final decision before November -- and possibly not until 2008 -- on whether the project met state and federal environmental standards. But the following Tuesday, Mr Gay wrote a letter to the Australian Stock Exchange stating Gunns was "confident the necessary government approvals (for the pulp mill) will be obtained within a timeframe which maintains the commercial value of the project". [March 16 2007](#)
39. A crisis meeting requested by Mr Lennon with Mr Gay in Hobart on Sunday, February 25 ... was called to hear the concerns of Mr Gay and the Gunns board about the need for a quick decision on the pulp mill before the finances of the project no longer added up.
40. Premier Paul Lennon yesterday adamantly denied any secret fast-track deal had been struck, or undertaking given, with Gunns on that Sunday (February 25 crisis meeting) which would have given the company new hope about its mill. Mr Lennon said it was mere "conspiracy theory" to suggest that a joint plan had been hatched at that meeting to take the key role in deciding the mill's future away from the tardy RPDC, to be replaced by a quicker parliamentary approval process.
41. Gunns last week announced it had pulled out of the RPDC process and was in the State Government's hands. Mr Gay said yesterday "we nearly went out on January 5" after Mr Green's resignation and he had called an emergency board meeting. "The Premier kept asking me to stay in but it became clear he couldn't fix it and when Christopher Wright was appointed (to head the RPDC) that was the end of it," Mr Gay said. [March 19 2007](#)
42. He said of Premier Paul Lennon and the Government: "They stuffed me up."
43. Mr Gay said it had been a ridiculously expensive process and the decision had not been taken lightly. "Raverty pulled Mr Green down with him," Mr Gay said. He said Gunns had to pay a \$60 million penalty on hedging contracts by June 26.
44. The (government's) independent expert has been given an "opt-out" clause in the new process to pass the mill so long as it is on par with other mills in the world. The revelation has cast doubt on Premier Paul Lennon and Gunns' boss John Gay's previous claims that the Tamar Valley mill will be the world's cleanest. [March 24 2007](#)
45. Gunns' spokesman Tony Harrison maintains that Gunns fully submitted to the process and has been misrepresented over its role in the matter – particularly over concerns that public consultations had been dropped. "There's been enormous public participation. This project has been public for four years. It's normally two and a half years," he said. "How much longer must we go on? In the time that this project has been considered, two pulp mills have been built in other countries while we've been sitting here considering this." [March 27 2007](#)
46. Asked if Gunns had received any federal assurances of priority for federal EPBC Act assessment, Harrison replied: "Gunns have been discussing this with the Federal Government but it's not going to conduct its affairs through the media."
47. "How could any reputable company be involved in a process that allows just four weeks and one day to review such a vast amount of data and such a huge project and hope to do it properly?" Mr Wing said. [April 5 2007](#)
48. Gunns had threatened to scrap the mill unless it was given the green light by 30 June. The new process will deliver an answer in September (2007). [April 13 2007](#)
49. Gay describes his decision this way: "It was a huge gamble from my point of view but I had no alternative. "We couldn't get a decision from the RPDC, which was [May 19 2007](#)

finding it very difficult to handle the small minority against the mill, led by the Tasmanian Wilderness Society. "We were just getting nowhere and we were spending a huge amount of money. I had to weigh up whether I could afford to keep in the process or not. "It just got far too expensive. I made a decision. Either you want it here or you don't want it here. "I've gone three years, and three years was long enough.

50. John Gay also said that he was 99% certain that the Lennon Government would approve the project. [May 23 2007](#)

51. "Any delay, even by one day, of the commencement of construction . . . will result in an adverse financial impact on Gunns. "It is anticipated that each day the project is delayed will represent a loss to Gunns of approximately \$1.076 million per day in cost escalation and loss of profits." Mr Germano's sworn statement (to the Federal Court) says. [June 1 2007](#)

52. "It appeared (Justice Wright) could not differentiate the RPDC from a court of law and he was incapable or unwilling to put reasonable timelines in place that could facilitate commercial decisions," Mr Gay said. "We are not seeking special treatment but if major developers cannot even discuss issues of timing and process with the planning authority, who can they talk to?" Mr Gay said. [July 31 2007](#)

### **2.3 Fast tracking process**

53. Gunns' pulp mill will not have to meet the original tough air, water and waste pollution guidelines to pass the proposed new fast-track assessment. [March 24 2007](#)

54. "The process hasn't worked -- we are quite unhappy about the length of time and the aggro we have had to go through," Mr Gay said [August 28 2007](#)

55. "The mill is compliant and I'm building something with modern technology that is within the laws and standards of this country -- yet it is me and Gunns that get abused."

