

**Proposal for the export of woodchips through the
Port of Bunbury: variation of McLean Consolidated
Pty Ltd (1988) project.**

Southern Plantations Chip Company Pty Ltd

**Report and Recommendations
of the
Environmental Protection Authority**

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Summary and Recommendations

An application by McLean Consolidated Pty Ltd to export hardwood woodchips derived from the sawmill wastes of the Denmark Sawmill through the Port of Albany was approved by the Minister for Environment in 1988. Since being granted that approval, several factors concerning the original proposal have altered, including change of ownership of both the project and the sawmill. The proponent, Southern Plantations Chip Company Pty Ltd, now wishes to export woodchips derived from sawmill wastes through the Port of Bunbury for an interim period of two years. The source of the sawmill wastes is not specified.

The proponent prepared a Consultative Environmental Review (CER) highlighting the changes in the original proposal assessed by the Authority. The CER was submitted to the Authority for assessment and comment was sought from the public.

Forest resource and transport implications were among issues identified in submissions as potential environmental impacts. The Authority has considered these in its assessment of the proposal.

The Authority has examined the proposal and concluded that it is environmentally acceptable and has recommended accordingly.

The recommendations of the Authority on this proposal are:

Recommendation 1

The Environmental Protection Authority has previously examined the production of woodchips from sawmill wastes and found it to be environmentally acceptable. This marginal modification of an already approved proposal has no significant environmental impacts. Accordingly, the Authority concludes that the proposal by Southern Plantations Chip Company Pty Ltd to purchase sawmill wastes in the form of woodchips and to export the woodchips through the Port of Bunbury for a period of two years, as described in the Consultative Environmental Review, is environmentally acceptable, subject to the recommendations in this report and commitments by the proponent (listed in Appendix 2).

The Authority's conclusion of no significant environmental impacts depends on the resource being derived from wastes from sawmilled logs obtained from Crown Land. Were woodchips to be derived from logs additionally felled for that purpose, and especially if they were derived from the limited remnant vegetation on private land, significant environmental impacts could well result.

Recommendation 2

The Environmental Protection Authority recommends that Southern Plantations Chip Company Pty Ltd, in accordance with its commitment, purchase woodchips derived only from wastes from sawmilled logs obtained from Crown Land.

To ensure the satisfaction of the above recommendation a system of regular accounting and reporting is required.

Recommendation 3

The Environmental Protection Authority recommends that the Southern Plantations Chip Company Pty Ltd provide a bi-annual public statement to the Environmental Protection Authority showing a monthly breakdown of the source of and amount of woodchips it is exporting.

Approval is only sought for a two year period.

Recommendation 4

The Environmental Protection Authority recommends that approval be limited to two years, following which the proponent should revert to the proposal assessed and approved in 1988 or submit a new proposal to the Authority for assessment.

1 Introduction

McLean Consolidated Pty Ltd obtained approval from the Minister for Environment in 1988 to export 60 000 tonnes of woodchips per annum (EPA 1988a). The company's proposal was for the woodchips to be derived from the residue of its Denmark sawmill operation and exported through the Port of Albany.

In 1989, Southern Plantations Chip Company Pty Ltd was formed as a joint venture company owned by Whittakers and the TPS Group. McLean Consolidated was a wholly owned subsidiary of the TPS Group. The Denmark sawmill was sold by McLean to Whittakers in the same year. Southern Plantations Chip Company Pty Ltd was formed to market McLean's approved 60 000 tonnes of woodchips and another 50 000 tonnes, the approval for which is held by Whittakers.

Southern Plantations Chip Company Pty Ltd applied to the Minister to approve the new joint venture and indicated proposed changes to the project. The Minister approved the change of ownership but required variation of the original 60 000 tonnes approval to be considered by the Authority. No additional approvals were required for the 50 000 tonne component.

The Environmental Protection Authority determined that the proposal should be assessed under the provisions of the Environmental Protection Act at the level of Consultative Environmental Review (CER). A CER was prepared by the proponent and was circulated to community groups, local authorities and decision making authorities for comment during February and March 1990.

2 Description of proposal

The current proposal is a variation of the approved McLean Consolidated 1988 proposal (EPA, 1988a). This has resulted from changing circumstances associated with the original proposal. Whittakers, which is now the owner of the Denmark sawmill, is reviewing the proposal to modify the sawmill to accept larger volumes of low grade logs. This will affect the proposed source stated in the McLean proposal as the volume of low grade saw logs accepted by the sawmill and therefore the volume of sawmill waste, will not increase as previously expected. Southern Plantations Chip Company Pty Ltd is reviewing the viability of the proposal to export woodchips through Albany, thereby affecting the original proposed export route.

The proponent's current proposal is to export 60 000 tonnes of woodchips per annum from the Port of Bunbury instead of Albany for a period of two years. The woodchips would still be derived from sawmill residue, though the Denmark Sawmill would no longer be the exclusive supplier of the required resource. The sawmill residue will be obtained from a number of unspecified sawmills in the South West. The proponent would use the existing Western Australian Chip and Pulp Company Pty Ltd (WACAP) loading facilities at the Port of Bunbury. The CER states that this interim operation would permit Southern Plantations Chip Company Pty Ltd to establish firm contracts for the export of woodchips and provide the cash flow to fund the reappraisal and if appropriate, implementation of the Albany export proposal (SPCC, 1990). It is expected that Bunnings Ltd and/or WACAP would be a major supplier of woodchips to Southern Plantations Chip Company Pty Ltd.

