

SECOND READING SPEECH

Pulp Mill Assessment Amendment Bill 2014

Bryan Green MP

Minister for Energy and Resources

I move – That the Bill now be read for the second time.

The *Pulp Mill Assessment Amendment Bill 2014* provides certainty about the status of the Pulp Mill Project (the Project) in anticipation of the Project being purchased by a new proponent.

Mr Speaker, on 30 April 2007 the *Pulp Mill Assessment Act 2007* received Royal Assent.

The Act established a standalone process for the assessment of the proposal by Gunns Limited for the development and operation of a bleached kraft pulp mill in Northern Tasmania, resulting in the Pulp Mill Permit (the Permit) being prepared by the Minister for Planning.

On 30 August 2007 the Pulp Mill Permit was approved by both Houses of Parliament and came into effect. Gunns Limited subsequently spent significant sums of money to progress the Project in relation to satisfying permit conditions and preparing for development.

On 25 September 2012, impacted by the global economic downturn that reduced the demand and prices achieved for export woodchips, Gunns Limited entered voluntary administration and appointed KordaMentha as Receivers and Managers.

In September last year KordaMentha advised that it intended to proceed with a joint sale of Gunns' assets, including the Pulp Mill Project. More recently, KordaMentha has announced that there are six potential buyers for Gunns' assets and that those buyers are now entering the due diligence phase of the sale process, with final bids expected by the end of March this year.

Mr Speaker, this Government wants to ensure that there is no legislative impediment to any new proponent of the Project commencing the development and delivering the benefits of this major project to Tasmania.

The proposed *Pulp Mill Assessment Amendment Bill 2014* amends the Pulp Mill Assessment Act to confirm that the Pulp Mill Permit is still on foot; to provide an administratively expedient process to support the sale of the Project; and to address a number of anomalies in the Act.

The Bill provides certainty to any new proponent that the Pulp Mill Permit is still on foot by extending the time during which the

Project must be substantially commenced from four to 10 years; that is by 30 August 2017. The entire Pulp Mill Permit lapses if the Project is not substantially commenced before the end of that period.

The Bill clarifies that the Pulp Mill Permit cannot be taken to have lapsed at any time during that 10 year period. It also provides that the permits, licences and other approvals contained in the Pulp Mill Permit, that are taken to have been issued under other Tasmanian legislation, will not lapse unless the Pulp Mill Permit lapses.

Mr Speaker, these amendments apply retrospectively to remove any doubt that the Pulp Mill Permit may have lapsed since it was approved by both Houses of Parliament in 2007, and to provide any new proponent with a fair and reasonable time period within which they can make the Project operational.

The Bill also confirms the operation of Section 8(1)(c) of the Pulp Mill Assessment Act. In the Second Reading Speech for the Act it was stated that, once the Pulp Mill Permit was accepted by both Houses of Parliament, the conditions specified in the Pulp Mill Permit apply as if a permit, licence or other approval to which they relate had been issued under the legislation that would normally apply to those conditions.

This provision is given effect in Section 8(1)(c) of the Pulp Mill Assessment Act and mirrors similar provisions in the *State Policies and Projects Act 1993*, which has been in operation for many years.

Section 9(1) of the Pulp Mill Assessment Act was designed to suspend the usual application of legislative provisions referred to in that section for so long as the standalone assessment process established under the Act was on foot.

The Bill makes explicit that which is currently implied; that Section 9(1) ceases to apply once the Pulp Mill Project has been accepted by both Houses of Parliament.

It makes it clear that every permit, licence or other approval relating to the Project can be enforced, varied, suspended or amended by the person responsible for enforcing it, as if it were a permit, licence or approval that had been issued under the relevant legislation that usually applies to it.

It also means that Section 8(3) of the Pulp Mill Assessment Act can be removed. That subsection currently provides that if the proponent does not comply with a condition of the Pulp Mill Permit, the entire Pulp Mill Permit is automatically suspended until the condition is complied with.

Mr Speaker, it has become obvious that it is commercially unrealistic to expect a proponent to wear such a high level of risk, where a complex and large-scale operation can be completely shut down because of even the most insignificant technical breach of a condition. The Government believes that the Pulp Mill Project should be subject to the regulatory regime provided by Tasmanian legislation for every other project in this State – no more, and no less.

Section 8(3) of the Pulp Mill Assessment Act is unnecessary, as the person responsible for enforcing a permit, licence or other approval contained in the Pulp Mill Permit is able to respond appropriately and proportionately by exercising all the usual sanctions and powers available under Tasmanian legislation in relation to any breach of a condition, in exactly the same way that they may exercise those sanctions and powers for every other industry, project or activity in Tasmania.

The Bill further provides a power for the Minister for Economic Development to cancel, revoke or otherwise terminate a permit, licence or other approval. The Minister can only exercise this power on the recommendation of the regulator responsible for that permit, licence or other approval, and it does not prevent the regulator themselves from terminating that permit, licence or approval, where they have the power to do so under the applicable legislation.

Finally, the Bill amends the Pulp Mill Assessment Act to explicitly provide for the transfer of the Pulp Mill Permit, in whole or in part, to a new proponent. In its approval of the Permit on 30 August 2007, Parliament obviously contemplated that Gunns Limited might not remain involved with the Project indefinitely. It clearly had in mind that one day Gunns might assign some or all of its rights under the Permit to another person. This is reflected in the definition of 'person responsible' in the Pulp Mill Permit that was accepted by both Houses of Parliament.

The Bill provides a power to the holder of the Pulp Mill Permit to sell assign or otherwise transfer the Pulp Mill Permit to another person, either in whole or in part.

It provides an administratively expedient mechanism for vesting the rights and obligations contained in the Pulp Mill Permit to that other person, and to transfer the permits, licences or other approvals to which those rights and obligations relate.

Mr Speaker, as I said earlier, this Government wants to ensure that there is no legislative impediment to any new proponent of the Project commencing the development and delivering the benefits of this major project to Tasmania.

A pulp mill at Bell Bay will create around 3000 jobs and generate enormous wealth for Tasmania.

That's why the Government has never wavered in its support of the project and this legislation is another very important step in ensuring that Tasmania secures this investment.

The Government is as committed as ever to giving the project the best possible chance of succeeding.

Mr Speaker, the equation is simple – We have a world class plantation resource to feed a world's best practice pulp mill and that equals jobs and opportunities for Tasmania.

I commend the Bill to the House.