56. "You can't expect someone who comes to this state with a \$2 billion project and a big cheque in his hand not to be able to talk to the Premier -- how ridiculous is it that he very nearly lost the project."

57. The announcement by the Gunns board on Thursday that a final Federal Government approval on the pulp mill as late as mid-October did not jeopardise the massive investment project commercially contradicts everything it said earlier this year. [September 1 2007](#)

58. Confidential court documents later showed Gunns had insisted to both the state and federal governments, after its withdrawal from the RPDC process, that it must start building the pulp mill in the first week of September. It said it had already signed binding financial, equipment and construction contracts.

59. As Gunns now admits, the Tasmanian Parliament could have resumed for its normal scheduled sittings next week, or even late September, and still made a decision on approval ahead of Mr Turnbull's latest deadline. More critically for the Tasmanian public, the lack of any real reason for an August 30 "imperative" could have allowed for six weeks of public hearings to have been included within the Tasmanian fast-track parliamentary assessment process.

60. Says Gay: "We'd spent three years and a large amount of money -- something like \$30 million -- in a process that had ended up with no decisions at all. We'd spent \$6 million on an environmental impact statement ... we took 700 submissions and answered all those with scientific people." "We asked the Government, which obviously has control of the RPDC, to give us a timeline that we could work to for financial costings and controls and budgeting purposes to know where the end result [September 15 2007](#)

would be and at what cost." "I was accused of being in the Premier's pocket, I was accused of trying to change the course of justice and I was ridiculed on that process of just wanting a timeline ... We had to make a decision: we had to deal with banks, we had shareholders and we had employees who were working on the project who were costing a lot of money."

## **2.4 Pressuring the Commonwealth**

61. The executive told 'The Australian' he believed the \$2 billion mill, the biggest in the country, would be approved by Mr Turnbull by his deadline of October 10. "I believe that Turnbull will make a positive decision because all the information that he has to make the decision on says there are no issues with this pulp mill in Tasmania," he said. [September 14 2007](#)
62. "If we can't meet the conditions he wants, or he wants changes, it means Turnbull doesn't want the mill," Mr Gay said. "I can't work with any tougher permits. This mill, as it is, meets the science. I can guarantee that." [October 2 2007](#)
63. "I wouldn't think there is anything in the Peacock report that we should be worried about because the mill is world class. It meets all of the science that the environment requires, totally," Mr Gay said. "I would expect Peacock's report would only be glowing about the science of the mill." [October 4 2007](#)
64. "We are currently going through the process of understanding the permits," Mr Gay said [October 23 2007](#)
65. Gunns' resource and sustainability manager Calton Frame said the extension would ensure that consideration of the 12 modules -- all of which were submitted to the Department of Environment last month -- wasn't rushed. [September 9 2008](#)
66. He said the company was confident it would get Federal Government environmental approvals given this month's deadline extension by federal Environment Minister Peter Garrett (Gunns' spokesman Matt Horan). [September 19 2008](#)

## **2.5 Pressuring the State (see also 2.1, 2.2)**

67. A spokesman for Gunns says it does not expect the Tasmanian Government to rush its decision. He says the company has applied to extend the agreement but there is no need for a decision until June 30 (2008). The company says the extension does not mean there has been a change in the current timetable for the mill's construction. [June 18 2008](#)
68. A Gunns spokesman denied the company had attempted to pressure the Government into a quick decision. "There is no need for the Government to rush into it," he said. [June 19 2008](#)
69. A Gunns spokesman said the company was "very pleased" with the extension to the November 30 date, "the date that it had sought". [July 1 2008](#)
70. "I believe we underestimated the time it would take and what we had to do to satisfy the departments on the process." (John Gay). In January Gunns said it expected to submit the last module by July 28, 2008. [August 14 2008](#)
71. Gunns' spokesman Matthew Horan later confirmed that the company could live with the loss of a \$15 million State Government sovereign risk agreement. [September 9 2008](#)

