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**Planning Versus Power:  
Tasmania's Forest Policy Network and Gunn's Tamar Valley Pulp Mill**

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## **Introduction**

When Gunns announced its intention to build a pulp mill at Bell Bay in Northern Tasmania in mid-2004, it plunged the state into a socio-political crisis from which it has yet to recover. The proposal has re-opened the state's forest wars—barely healed from the bruising battle over the state's Regional Forestry Agreement (RFA)—further polarising the community (Ajani 2007; Buckman 2008). As each faction battles for the hearts and minds of 'ordinary' Tasmanians, the truism that truth is its first victim of warfare is once again illustrated. For the past five years Tasmanians have been bombarded with claims and counterclaims concerning the pulp mill's economic, social and environmental impacts (i.e. via the Government sponsored Pulp Mill Task Force newsletters and contributors to the online newspaper *Tasmanian Times*). A concerted media blitz by the government, Gunns and unions spruiking the mill's benefits has been countered by a diverse array of sources ranging from conservations to religious figures to academics (Gale 2008).

In this paper, I do not intend to assess the merits of the arguments made by these two protagonists. Instead, I aim to take advantage of the opportunity the pulp mill presents to analyse the actors, institutions and ideologies of Tasmania's forest policy network. In addressing the general question of how Tasmania's forest policy network secures its interests, I will argue that it does so by enmeshing itself within a range of public and private institutions that enhances the legitimacy of individual actors and enables them to collectively achieve their objectives. The paper is structured as follows. In the following section, I review the literature on policy networks demonstrating how it disaggregates the concept of the 'state', facilitating a focused examination of government-business relations in specific policy arenas. In the third section, I describe the structure and operation of the Tasmanian forest sector, identifying how it generates a closed, clientelistic forest policy network dominated by a single corporate monopolist, Gunns Limited. Next, I describe how Tasmania's forest policy network operates by identifying the key actors that participate in it and how they relate to each other via a range of formal and informal institutions. In the penultimate section, I analyse the strategy adopted by Tasmania's forest policy network to secure approval of the pulp mill. This strategy initially required it to strongly endorse the state's planning system to deflect criticism from project opponents; however, when this strategy appeared not to deliver the desired outcome, the network abandoned it wholesale in favour of an assessment process that was entirely political. It is here, I argue, where we see the true face of Tasmania's forest policy network—a ruthless pursuit of economic interests despite the public outcry over the 'fast track' assessment process. The conclusion summarises the argument, examines some of its implications for liberal democracy and the environment, and looks forward to 2010 when state and federal elections will once again ensure the pulp mill is subject to political debate.

## **Policy Networks and Policy Communities**

There is by now a significant academic literature on policy networks that builds on the work of Heclo (1978), Atkinson and Coleman (1989 and 1992), Katzenstein (1977), Rhodes (1996), Howlett and Ramesh (1995), Howlett and Rayner (2008), and many others. This literature is by no means internally consistent. For examples, Rhodes (1996) is generally negatively disposed to policy networks, which he views as a form of 'private governance', while Howlett and Ramesh (1995) adopt a more neutral stance. Atkinson and Coleman (1989 and 1992) construct their typology on the bases of two statist and one business dimensions. In contrast, Howlett and Ramesh (1995)

construct their typology based on the number of number of participants in a policy network and whether the relationship is state directed or society dominated.

Yet, despite this variety, the policy network literature has a number of advantages that enable the actors, institutions and ideas that cohere in a specific policy arena to be described and analysed. First, by focusing on a specific policy arena, and by distinguishing between policy arenas, discussion of the role of the state can be illuminated. Instead of adopting a totalising view of the state, one can disaggregate the state's role based on the specific nature of the policy network that operates in a sector. Thus, the state-in-general need not be characterised as autonomous or society-centred. In fact, it could be both depending on the characteristics of the policy arena in which it is operating. In some policy arenas—public security for example—the state might enjoy significantly more autonomy than in others, where relationships are co-dependent. A second advantage of the approach is that it enables detailed level studies to be conducted of policy making in specific arenas. These can then be compared and contrasted across different policy arenas in the same jurisdiction and across the same policy arenas in different jurisdictions. The approach thus facilitates comparative policy analysis, illuminating the range of factors in play in the policy making process. A final advantage, very pertinent to the current study, is that the approach has been utilised to understand forest policy making in Canada (e.g., Letzman, Rayner and Wilson 1996; Cashore and Lawson 2003; Howlett and Rayner 2008). Given the substantial similarities between Canada and Australia—continental-size countries, federal political systems, new world settlements, peaceful transitions to independence, and liberal democratic polities—the application of the approach to Australia creates significant opportunities for subsequent comparative analysis.

Of the diversity of policy network typologies available, this paper builds on that developed by Howlett and Ramesh (1995). In this typology, set out in Figure 1, policy networks are determined by the 'number and type of participants and whether the network is dominated by the state or by societal members' (Howlett and Rayner 2008,

**Figure 1: A taxonomy of policy networks**

	Number/type of Participants			
	State agencies	One major societal group	Two major societal groups	Three or more groups
<b>State-directed relations</b>	Bureaucratic	Clientelistic	Triadic	Pluralistic
<b>Society-dominated relations</b>	Participatory	Captured	Corporatist	Issue networks

Source: Howlett and Ramesh 1995.

