

Oji Fibre Solutions' make-over of Tasman Mill

Interview with Terry Skiffington, Chief Operating Officer and Mike Meiring, Vice President of Pulp Marketing



Terry Skiffington
Chief Operating Officer



Mike Meiring
Vice President of Pulp Marketing

How was the Tasman Pulp Mill setup?

Mike Meiring: Oji Fibre Solutions has two chemical pulp mills in New Zealand: The Tasman Mill near Kawerau; and the Kinleith Mill, near Tokoroa. Both are located within 100km of each other in New Zealand's central North Island. The Tasman chemical pulp mill has two lines: the first manufactures unbleached softwood pulp for fibre cement products, used in the building industry. The second line has historically produced medium coarseness Radiata pulp, a general-purpose fibre used widely in the packaging, printing and writing applications. The line also produces bleached pulp with low coarseness which is good for tissue manufacture.

What is being changed at Tasman Pulp Mill?

Mike Meiring: We have been working on several measures to improve operational efficiency but one of the most significant decisions was to move both lines to unbleached pulp production. This means bleached pulp production will cease at the Tasman Mill. The additional unbleached pulp will allow us to grow our fibre cement pulp (FCP) as well as support the growing demand for unbleached pulp (UKP) for containerboard and other specialty end use markets.

Because of this move, the Tasman mill is expected to modestly increase its output to 300,000 tonnes/year from its current 275,000 tonnes per year. Meanwhile, the Kinleith mill will continue to produce 275,000 tonnes/year of bleached softwood Radiata market pulp.

Terry Skiffington: Taking the mill "brown" is another step towards a smarter, faster mill. It simplifies mill operation and allows us to focus on the products we make well. It gives an

expected 5-6% increase in production capacity, as well as other benefits – for example, variable steam loads drop to the mill and can be more effectively employed elsewhere at lower cost.

The transition to a bleach free pulp mill commenced in 2018 and we have been steadily reducing bleached pulp production with a complete halt expected in the early part of next year.

However, as Mike has said, we have been working on several initiatives to improve mill efficiency. One other measure I would like to mention is the upgrade to our black-liquor evaporator plant at Tasman. This was a significant investment for the mill and early decision, made soon after Oji purchased the business in 2014, and a sign of our new owner's commitment to its operations in New Zealand. We completed this project in early 2018.

What's the thinking behind these changes to the pulp mill?

Mike Meiring: The market for FCP pulp is growing and this move enables us to better support our growth aspirations in this market. We are proud to be able to produce world-class FCP at our Tasman Mill and want to focus more on this product. At the same time, global developments such as the growth of on-line shopping are positive for the UKP market.

The decision to stop bleaching operations at Tasman Mill is a strategic one, aimed at ensuring a sustainable future for the site recognising that now is probably the best time to make these changes and position the mill for future success from a market point of view.



Terry Skiffington: A number of factors have come together: our position in the unbleached market, as Mike has pointed out; the ability to simplify and streamline our operations; and environmental and regulatory factors.

Environmental considerations are important to Oji Fibre Solutions. By closing the bleaching plant, the changes will substantially reduce the use of bleaching chemicals and improve the colour of our discharge into the local river. We are also pleased to avoid the need to manage the hazards of operating a chemical plant on this site, and to reduce our greenhouse gas emissions intensity.

What repercussions will these changes bring to the rest of the operation?

Mike Meiring: The changes signal a commitment to the Tasman mill, and represent a determination to constantly improve the operation of Oji Fibre Solutions' pulp and paper assets in New Zealand.

We are also conscious of the need to manage our bleached product customers, some of whom have been loyal customers for many years. This change is significant for these customers and we are adamant that this is to be done with utmost responsibility to ensure minimal impact for them. At the same time, we need to build our new UKP markets and so we have a responsibility to balance these two priorities.

For Tasman this means ensuring that we have a clear value proposition for each of our unbleached products, not only our FCP, so that customers prefer to do business with us. Product development is therefore also a significant focus for us.

What is the overall group strategy going forward?

Terry Skiffington: In general business terms, we are aiming to become more competitive, increase efficiency and reduce costs in our New Zealand pulp and paper mills. The projects we have been talking about represent some important steps. We are very pleased to be making progress in these areas but there is a lot more work to do, particularly at Kinleith and Tasman.

The Oji Fibre Solutions Group strategy also aims to develop the packaging side of our business. We want to increase vertical integration by converting our pulp and paper into high quality packing for the meat, horticulture, dairy and other industries. A large part of our investment portfolio has gone into these areas in recent years, such as the new food hygiene paper bag line at Penrose in 2016; the state of the art box plant in Yatala, near Brisbane and the procurement of the Melbourne Cardboard Cartons business. Just like the conversion to brown at Tasman, our Group strategy aims to focus our efforts on what we do best

What challenges do you face going forward?

Terry Skiffington: Pulp and paper markets are very competitive and are not going to get easier. Oji Fibre Solutions is working very hard to meet these challenges and we will constantly strive to increase our competitiveness. However, we also believe there are some big opportunities. The world appears to be calling for more sustainable packing products and we feel Oji Fibre Solutions is getting into a position to be able to take advantage of these developments.