### 3. General issues

#### 3.1 'Greenest' mill

72. Mr Gay said Gunns would look at the best European technology for a low-impact TCF (total chlorine-free) kraft mill, which would be a first for Australia. "A TCF mill would eliminate perceived environmental risk in the bleaching process through the substitution of chlorine with compounds derived from naturally occurring oxygen and hydrogen," he said. [June 28 2004](#)
73. "Gunns Limited has never had any intention of using elemental chlorine in its Bell Bay mill. This is outdated technology." John Gay. [February 25 2005](#)
74. The bleaching process will be Elemental Chlorine Free (ECF). [Undated Gunns Limited Bell Bay Pulp Mill Referral.pdf](#)
75. John Gay said yesterday, "We will be using chlorine." [February 25 2005](#)
76. John Gay has publicly stated that it is okay that his company kills protected species because "there's too many of them". [December 2006](#)
77. "We are determined to develop a pulp mill that meets the most stringent environmental standards as approved by the Tasmanian parliament and the Commonwealth minister, and one that will significantly add value to Tasmania's forest resource," Mr Gay said. "And, we will do this in a sustainable way, preserving our forests for future generations and without adverse impact on the local atmosphere and marine environment surrounding the mill." [October 4 2007](#)
78. Mr Gay wanted to reassure the Tasmanian public that the mill is environmentally sound. He dismisses questions about its environmental credentials, and evidence that the mill was set to fail at least six air and water quality guidelines set by the former RPDC. [March 3 2008](#)

#### 3.2 Water supply

79. It (the mill) would draw water from Curries Dam, with a new small dam on Pipers River. [December 17 2004](#)
80. Pulp mill water off-take will be taken from water that would otherwise have flowed through the Trevallyn Power Station. [February 2007 'The Facts' by Gunns.](#)
81. The proposed pipeline route traverses about 60 properties between Trevallyn and the mill site. [March 3 2008](#)
82. Under the water deal, Hydro is charging Gunns about \$624,000 a year -- an amount it says compensates for the 7.3 gigawatts of power the water would have generated. [March 6 2008](#)
83. Hydro Tasmania has revealed it cannot guarantee water supplies to the \$2 billion Gunns' Limited pulp mill. [March 14 2008](#)
84. In a last-ditch attempt to take pressure off any property owners who have not yet made up their minds, Gunns yesterday removed next week's deadline of July 23 for negotiations to cease. [July 17 2008](#)
85. Spokesman Matthew Horan said that if landholders raised the issue with Gunns, the company would look at selling irrigation water from the pipeline at cost price to landholders. [July 17 2008](#)

86. Mr Horan said. "We are relatively confident of getting all the landholders to agree, but if we can't then that means there will be no pipeline and no mill." The Gunns spokesman said that while the company would not discuss how many landholders it had already locked into agreement, it did not believe there were more than "one or two" who opposed the pipeline. [July 17 2008](#)

87. Gunns' spokesman Matt Horan said the timber giant was continuing finance negotiations and site work for the mill and was closer to an agreement on a water-supply pipeline. [September 19 2008](#)

### **3.3 Water pollution**

88. Gunns Limited believes its proposed \$1.5 billion pulp mill in the Tamar estuary will have no "significant impact" on the water quality of Bass Strait or on fish and other marine life around its ocean effluent outfall near George Town. [April 4 2007](#)

89. Dioxin formation in the discharged pulp mill effluent is calculated to be almost non-existent. [Gunns Ltd Pulp Mill Project faqs.htm](#)

90. Gay says the proposed pulp plant is state of the art technology, meeting world standards of effluent. [May 31 2007](#)

91. Curtin University associate professor of petroleum engineering Andrew Wadsley said on Tuesday dioxin concentrations in Bass Strait flowing from the mill's effluent could be nearly 1400 times higher than predicted by proponent Gunns Ltd because of mathematical errors made in estimate calculations.

92. Gunns and its toxicology consultants have dismissed Prof Wadsley's claims as "irresponsible scaremongering". A Gunns media statement issued last night said 'that dioxins were not usually detectable in the effluent of modern mills.'