386). The typology identifies eight policy network types ranging from a state-dominated bureaucratic network where state autonomy is high to pluralistic networks where the state acts as either a referee (arbiter pluralism) or an interest group (participatory pluralism) in the process of policy making. Interesting from the perspective of this article, Howlett and Rayner also identify a number of other network types, notably clientelistic and captured networks, where the state confronts only a single dominant actor in society. As Howlett and Rayner note: 'In 'clientelistic' networks, the state dominates the society actor, while in 'captured' networks, the

reverse is true' (2008, 386). This general depiction of the structure of Tasmania's forest policy network—of the state confronting a single major societal group—appears accurate although it remains to be determined whether the policy network is clientelistic or captured. I undertake this task later in the article. First, however, I describe the structure of Tasmania's forest political economy, which generates the actors and interests that occupy positions in the forest policy network.

### **The Political Economy of Tasmanian Forestry**

Neither state nor society actors invent themselves as participants in the policy process. Rather there is a dialectical relationship between actors who are produced and reproduce themselves through time as a consequence of structural features of the political economy. A structural analysis of Tasmania's forest policy network must begin with the importance of the woodchip, lumber and pulp and paper industry to the state's economy. Like other Australian states, Tasmania has been growing rapidly over the past decade at an average of three percent per annum since 2001 (Government of Tasmania 2008). While growth has gone backwards in 2008-9 and is set to only grow modestly in 2010 (Government of Tasmania 2009), continuing growth in the early years of this century stand in some contrast to the low-growth trajectory of the 1980s and 1990s that resulted in high levels of state debt and out-migration to the mainland (Eslake 2004, 2007 and 2009). Thus, with a Gross State Product (GSP) of over \$16 billion in 2005-6, Tasmania was finally able to begin to fund many of the investment projects and social programs that other Australian states take for granted.

When examining the sectoral contribution of industry to Tasmania's GSP, we discover two relatively unsurprising facts. The first is that manufacturing, which includes woodchip, lumber and pulp and paper production, is the largest contributor with 14.5% of the total factor income (ABS 2009a). Health and Community Services (9.7%), the retail sector (7.5%), ownership of dwellings (7.3%) and Agriculture, Forestry and Fisheries (6.7%) are the largest other elements contributing to state income (ABS 2009a). While the figures are not disaggregated in such a way as to work out the precise contribution of the forest sector, it is likely in the region of 10 to 15% of total factor income when manufacturing, agriculture, forestry and fishing, and retail sectors are disaggregated and combined. This makes it a significant, if not entirely dominant, contributor to Tasmania's GSP.

The second key point of interest about Tasmania's GSP is its export dependence. Of the estimated total GSP of \$19 billion for 2006-7, domestic consumption accounted for about 50% with about 31% exported to the mainland and almost 20% exported overseas (Government of Tasmania 2008). Notably, Tasmania's overseas exports consisted of two categories of products in the main: raw mineral exports including large quantities of zinc to China; and wood products including huge volumes of woodchips to Japan. It is the high level of raw and barely transformed resources leaving the island that has almost all parties in agreement that Tasmania needs a 'value added' development strategy. Yet, beyond these words, there is no consensus on what that strategy should be or how it might be achieved. One of the more powerful arguments in favour of a pulp mill in Tasmania, however, is precisely the notion that it can add substantial value to a resource that is currently being sold to Japan to maintain jobs there.

If we turn to the Tasmanians labour force, we see the effects of the ‘long boom’ of the past decade. Again, while employment numbers are currently going backwards as a result of the global financial crisis, this is occurring from a relatively low level of unemployment in both historical and comparative terms. Between 2004 and 2008, Tasmania’s workforce increased from just below 230,000 to over 245,000 (Government of Tasmania 2008; ABS 2009) and made it one of the state’s with the lowest level of unemployment. A detailed examination of Tasmania’s employment figures indicate that the largest employers in the state are in the retail, health and community, manufacturing, education, property and business services and construction sectors (ABS 2009). These sectors accounted for over 61% of Tasmania’s total workforce in 2007-8. In the past, it has been difficult to apportion the contribution made by the forest industry to the total workforce. Estimates varied substantially depending on who conducted the study and the methodology used. However, in 2008, detailed estimates based on a comprehensive industry survey were released (Schirmer 2008). These figures showed that the industry employed 6,300 people or about 2.7% of the total workforce in the following four industry sectors: industrial forest growers, combined growers-processors, processors and contractors, and consultants and nurseries. The survey clearly demonstrates that the contribution of the Tasmanian forestry industry to employment on the island is less significant than often claimed by the CFMEU.

However, employment in the industry is not evenly spread throughout the state and some regions would be harder hit than others by an industry restructuring. Schirmer provides data on the location of forest-dependent municipalities. The most dependent are Derwent Valley, where the Boyer pulp mill is located; Dorset, with major sawmills belonging to Forest Enterprises Australia (formerly belonging to Auspine) are located; and Kentish, where many are employed in plantation forestry servicing the small mill at Wesley Vale and the larger mills in Burnie owned by PaperlinX. As expected, the urban regions of Tasmania do not depend directly on forest industry employment with Burnie the most dependent (5.2%), compared to Launceston (3.5%) and Hobart (1.2%) (Schirmer 2008).