93. Federal Environment Minister Malcolm Turnbull recently asked Gunns if it was possible to add this type (closed-loop) of recycling system to its pulp mill. But on May 1 Gunns' mill project manager Les Baker emailed Mr Turnbull claiming it was impossible to include a full effluent recycling system in the design of its proposed Tamar River mill because it would jeopardise the project's financial viability. [August 7 2007](#)

94. Gunns' spokesman, Tony Harrison, said the company had not been asked to do further work on the effluent's environmental effects so far, and declined to comment on the contents of Dr Peacock's report. [September 28 2007](#)

95. Dr Peacock confirmed that Gunns had been allowed a maximum dioxin limit well above dioxin levels produced by similar mills overseas. [October 29 2007](#)

### **3.4 Air pollution**

96. Gunns Ltd pulp mill will exceed official limits set for a noxious gas that causes acid rain and adds to global warming. Gunns admits the air pollution blowout in its draft integrated impact statement now before the RPDC. Gunns includes mitigation for breaching the RPDC pollution limits and argues the levels should be revised upwards to accommodate the emissions blowout. [November 5 2006](#)

97. John Gay told the timber company's annual meeting that the mill would not smell. [November 13 2006](#)

98. Overall there will be a reduction of more than 1.3 million tonnes per annum in carbon dioxide. [February 2007 'The Facts' by Gunns](#)

99. Gunns' consultants say modelling predictions of the pulp mill's impact on Tamar Valley air were made with incomplete or inaccurate data. As a result, the modelling [April 1 2007](#)

sometimes predicts air pollution will be lower with a pulp mill than without.

100. Gunns proposes a main chimney stack of about 130 metres high for the Tamar Valley pulp mill. However, the RPDC has a formula for main stack height which would require a chimney of at least 215m. Gunns admits in its draft integrated impact statement that its proposed mill will breach emission limits for nitrogen oxides ... linked to respiratory problems, heart disease and premature death. **Simon Bevilacqua. The Sunday Tasmanian**
101. Les Baker, Gunns' Project Manager: It will have no impact in terms of emissions both in the water and in the air on the environment around us. **[June 5 2007](#)**

### 3.5 Employment guesstimates

102. Gunns estimates a pulp mill will generate at least 300 direct jobs, more than 1000 indirect jobs and up to 3000 construction jobs. **[June 28 2004](#)**
103. The pulp mill will increase the number of Tasmanians employed by an average of 1620 (excluding those involved in construction) **February 2007 'The Facts' by Gunns**
104. About 3,400 more jobs will be expected in Tasmania in 2008 if the pulp mill is constructed. **Gunns Pulp Mill Project faqs.htm**
105. John Gay said including construction and flow-on investment, the mill would create 3,500 jobs and add nearly \$6.7 billion or 2.5 per cent to the Tasmanian economy. **[October 4 2007](#)**
106. THE Tamar Valley pulp mill will employ 1250 workers in its construction -- not 3000 as first predicted by Gunns Ltd. Gunns' executive chairman John Gay last night denied misleading the Tasmanian public. Mr Gay said the man-hours required to build the mill were the same, but work would spread over a longer time and require fewer workers. He said more construction would be pre-fabricated in Europe by industrial specialist Andritz, requiring less on-the-ground construction. **[March 21 2008](#)**
107. Gunns is committed to source employment and services from Tasmania whenever possible. **Gunns Pulp Mill Project faqs.htm**

### 3.6 Wood supply

108. **John Gay:** 'We don't log deliberately old growth forests'  
**Ticky Fullerton:** 'On the one hand we're saying there's very, very little old growth felling that actually happens'. **John Gay:** 'Yeah'. **February 16 2004**
109. **Ticky Fullerton:** 'On the other hand we're saying if it was stopped we'd lose many many hundreds of...'. **John Gay:** 'Well, the jobs in the sawmills in the added value. You've seen that here today. You have actually seen it yourself.' **ABC 4-Corners Reporter: Ticky Fullerton**
110. **Ticky Fullerton:** 'If we did have a pulp mill here in Tasmania, how much more forestry would you need to feed that pulp mill?' **John Gay:** 'Not one single more hectare of land.'
111. **Ticky Fullerton:** '85% of your chips I think come from native forests, some of it is still old growth, why when every other state has thought better of it are we still clearfelling old growth forest for woodchips?' **John Gay:** 'Well we're not actually clearing old growth forests for woodchips. This state and the Forestry Tasmania operates this industry on a sustainable yield for sawlogs and for added-value and that creates logging of those areas and those we are taking the residue of those areas not the chipping business. Ten years ago, fifteen years ago those areas were burning the resource.'
112. **Ticky Fullerton:** 'Isn't that being a bit disingenuous because clearfelling is the main way of taking timber out of Tasmania at the moment isn't it?' **John Gay:** 'Clearfelling

is not the main way of taking timber out of Tasmania. I believe that we are, our main process of getting timber is through regenerated forests and regrowth.'

113. John Gay said no old-growth timber would be used in the pulp mill. [July 11 2006](#)
114. Twenty-four hours after release of the Integrated Impact Statement (IIS), Gunns' spokesman Les Baker, assured media representatives that no old-growth timber would be used in the mill or in its associated bio-fuel electricity generator. He said the mill would not require any ramping up of forestry operations. Gunns insists that the mill will only use woodchips from plantations and regrowth forests. All woodchips used would otherwise have been exported. [August 2006](#)
115. Gunns' regional manager Bryan Hayes told a meeting of logging contractors in Launceston last week that continuing and long-term woodchip export sales by Gunns were vital for its finances. He said Gunns ability to finance the \$1.4 billion pulp mill "in its own right" would depend on the company continuing parallel large-scale raw woodchip exports. This shock admission reveals the timber giant intends to operate this two-pronged chip policy until at least 2025. [August 4 2006](#)
116. It will continue to export around three million tonnes of raw woodchips from its Burnie and Triabunna woodchip mills every year, while also using up to another four million tonnes annually in the pulp mill.
117. Gunns statement that its Tamar Valley pulp mill will not require more trees to be cut down has been challenged by a report commissioned by the Resource Planning and Development Commission. The mill impact statement said all wood for the proposed mill would be sourced from trees that would otherwise be chipped and exported. But the new report said Gunns had not provided a "business as usual" no-mill scenario to test its prediction. [October 20 2006](#)
118. Gunns intends to secure a supply of 2 million GMt/a of hardwood supply from native forests and plantations under a long-term supply contract with Forestry Tasmania. [Gunns\\_Limited\\_Bell\\_Bay\\_Pulp\\_Mill\\_Referral.pdf](#)
119. Mr Gay said he also thought it disgraceful that conservation groups such as (the) World Temperate Rainforest Network were "using" young children who could not possibly understand the issues associated with the timber industry in Tasmania. [November 10 2006](#)
120. It will use about 3.5 million tonnes of timber a year, which is around the future levels of Gunns own plantation production - an output that Gay says will continue in perpetuity as new trees replace those harvested. [May 19 2007](#)
121. Mr Gay said: "The pulp mill would bring Gunns into a league of cash flow that would expand Gunns even further than most people could imagine. It will mainly be driven by native (forests) instead of plantation. [September 17 2007](#)
122. Forestry Tasmania this week confirmed that up to 500,000 tonnes of old-growth woodchips would be exported each year. (Bob) Gordon suggests Australians should end their hang-up with the logging of old growth. "It assumes that there is somehow something wrong with harvesting old growth," he says. [October 27 2007](#)
123. In 2006-07, Gunns exported 3.4 million tonnes of woodchips. Gunns integrated impact statement for the mill makes it clear the company will continue to export woodchips, as well as feed them into its mill. By 2022, Gunns says, the mill will have consumed about 3.2 million tonnes, while a further 3.6 million will be "available for export". This means the total woodchip resource available to Gunns alone will be 6.8 million tonnes in 2022. That would be a doubling of Gunns present rate of woodchip production, based on 2006-07 export levels.
124. The project, which will produce 1.1 million tonnes of pulp annually, (uses) 80 per cent native forest at start-up. [July 4 2008](#)

### 3.7 Gunns' attitude to pulp mill opponents

125. "Gunns Limited and the majority of Tasmanians are sick and tired of the misleading information being peddled about our industry and our state," he said. <http://www.news-tasmania.com/gunnsfolly.html>
126. The chairman of the Tasmanian timber company Gunns Limited, John Gay, says the company is prepared to spend up to \$2 million on the so-called 'Gunns 20' case. <http://www.mcgunns.com/>
127. John Gay broke a lengthy silence on the case as he confirmed yesterday it would be pursued, at least against some of the individuals. "Gunns isn't about silencing the Greens," he said. "What we're sick of is the malicious damage some people are doing to us. We will continue to chase that down to the nth degree." [August 29 2006](#)
128. Opponents of the development have resorted to misinformation, scare-mongering and false claims. John Gay [February 2007](#)  
['The Facts' by Gunns](#)
129. The rebuke followed Mr Gay's response to Daniel Alps' call for compensation if the mill damaged his thriving Tamar Valley restaurant Strathlynn. Mr Gay dismissed the call as "spurious" and suggested operators pay Gunns when their businesses benefited from the \$1.7 billion project. [July 17 2007](#)
130. "It's the opponents who won't accept the umpire's decision, not me or Gunns." John Gay [March 1 2008](#)
131. "I don't understand it but (protesters) won't be able to stop the mill because it has approvals from both governments," Mr Gay said. "I don't know what they will do but I am not really interested. Gunns won't have to have anything to do with protesters because it will be a police issue." [March 3 2008](#)