No discussion of the political economy of Tasmania’s forest industry is complete with a discussion of the two institutions—one public and one private—that dominate the sector. The public sector institution is Forestry Tasmania, a business-government enterprise (GBE) that is responsible for both managing and making money from Tasmania’s forests (Ajani 2007, 285-291). Forestry Tasmania became a corporatized entity in 1994, taking over from the Forestry Commission which had managed the state’s forests since 1947 (Archives Office of Tasmania 2009). Forestry Tasmania is run by a small board composed of six commissioners with expertise in forest science, finance and management (Forestry Tasmania 2008a). It manages approximately 1.5 million hectares of Tasmania’s forest estate, divided into production, non-production and protected forests (Forestry Tasmania 2008b). As a corporatized entity, Forestry Tasmania reports to the Tasmanian Parliament annually on its performance, with excess revenues being returned to the government in the form of a dividend to fund general expenses. Many view this dual mandate of Forestry Tasmania as in conflict, since its revenue generating requirements may trump its forest stewardship requirements. If this is the case, it is not showing up in significant returns to the Tasmanian treasury. Forestry Tasmania has made consistently modest returns on its asset base over the past several years, prompting some to argue that it does not charge sufficient royalties generating windfall profits for private operators.

On the private sector side, by far the largest company is Gunns Limited. The company, founded by the Gunns brothers in the latter half of the 19<sup>th</sup> century, originally engaged in building and construction. For most of the 20<sup>th</sup> century, its forays into the forest sector were small-scale and designed to secure it a steady supply of lumber for its building projects (Buckman 2008, 131-132). The company was taken over by a group of northern Tasmanian entrepreneurs in the 1980s who took it public in 1986, raised significant volumes of capital, which they then used to buy out local competitors. In the mid-1980s, in addition to Gunns, there were woodchip operations at Triabunna (Tasmanian Pulp and Forest Holdings (TP&FH)); two on the Tamar River (Associated Pulp and Paper Mills and Northern Woodchips( later Forest Resources); and Burnie (North Forest Products) By 2001, however, these operations had been bought out by Gunns, turning it into the world's largest woodchip exporter with a significant stake in, and exposure to, the Japanese market (Buckman 2008, 131-151).

Notwithstanding Gunns rapid expansion and significant profitability in the past decade, doubts have grown about the sustainability of its business model over the medium to long term, with a negative report by CommSec, the security's arm of the Commonwealth Bank (MediaWatch 2006). The major difficulty it confronts is the declining acceptability of woodchips harvested from native forests and an increasing preference among Japanese buyers at least for plantation-based product. As more and more plantation-based fibre becomes available, Gunns has come under pressure to shift out of the native forest logging sector and into plantation timber production. While it has been aggressively pursuing plantation development through its managed investment schemes (MIS), its preferred strategy to reducing its exposure to changing market tastes has been to construct and operate a pulp mill. The pulp market is less dependent on long-term contractual relationships and relies more on competition based on price, quality, and availability basis. Gunns calculates that, whatever the origins of its pulp feeder stock, it will be able to sell its product into the growing market in the coming years, especially as Chinese demand recovers. Its decision to propose a pulp mill must therefore not be viewed as the whim of a compliant board under the sway of a powerful managing chairman, but as integral to the company's forest strategy.

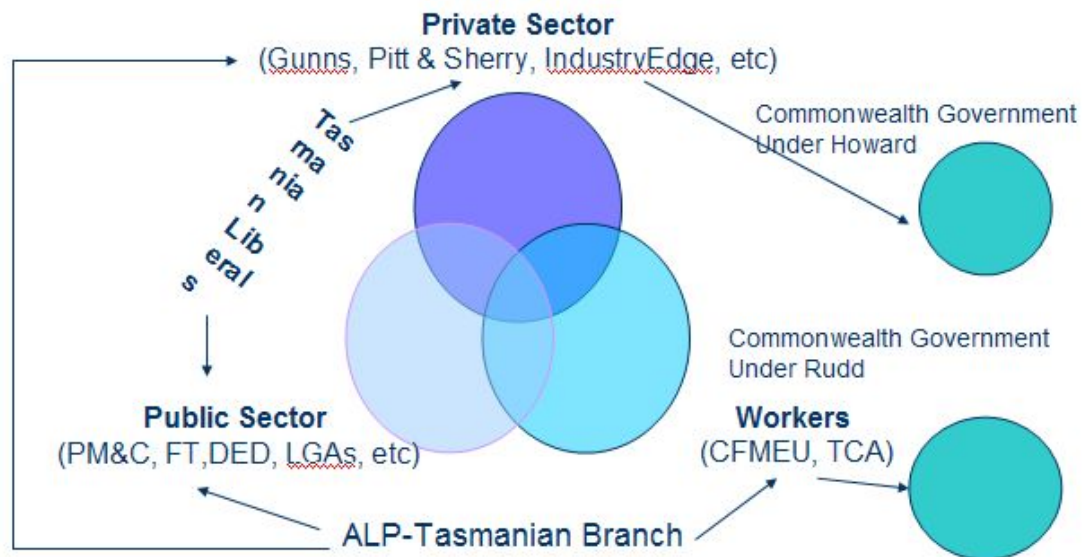
In summarising this discussion of Tasmania's forest industry, we can note that although the total labour force is small, it is regionally concentrated in specific locales. This provides the industry with party-political clout. More importantly, perhaps, is that the industry makes a significant contribution to Tasmania's economy via its manufacturing of commodity products and its exports of woodchips to overseas markets. Its potential contribution to both areas could be significantly improved if the industry—and specifically Gunns—could move up the value chain. One obvious way to do this is to construct a pulp mill which, all things being equal, makes a great deal of logical sense in the Tasmanian political economic context.

### **Tasmania's Forest Policy Network**

The structure of Tasmania's forestry political economy generates a set of interests that have become firmly embedded in a range of supporting public and private institutions. Figure 2 provides a graphical depiction of the key actors and relationships of Tasmania's forest policy network, highlighting how 'public' and 'private' actors are,

in fact, fused together into a hybrid arrangement designed to promote profits, revenues, employment and ‘legitimacy’. If we consider the private sector component

**Figure 2: Tasmania’s Forest Policy Network**



first, then we note that this is now dominated by Gunns Ltd. As we have seen, Gunns achieved its dominance only relatively recently, by buying out its state-based rivals. Today, however, it occupies a commanding position within the Tasmanian economy, and has demonstrated a willingness to use its power to both cajole and threaten Tasmanians to support its actions. It would be a mistake, however, to view Gunns as an isolated entity in the Tasmanian economic landscape. It has been heavily supported

by a range of other forest-sector businesses that stand to benefit from pulp mill construction, notably the large Launceston engineering company of Pitt & Sherry. Consultancy companies, too, such as Robert Eastment’s IndustryEdge, are also highly supportive of the pulp mill and potential beneficiaries of the shift into the pulp and paper market. While the positive orientation of the business community to the pulp mill proposal is understandable, more surprising is the vociferous dissent within the ‘new economy’ business community linked to the fine food, viticulture, tourism and ‘green’ agricultural sectors that now populate regions of the Tamar Valley. These businesses fear significant economic loss attendant on the loss of their local ‘clean’, ‘green’ image. The pulp mill proposal has driven a wedge into the northern Tasmanian business community, therefore, with disaffected businesses creating a front group—Investors for the Future of Tasmania—which has conducted a counter-campaign against the mill in the media and through the courts (Investors for the Future of Tasmania 2006).

Along with the private sector, the dominant worker’s organisation, the Construction, Mining, Forestry and Energy Union’s (CFMEU) Forestry Division has heavily endorsed the pulp mill campaign. The CFMEU placed adds in local newspapers endorsing the scheme while its major spokespersons, Scott McLean and Michael O’Connor, provided media support for the mill and regularly attacked ‘greenies’ and their anti-mill position. As elsewhere, the rhetoric used in these attacks pits ‘working class’ logging battlers against the ‘cappuccino-sucking’ middle class, fostering a



classic class-war mentality (Wilson 1998). The CFMEU was joined in its struggle by rural forest workers in vulnerable municipalities organised by Timber Communities Australia (TCA). TCA receives the bulk of its funding from the forest industry and in that sense constitutes an industry 'front group' (Burton 2007). On the other hand, it would be a mistake to discount the support it receives from rural, forest-dependent communities in Tasmania, where well-paid jobs are hard to come by and where communities largely depend on utilising available resources to earn their livelihoods. The TCA promoted the pulp mill through its member's network, while its spokesperson, Barry Chipman, is a regular commentator and phone-in participant on Tasmania's current affairs radio shows.

The final private sector group that strongly endorsed the pulp mill were Tasmania's two major political parties, the ALP-Tasmanian Branch and the Liberal Party of Australia, Tasmanian Division. The roots of both these parties lie in the late 19<sup>th</sup> century and broadly reflect the class system inherent in modern capitalism that cleaves societies into those who own the means of production and those who do not and must work for them. In practice, of course, especially since the 1960s, both parties have developed sophisticated bureaucratic 'machines' and adopted pragmatic strategies that sees them appeal rhetorically to their core constituencies while seeking to capture enough of the 'middle ground' to be elected to government. Political parties are curious bodies—they are private sector bodies whose members sit in parliament in smaller or larger numbers to make policy decisions in the public interest. While tensions invariably arise between the parliamentary caucus and the wider party executive and membership, ultimately all political parties need to raise sufficient funds to successfully contest the next election. These, as is well documents, have become increasingly more expensive both in terms of advertising and campaign management. Consequently, major political parties are potentially—and in many cases practically—beholden to private interests located in the union movement and the corporate sector to sponsor them. Certainly, both unions and private employers contributed heavily to the ALP and the Liberal Party's campaign coffers in Tasmania in the past decade in the expectation that the policies adopted in parliament would reflect their interests.