Source, Foto Search

## 4. Gunns, secrecy and power

132. **Ticky Fullerton:** 'Mr Gay I can't do an interview without asking you about the Rouse affair, that was very significant. Edmund Rouse was Chairman of this company and he was involved in bribery.' **John Gay:** 'That um I don't like to talk about that.' **February 16 2004 ABC 4-Corners**
133. Mr Gay yesterday confirmed that the Premier had travelled to Gunns' Launceston head office for an unscheduled hour-long meeting. "I think he had read the paper (and the six-month approval ultimatum threat) and wanted to settle me down," Mr Gay joked last night. "He wanted to confirm to me that he was managing the process and that (the RPDC resignations and Dr Raverty's subsequent comments) were just a hiccup." **January 12 2007**
134. The former head of the State Government's Pulp Mill Taskforce, Bob Gordon, told RPDC chairman Julian Green to "get lost" when he complained about the taskforce's aggressive promotion of the proposed \$1.4 billion mill. According to the senior government source, who asked to remain anonymous, when Mr Green told Mr Gordon he would be forced to tell Mr Lennon of the continuing interference and non co-operation, the taskforce chief laughed at Mr Green. "He said, 'Go ahead, (the Premier) he's my mate, you know -- he won't do anything'". **February 2 2007**
135. "The Premier kept asking me to stay in but it became clear he couldn't fix it and when Christopher Wright was appointed (to RPDC) that was the end of it," Mr Gay said. **March 19 2007**
136. The reason Gunns did not meet timelines during the RPDC process was that the RPDC kept giving the company "so much extra work" to do.
137. Les Baker, (from) Gunns ... had called (the CSIRO) to say that if the CSIRO would not compel Raverty to be silent, Gunns would be "less supportive" of the CSIRO. **March 27 2007**
138. Concerns (about the fast track assessment bill) raised in the legal opinion of University of Tasmania law lecturers Mr Baxter and Michael Stokes include: Clause 11(3), which states that even criminal conduct (such as gaining a permit by the payment of bribes, corruption, fraud or intimidation) cannot delay the pulp mill permit. They say "this entails that a permit based on assessment which is completely tainted by criminal activity remains valid". Section 11(1), which prevents any appeal, review, action or proceeding in respect of, for example, the way in which the consultant carried out his or her duty. They say this lack of review is a denial of natural justice. **March 27 2007**
139. Gunns has refused to answer questions about whether its lawyer helped draft a "dream Bill" to set up a fast new assessment process for its pulp mill. **April 3 2007**
140. Gunns' 20-year wood-supply deal with Forestry Tasmania, part of the mill's feedstock, was kept secret until last week when Tasmanian Ombudsman Simon Allston made a landmark ruling to force its release. **April 15 2007**
141. On Wednesday night, Premier Paul Lennon told the adjournment debate of state parliament that Ms Hornsey informed Gunns of the impending bad news in discussions on March 8. "She took those matters up with Gunns - that is, the need for the additional information being highly likely to be sought by the RPDC," Mr Lennon said. **June 15 2007**
142. Gunns pulled out of the RPDC six days after the news from Ms Hornsey. The next day, March 15, Mr Lennon announced a new fast-track assessment of the mill to be carried out by government-appointed consultants.
143. Yesterday, the Premier refused to answer questions in parliament as to whether he or anyone acting on his behalf had discussed the option of a fast-track assessment with Gunns ahead of its withdrawal from the RPDC.
144. Premier Paul Lennon has admitted to a parliamentary committee that he knew environmental information supplied by Gunns Ltd ... was inadequate. **June 19 2007**