In some circumstances there is a 'balance' that parliamentary democracy strikes between the interests of business and the interests of workers. Evidence of this balance occurred recently when the Howard Government, emboldened by its 2004 electoral victory and seizure of the Senate, pushed through aggressive industrial relations laws under its WorkChoices reforms. These reforms were aggressively attacked by the Union Movement and the ALP who eventually persuaded the electorate to vote the Coalition out of power. In this instance, the opposition party did its job and opposed WorkChoices legislation and then fought a tough campaign on the issue in which the public made the final decision. However, on environmental issues, this balance is currently lacking. In Tasmania, as elsewhere, major parties agree on the desirability of large scale development projects and are very reluctant to oppose them. They have a vested interest in supporting such projects since it guarantees union and private sector support, which they require to fight electoral contests. Not only was this the case with respect to the pulp mill, but it has also been noted that the Premier Paul Lennon, was so committed to the project that he was willing to bend as many rules as it took to secure the project's formal parliamentary approval. The consequence has been a high level of distrust by Tasmanians in the current political

process—as evidenced in the recent call for a Tasmanian Integrity Commission by a Parliamentary inquiry into events that included the pulp mill (Parliament of Tasmania 2009).

The fact that a private political party ultimately ends up running the public service is an inherent feature of liberal democracy. Consequently, in Tasmania, given the dominance of the ALP and the Liberal Party, the public administrative system is invariably sympathetic to economic development projects and to the idea of ‘sustainable development’. Moreover, the strong personal backing for the project from the Premier ensured that the key economic development ministries—Premier and Cabinet, the Department of Economic Development and Forestry Tasmania—all adopted a common strategy in support of the project. Strong evidence exists that the head of P&C, Linda Hornsey, was intimately involved in the daily management of the government’s pulp mill strategy. Not only did the government fund the Pulp Mill Task Force—a publicity group that boosted the general desirability of pulp mills while underplaying potential negative consequences—but Hornsey had ongoing contacts with Gunns over the company’s participation in the RPDC planning process. For its part, Forestry Tasmania, while highly supportive of the mill, which offered it commercial opportunities through the purchasing of timber on public lands, adopted a lower key approach in public. Forestry Tasmania’s position, however, was very similar to the government, and the wider forest policy network.

### **Institutional Linkages**

The Tasmanian forest policy network is not merely a collection of independent actors loosely linked together by a common interest in forest use for profit, jobs and revenues. It is a network that has cemented itself together via a range of public and private institutions that serve three major purposes. First, the institutions facilitate the identification of common ground on policy matters, the elimination of disagreement on controversial topics, and the planning and coordination of strategies targeted at influencing the public and wrong-footing the opposition. Second, the institutions serve a communication and solidarity function, reminding members of their common struggle—the forest industry against the ‘greenies’; motivating groups via common stories of past and current battles; and ensuring both at formal meetings and over coffee that the various network members understand who is planning what and when. Finally, the various forest network institutions contribute to creating the appearance of legitimacy to the claims being made by individual proponents. These claims may be considered self-serving when made by a company or a union, but coming from a larger institution that purports to represent the views of the sector appears less partial and more informed.

In Tasmania, three important institutions have fulfilled these roles, two private and one public. Of these, the most vocal has been the Forest Industry Association of Tasmania (FIAT), which regularly spoke up in favour of its corporate members in support of the pulp mill. FIAT was formed in 1983 and currently has thirteen members including Gunns, Norske Skog, Forest Enterprises Australia and Integrated Tree Cropping. Its overall objective is to influence Tasmanian and Australian forest policy and it achieves the latter through its membership of the National Association of Forest Industries (NAFI). In bringing together employers groups in Tasmania’s forest sector, FIAT was in a good position to coordinate the wider campaign, make industry submissions to the RPDC, and ensure its voice was heard. Its CEO, Terry Edwards,

and President, Julian Amos, were active in promoting the mill and in criticising opponents in public and in private (Amos 2007).

A second, broader industry association also backed the pulp mill, although in this case as noted above it confronted dissent from within from a cohort of members in the 'new economy' sector. This institution was the Tasmanian Chamber of Commerce and Industry (TCCI), which is Tasmania's peak business body. TCCI aims to shape the general business environment in Tasmania by promoting specific policies and providing services to members. Importantly it produces a monthly newsletter, the *Tasmanian Business Reporter*, which carries articles on policy proposals before government and TCCI's position on them. Commentary in the *Tasmanian Business Reporter* has been overwhelmingly positive with respect to the pulp mill, which is recognised to benefit the broader business sector via its contribution to downstream investment opportunities, profitability, jobs and skills development.

In addition to these private sector institutions, the Tasmanian forest policy network cements its influence through the Forests and Forest Industry Council (FFIC), which was formed in 1989 as a peak body to provide 'external' advice to government on forestry matters. The Executive Council of FFIC includes representatives of the CFMEU, FIAT, and Forestry Tasmania, offering a further opportunity for private and semi-private forest interests to influence government departments and policy outcomes. Finally, in addition to these three formal institutions, Tasmania's island status, small population, and parochial social structures create significant opportunities for informal meetings among senior members of the forest policy network at openings, dinners, charity events, and so forth. In short, the forest policy network government Tasmania's forests is deeply entrenched and formally institutionalised. It has used its power to capture control of the policy process and launched a sustained, aggressive, no-holds barred campaign to secure a pulp mill at Bell Bay on the Tamar River in the state's northeast.

### **Pulp Mill Politics**

The structure and operation of Tasmania's forest policy network goes a long way to explaining the politics of Gunns pulp mill proposal. While there are a huge range of issues one could focus on with respect to the pulp mill, in this article I focus on the key issue of the network's initial support for, and subsequent vilification of, the Resource Planning and Development Commission's assessment process. The initial unanimous endorsement of the RPDC by the forest policy network was, I will argue, a strategic gambit designed to secure the project's approval while placing its critics at a disadvantage. However, as the assessment unfolded and as the RPDC became increasingly unwilling to accept the proponent's statements at face value, the forest policy network began to cohere around a strategy that saw the proponent abandon the RPDC process in favour of a government-mandated fast track assessment. While all of the core actors in the forest policy network embraced this position and its justificatory arguments, I will also demonstrate that the central justification put forward—that the RPDC was not able to meet a commercially acceptable timeframe—is hard to sustain.

Gunns announced it was abandoning the RPDC process on 14 March 2007. In justifying this announcement, Gunns claimed that the process had been unduly lengthy, that there was no agreed end date on which a decision could be expected, and that the assessment process was not structured to meet a commercially acceptable

timeframe where finance could be secured, equipment ordered and construction commenced. In making its claim, Gunns pointed vaguely backwards to the projects commencement date in 2004 and vaguely forward to the absence of an agreed date set by the RPDC to deliver its final assessment report. In its media statement announcing its abandonment of the process, Gunns stated that 'the lack of certainty over an end date for a final recommendation has imposed a significant impact on the financial risk of the project' and that 'in all probability, the Government and Parliament may not consider the project until well into 2008' (Gunns 2007). The statement went on to observe that the Gunns board 'considers this indefinite time line to be commercially unacceptable and does not have confidence that the RPDC process can deliver the project approval in a reasonable commercial timeframe' (Gunns 2007).

This language of financial risk, RPDC incompetence and commercially acceptable timeframe is then magnified through the forest policy network on the basis that the more one hears the same message from a diversity of sources, the greater will be its impact and acceptance. Thus, shortly after the pull out by Gunns from the RPDC process, FIAT took out a one-page advertisement in the *Hobart Mercury* newspaper justifying the company's decision. The advertisement notes that there has been 'over 119 days of public consultation', that 'each additional month delay is costing the proponent \$10 million', and that a key member of the RPDC assessment panel whose resignation precipitated in part the crisis 'has little practical experience in modern pulp mills' (FIAT 2007a). In a second advertisement in both the *Hobart Mercury* and *Launceston Examiner* newspapers, FIAT highlights that the proposed legislation is not a 'fast-track' option but designed to get the assessment 'back on track' and that the 'RPDC process has failed because of its inability to work within a commercial timeframe' (FIAT 2007b).

Joining FIAT in this attack on the RPDC and defence of Gunns' proposal and the government's 'fast track' assessment process were spokespersons for the CFMEU. In late March, Michael O'Connor took out an advertisement in the *Hobart Mercury* noting that 'the pulp mill deserves to be assessed' and backing the Legislative Council's support for the Pulp Mill Assessment Bill (CFMEU 2007a). A few days later, Scott McLean of the CFMEU takes out an advertisement in the *Hobart Mercury* noting that 'environmental impact studies for similar projects [in Northern Europe] take about two years' and that 'Gunns past this deadline late last year and could get no assurance from the RPDC that the process would be completed by the end of the year' (CFMEU 2007b).

To these voices are added comments from Timber Communities Australia. In a late March 2007 media release, TCA 'welcomes and congratulates the Legislative Council for voting to get the pulp mill process back on track' noting that the legislative process 'is a vast improvement in terms of democracy as the failed RPDC never ending process saw only the Minister having the final say' (TCA 2007). Finally, one can note the TCCI's joining the chorus. A couple of months after Gunns pulled out of the RPDC process, it headlined its *Tasmanian Business Reporter* with the title: 'Gunns pulp mill a must' and proceeded to justify the project in terms of its importance to Tasmania's economy and excoriate the RPDC for its unwieldy and bureaucratic assessment process (TCCI 2007).

These identical comments by the Tasmanian forest policy network justifying Gunns decision to pull out of the RPDC process can be contrasted with their apparent commitment to that process only a few years earlier. In a 40-page Supplement for the *Launceston Examiner* newspaper published in January 2005, the key spokespeople for the forest policy network—Premier Paul Lennon, Bob Gordon (Pulp Mill Task Force), Terry Edwards and Phil Townsend (FIAT), Robert Eastment (IndustryEdge), JW Pitt (Pitt & Sherry), Scott McLean and Michael O'Connor (CFMEU), and John Gay (Gunns Limited) are all featured. The entire focus of the Supplement is on boosting the pulp mill project but this is accompanied by endless references to the RPDC assessment process and the ability of Tasmanians to 'have their say'. On page A6, for example, it is noted that the pulp mill is 'desirable' but 'not at any cost' and that to ensure it is 'environmentally friendly' it is noted that 'the proposal will be reviewed by the Resource Planning and Development Commission', a process that 'will ensure that all Tasmanians are given a say' and that the three stage process 'will be one of inclusion' (*Examiner Supplement* 2005, A6). Elsewhere, the group actually praises the RPDC when it notes that the assessment guidelines it developed 'are the result of a rigorous process using internationally-recognised consultants to survey the world's best practice' (*Examiner Supplement* 2005, A20). On page A32 of the Supplement, a one-page diagram graphically sets out the assessment process that will occur under the RPDC process with three opportunities for 'Your Say' highlighted in bold. The advantages of the RPDC assessment process are explained on page A35, with it being noted by Eastment that 'From Gunns perspective, a standard planning process would require the company to approach multiple authorities, many of them with overlapping responsibilities. However, under a PoSS system all applications for licences and permits are integrated into a single process linked with the RPDC' (*Examiner Supplement* 2005, A35).