## 5. Gunns' finance spin

145. **Ticky Fullerton:** 'Do you think you're on a black list as far as ethical investment goes?' **John Gay:** 'No that doesn't really worry me from what I see about ethical investment companies, where they have investments in Australia. They don't show very good returns.'
146. Seven Councils have cautiously welcomed the proposal for a \$1.2 billion pulp mill in Bell Bay. [April 2005](#)
147. At a capital expenditure cost of \$1.4 billion, Gunns' pulp mill proposal is the largest-ever investment by the private sector in Tasmania. [Gunns Pulp Mill Project faqs.htm](#)
148. Gunns Ltd proposed pulp mill is a highly risky project in a volatile market, says a new report from CommSec. [November 2 2006](#)
149. Mr Bayley asked Mr Gay if he was deliberately misleading shareholders on the issue. "I think my credibility on this issue is a bit better than yours in this industry," a stony-faced Mr Gay replied. [November 10 2006](#)
150. Mr Germano's sworn statement (to the Federal Court) says. "Any delay, even by one day, of the commencement of construction ... will result in an adverse financial impact on Gunns. "It is anticipated that each day the project is delayed will represent a loss to Gunns of approximately \$1.076 million per day in cost escalation and loss of profits."
151. Gay announced the project had ballooned in cost from \$1.2 billion in 2005 to \$1.9 billion now. [August 2007](#)
152. John Gay said "I don't remember telling Bill Heffernan that the Hampshire site was the way to go. I remember discussing the Hampshire site with him one day, but when we done the feasibility study, the Hampshire site economically was not viable." [September 15 2007](#)
153. Mr Gay said "I think the financial markets believe that we are right, but they are getting such enormous influence of people writing to them and threatening them about Gunns." He said he "heard from a source the other day" that people would be suggesting to financial markets not to invest in Gunns. [September 17 2007](#)
154. Gunns' director Robin Gray says the company will have no trouble funding its proposed Tamar Valley pulp mill, whether or not the ANZ Bank approves finance for the project. Mr Gray says the board has plans in place to ensure the project will be funded, no matter what the bank's decision. "I don't think you'd need worry that we'll have the finance in place to complete the mill." [October 7 2007](#)
155. Gunns is confident of getting financial backing for the \$1.7 billion project, even if it's knocked back by the ANZ Bank. [October 9 2007](#)
156. In June last year Gunns told the Federal Court that every day of delay past September 1 would cost the company \$1.076 million. [December 21 2007](#)
157. "All the other costs of operation are about the same as Tasmania so I suspect that we will be very competitive in the cost of wood and pulp from South America." (John Gay) [January 28 2008](#)
158. Mr Gay defended the Allen report. "I think the economics of this mill are fantastic," he said. However, the economic benefits of the mill were "no one else's business". "Gunns owns its own resource and it's going to own the mill," he said. "That's a company decision, whether it's economical or not. The (Gunns) board wouldn't approve the mill unless it met its economic parameters." [January 29 2008](#)
159. "Despite what you read, there has never been an issue with financiers approving this mill," Mr Gay said. "There will be no problems with finances, it's all on schedule and Mick Smith seemed very happy with Gunns and our processes, especially after the release of the federal government Peacock report." Mr Gay says once the final clearing [March 3 2008](#)

and construction permits are ticked off by Federal and State Governments in the next few weeks, he will formally be given ANZ Bank project finance.