The opportunities for public involvement are restated by Bob Gordon, Head of the Pulp Mill Task Force, on page A36 of the Supplement; and a further article appears on page A37 setting out the three stages of the RPDC assessment process: Guidelines establishment, integrated impact study report, and RPDC draft. It is noted also that 'public hearings will be held to assist the RPDC during the process' (*Examiner Supplement* 2005 A37). On page A38, the RPDC's role in managing Projects of State Significance is outlined, while on page A39, the Premier himself notes that 'I remain confident that the emission guidelines the Government has adopted, those recommended to use by the *independent* Resource Planning and Development Commission (RPDC), are achievable' (*Examiner Supplement* 2005, A39, emphasis added). Finally, on page A40, the back page of the Supplement, in summing up all the guidelines—international, national and state—the Supplement concludes that the pulp mill must satisfy 'an even high author—you', referring to the people of Tasmania. Thus, it once again notes that the public will have 'at least three opportunities' to have its say as part of the RPDC's formal assessment process' (*Examiner Supplement* 2005, A40).

### **Explaining the Forest Policy Networks Reversal of Support for the RPDC**

The contrast between the strong condemnation of the RPDC assessment process in 2007 and the praise it received from the Tasmanian forest policy network only two years earlier requires explanation. One explanation, that offered by the network itself, is that the RPDC failed to manage its assessment appropriately, became hijacked by the anti-mill opposition, and ultimately fell foul of its own bureaucratic inertia. The

result was that it was unable to fulfil its obligations to Gunns to deliver an assessment in a 'commercially acceptable timeframe' necessitating the proponent's abandonment of the process. In assessing this explanation of Gunns departure from the RPDC, we need to examine two key lines of evidence. The first relates to the claim that the RPDC process had dragged on 'too long' and that it was 'commercially unacceptable' in delaying the project. The second is examining the plausibility of other explanations provided by other actors of Gunns and the forest policy networks actions.

The central claim of the forest policy network is that the RPDC process was too drawn out and unable to arrive at a decision in an appropriate timeframe. To assess this claim, we need to determine when the process started, examine when it was anticipated to end, and interrogate the reasons for any delays. With respect to the first issue, although the pulp mill was mooted at a dinner with the Premier in mid-2003, it was only in late 2004 that it was formally referred to the RPDC under the PoSS provisions. While the RPDC had been involved in updating the 1995 pulp mill guidelines prior to that date, and presumably had some preliminary discussions about the likely referral and the need to gear up for it, it could only officially begin to consider the project in November 2004, when the Premier officially referred it to the planning body.

If November 2004 can be considered the assessment's starting date, when would the assessment likely have concluded had Gunns remained within the process? Again, there is some uncertainty with respect to the concluding date. The replacement head of the RPDC, Christopher Wright, is on record as doubting the RPDC could deliver its final report before November 2007. If we assume his doubts were well-founded and that it took an entire year beyond Gunns withdrawal date to complete the assessment, the duration of the assessment process would have lasted from November 2004 to March 2008, a total elapsed time of three years and five months. While this appears to be quite lengthy, it was not inordinately so. Notably, another RPDC assessment process—Basslink, which involved laying a cable across the Bass Strait between Tasmania and the mainland to connect the two electricity grids—was commenced in April 1999 with the RPDC signing off on its report in July 2002, a period of exactly three years and five months! It did not come in for any of the criticism levelled at the RPDC's treatment of the pulp mill case. Given the much more modest investment attending the Basslink project, and the far fewer economic, social and environmental impacts attendant on it, a 41-month assessment process for the pulp mill appears not just acceptable but rather timely.

Moreover, an investigation into the reasons as to why delays occurred with respect to the assessment of the pulp mill reveals that this was due in substantial measure to Gunns itself. Notably, the company altered the project's scope on the final day of submissions requested by the RPDC in May 2005. At this point, the company announced that the mill would have a larger footprint on the ground at Bell Bay and that it would use a combination of hardwood and softwood in its pulp production. The revised project scope obliged the RPDC to alter its scope guidelines and engage in a second round of public submissions, occasioning a delay of about six months. Later, in the 2006, and following Gunns submission of its Integrated Impact Statement, the RPDC made a number of observations. First, it noted that the IIS was over 7,000 pages in length and this itself required a substantial period of time to review. Second, it noted that the IIS did not answer all the questions asked in the RPDC's scope

guidelines nor present the material in a fashion as to be easily digested and comprehended. It thus requested Gunns to submit a range of Supplementary Information with regard to specific elements, a request that the company was unable to comply with in a timely manner. Assuming the latter delay added three months to the assessment process, it is evident that Gunns itself contributed a minimum of 9 months delays to the assessment process. Had it not altered its project scope and had it prepared a more digestible and accurate IIS, the work of the RPDC would have progressed much faster than it did.

If the forest policy network constructed a justification for Gunns' departure from the RPDC based on the planning body's incapacity to meet a commercially acceptable time frame, why might it do so? Evidence has now emerged that suggests that Gunns was increasingly concerned it would not be able to meet the requirements of the RPDC with respect to the pulp mill's operation and that it decided to cut its losses. Several lines of evidence point to this as the real explanation for the company's departure from the RPDC. Perhaps the most compelling is the knowledge that in early March 2007, the acting head of the RPDC Simon Cooper sent a draft letter to Linda Hornsey, Head of P&C, on the subject of the pulp mill. The draft letter, which he intended to send to Gunns, outlined that the information contained in Gunns IIS was seriously deficient and did not answer the key questions raised previously by the RPDC. Hornsey not only advised Cooper not to send the letter, but then informed Gunns of its contents. There is also some evidence that Gunns and the Premier then colluded in advance of the 14 March withdrawal from the RPDC process on the broad outlines of a fast track legislative process to assess the mill (Denholm 2008). In short, prior to its withdrawal from the RPDC on 14 March 2007, Gunns knew that its project was going to have difficulty being approved and also knew that the Premier was prepared to legislate a fast-track assessment process to have it approved.

### **The Forest Policy Network and the RPDC**

The unanimous support offered by the forest policy network for the RPDC process at the outset coupled with the unanimous criticism with which it later treated it when it failed to deliver its desired outcome raises the question as to whether the forest policy network was ever genuinely committed to the planning process at all or whether it simply sought to use the system strategically to disempower critics and deflect public criticism. There is some evidence to suggest that Gunns were never fully convinced of the need to go through the planning process, and that is was mainly insistence by government ministers that obliged it to take this route. Having agreed to embrace the RPDC assessment process, however, Gunns adopted a rather autocratic demeanour: having produced its IIS, it viewed its job as largely completed and seems to have expected the RPDC to rubber stamp the document rather than interrogate it. Instead of working hard to meet the RPDC's request for Supplementary Information, Gunns Executive Chairman John Gay made regular media statements threatening to relocate the mill to mainland Australia or overseas in an effort to pressure the RPDC into limiting its scrutiny and speeding up the timeline. In headline news in the *Hobart Mercury* on 10 January 2007, for example, and in advance of pulling out of the RPDC process, Gay is reported as warning 'that any further stalling of the pulp mill assessment process... would not be tolerated' and that public hearings were not needed given 'the company had already met all the strict environmental guidelines imposed by the RPDC and the Federal Government' (Neales 2007, 1).

If Gunns were less than committed to the RPDC process, so too it appears were the CFMEU. In his candid comments following Gunns withdrawal from the assessment process, John Sutton, the National Secretary for the CFMEU, notes: 'The RPDC process creates a fiction that the process is not political, that it will devise a solution everyone can agree on. In the forest industry, we know that is simply unattainable...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 is the parliament or the media, in the bush or in the city' (CFMEU 2007). Sutton clearly implies that the CFMEU viewed the pulp mill assessment process as a fundamentally political one and that the support for the RPDC by forest workers was always condition on the planning body delivering the right outcome. Given the lock-step with which the forest policy network moved when Gunns withdrew from the RPDC, the same view—although with greater reluctance in some quarters—was evident elsewhere. In short, the forest policy network never intended to be bound by the RPDC process but adopted a strategic approach, endorsing it wholeheartedly at the outset when it appeared to work in their favour but abandoning it with equal unanimity when it appeared not to deliver the 'right' outcome. It then constructed a spurious rationale for its departure based on its failure to meet a vaguely specific 'commercially acceptable' deadline.

## **Conclusion**

The Tamar Valley pulp mill case demonstrates how difficult it can be in liberal democracies to implement effective environmental impact assessment arrangements. The case illustrates how a powerful industry sector organised into a forest policy network was able to overturn the established planning system by constructing the fiction related to the planning body's capacity to efficiently deliver an outcome. Having constructed this fiction, the network was then able to rely on its highly institutionalised structures to capture the policy process and deliver the 'right' outcome via a fast-track parliamentary process. While the forest policy network and Gunns have been major winners to date in this exercise of power politics, the big losers have been the Tasmanian community which has been further polarised; and liberal democracy, which has experienced increasing levels of public distrust and disaffection. Indeed, the pulp mill has taken a serious toll on the government: in one scandal, the Deputy Premier Stephen Kons was caught lying to Parliament over his role in first appointing and then withdrawing the nomination of Simon Cooper as a magistrate. Kons' change of heart was due to the intervention of Linda Hornsey, who was keen to deny Cooper the position as pay back for his unwillingness to rescind the letter about Gunns non-compliance with RPDC requests for Supplementary Information. Moreover, in May 2008, and amidst dreadful opinion poll ratings of 17% of the popular vote, Premier Paul Lennon resigned, handing over power to his Deputy Premier, David Bartlett. Lennon's handling of the pulp mill, his extraordinary close ties to big business and Gunns, and emerging evidence that he, too, may have lied to parliament all contributed to his downfall (Denholm 2008, 11). All these events have caused Tasmanians to question the degree to which its existing political arrangements are delivering anything more than democratic formalism: the illusion of rule by the people and the practice of rule by elite.



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