- 160."ANZ and Gunns deal on a commercial basis, not on an emotional one," Mr Gay said. "I don't talk to financiers about environmental issues and they don't raise them with me.
- 161.Mr Gay said the bank's obligation to meet the Equator principles for sustainable industrial developments have already been "ticked off".
- 162."The ANZ just can't give us the last approval until we give them the permits, but it's all on track." Once the pulp mill's finances are locked in, Mr Gay said the Gunns board will then meet to finally sign off on the valuation and build of the mill. It had already approved the project in principle three years ago. He expects that meeting to be in April and appears certain there are no doubters in the board's ranks about the benefits of the massive mill for Gunns' shareholders.
- 163."I think it's gone too far financially to stop this mill," Mr Gay said in a remarkable admission. "But, even though the mill should have been functioning by now, the numbers still stack up." Mr Gay says Gunns has already spent millions of dollars on paying construction, engineering and employment contracts that have had to be delayed because construction start-up has been put back a year. "All over the world we had to shutdown our contracts until May once government approval processes stretched past June 30, 2007," Mr Gay said. "We've got \$80 million invested in contracts; that's money we have already spent and are paying interest on, but we have got nothing to show for it." It's how the Gunns' executive chairman says his commercial manager John Germano calculated last year that the company would lose \$1,076,000 a day in lost profits and extra costs, for every day past September 1 that the mill's construction was delayed. Additional hedging costs added another \$30,000 to real bottom line costs. **[March 3 2008](#)**
- 164.But Mr Gay denied that the alarming figures amounted to Gunns pressuring the State Government or the courts about the need for urgent action. "It is not exaggerating to say that the pushing back of construction by nearly a year will cost us nearly \$300 million in lost revenue and additional contract, capital and borrowing costs," Mr Gay said. "That's why we pulled out of the RPDC assessment process in March 2007; we needed a final commitment by June 30." **[March 3 2008](#)**
- 165.There are no problems with the finance or the permits. "This mill will be built." Said John Gay.
- 166.Mr Gay said Gunns had also received approaches from investors, including current industry participants, interested in taking equity in the pulp mill. **[March 7 2008](#)**
- 167.John Gay said a world economic boom caused delays in getting steel and heavy machinery. He said no large payments were due to Andritz and other major contractors before May. **[March 21 2008](#)**
- 168.Mr Gay said the extended timelines did not mean there was trouble with the mill obtaining project finance.
- 169.Gunns' executive chairman John Gay told "The Age" that ANZ was leading the project. "The financing of the mill is being held and dealt with by ANZ, and they have got banks around the world as part of the Gunns' syndicate," he said. "We will get the finances." **[May 23 2008](#)**
- 170.Last August, Mr Gay insisted the mill was "well and truly financed. I can assure you we have the finance secured or we wouldn't be at this level and going full steam ahead". **[May 24 2008](#)**
- 171.ANZ has confirmed it will not be funding Gunns Ltd controversial \$2 billion Tamar Valley pulp mill. **[May 29 2008](#)**
- 172.Chairman John Gay said that project financing for the mill was "not dependant on ANZ participation in the banking syndicate."
- 173.Gunns' chairman John Gay said there had been strong international interest in the **[29 May 2008](#)**

financing of the project.

174. Mr Gay said the company was finalising the finance facilities for the project. [May 29 2008](#)
175. "The company continues to receive strong international interest in relation to the financing of the Bell Bay mill, and all approvals required for the project remain on track," Gunns' executive chairman John Gay said in a statement to the Australian Stock Exchange (ASX). [July 3 2008](#)
176. John Gay said after the annual meeting in November that ANZ was leading banks around the world in a syndicate. "We will get the finances," he said. "We have no issue with that." [July 4 2008](#)
177. Yesterday Mr Gay repeated in a statement to the stock exchange that there was international interest in the project, "We are in active discussions with a number of banks in relation to financing the project," he said. [July 4 2008](#)
178. However, a Gunns spokesman, Matt Horan, would not comment on the banks in the syndicate. "We don't want to get involved in naming banks that might or might not be part of it in the months ahead," he said. Mr Gay said Gunns had received approaches from equity investors, including investment from industry
179. John Gay told the "Mercury" he could not get financial approval for the mill until he received a complete sign-off of everything needed to run and construct the mill. He said he believed Gunns had underestimated the time it would take. [August 14 2008](#)
180. A Gunns spokesman says the company isn't concerned by Mr King's comments, and they're merely speculation. He won't reveal Gunns timeline for the project, but says it's on schedule. [Aug 14 2008](#)
181. "It is going ahead -- Gunns is still negotiating with a banking syndicate for terms," a Gunns spokesman said. "Senior people in John Holland were on site today. Wal (King) is misinformed about the state of progress." [August 15 2008](#)
182. "Whilst directors believe it is probable that the mill project will proceed to completion, the financing structure is yet to be finalised," executive chairman John Gay said. [August 29 2008](#)
183. Gunns also said it would not have finance for the mill finalised until the first quarter of 2009.
184. A Gunns spokesman told the Australian Financial Review the timber company was still positive about the viability of the project. "It is dependent on finance. It is dependent on the right structure being in place. This [extension] obviously gives us more confidence," they said. [September 8 2008](#)
185. Each Tasmanian household is, on average, expected to be able to spend an additional \$870 per year into the future. [\*\*Gunns Pulp Mill Project faqs.htm\*\*](#)
186. \$360 million a year in subsidies (to Gunns) is equivalent to \$720 per year for every man, woman and child in Tasmania. Distributed over 100,000 Tasmanian taxpayers, that requires each taxpayer to contribute \$3,600 each year to benefit Gunns. [April 2008](#)