3 Review of public submissions

Comments were sought on the proposal during February and March 1990 from community groups, conservation groups, and local, State and Federal Government authorities known to have an interest.

Following a one month review period, submissions on the proposal were received from: The Coalition for Denmark's Environment, Mr Simon Neville, Denmark Town Community Plan Advisory Committee, Australian Conservation Foundation, Conservation Council of Western Australia, Shire of Denmark, Main Roads Department and the Department of the Arts, Sport, the Environment, Tourism and Territories.

The principal topics raised in the submissions relate to:

- the objective, changes, and need and benefits of the proposal itself;
- the forestry resource required and its environmental implications;
- transport of the woodchips;
- operation of the integrated sawmill/chipmill at Denmark;
- port operation; and
- comments on the adequacy of the CER document.

A detailed list of issues raised in submissions and the proponent's response to these issues is incorporated in Appendix 1 of this assessment report.

4 Environmental impacts

This proposal involves the export of woodchips derived from sawmill wastes, which is consistent with the Authority's requirement of the previous McLean proposal (EPA, 1988a). These sawmill wastes would be derived from the processing of sawlogs harvested from State Forest under the Department of Conservation and Land Management's operational plans.

The Authority has already assessed the environmental impacts associated with the harvesting of sawlogs in its Report and Recommendations on the Western Australian Woodchip Industry (EPA, 1988b). Provided that the sawlogs are harvested according to the Environmental Protection Authority's recommendations and the subsequent Ministerial Conditions, the Authority is of the view that the conversion of the resultant sawmill wastes into woodchips is environmentally acceptable. This view has been stated in previous publications of the Authority including "Environmental Guidance for Land Use and Development in Southern Western Australia" (EPA, 1987), the Authority's Report and Recommendations on the Western Australian Woodchip Industry (EPA, 1988b) and the Authority's Report and Recommendations on the McLean Consolidated Woodchip Export Proposal (EPA, 1988a).

Recommendation 1

The Environmental Protection Authority has previously examined the production of woodchips from sawmill wastes and found it to be environmentally acceptable. This marginal modification of an already approved proposal has no significant environmental impacts. Accordingly, the Authority concludes that the proposal by Southern Plantations Chip Company Pty Ltd to purchase sawmill wastes in the form of woodchips and to export the woodchips through the Port of Bunbury for a period of two years, as described in the Consultative Environmental Review, is environmentally acceptable, subject to the recommendations in this report and commitments by the proponent (listed in Appendix 2).

In concluding that this proposal is environmentally acceptable, the Authority examined both the potential environmental impacts of the proposal, and issues raised in the submissions. The issues closely examined by the Authority were resource implications and transport. Comment is also provided regarding the operation of the Denmark sawmill.

4.1 Resource implications

This report has concluded that the purchase and export of woodchips derived from sawmill waste, as proposed by Southern Plantations Chip Company Pty Ltd is in itself environmentally acceptable. This conclusion was reached following examination of, amongst other factors, the direct and indirect resource implications of the proposal. The following is a discussion of indirect resource implications for other forest resource users which may arise from the implementation of this proposal.

Submissions raised the concern that the proposal will use much of the sawmill waste resource available, thus affecting other forest resource users, particularly WACAP. This concern stems from the fact that a large proportion of sawmill residue resource required for this proposal is currently purchased and exported through the Port of Bunbury by WACAP as part of its annual 750 000 tonne licence approved by the State and Commonwealth Governments.

WACAP uses a number of forest sources to supply its contracts including, old growth logs and regrowth logs from State Forest, old growth logs and plantations logs from private property, and sawmill residues. WACAP derived approximately 102 000 tonnes of woodchips from sawmill residues in 1988/89 (CALM, 1989). Submitters are concerned that if the proponent is allowed to export the proposed 60 000 tonnes of woodchips from sawmill residue, then WACAP will replace the lost sawmill waste resource with increased harvesting of State Forest and private property. As stated previously, the Authority has already assessed the environmental impacts associated with the harvesting of sawlogs in its Report and Recommendations on the Western Australian Woodchip Industry (EPA, 1988b). As a result of this assessment, the Minister for Environment set conditions on WACAP for the harvesting of forests for woodchips.

These conditions, which apply to the use of wood for woodchips from the State Forest in the North, Central and Southern Forest Regions, include:

- the strict limitation on volume of chip log production from old growth logs within State Forest to 583 000 m³ (1988 - 1989), 553 000 m³ (1991 - 1995), and 442 000 m³ (1996 - 1998);
- no logging in existing Road, River and Stream Zones until the Department of Conservation and Land Management has developed a detailed proposal for those zones with particular attention given to old growth State Forest and areas of exceptional value;
- limitations on the intensity of harvesting in salt risk zones within State Forest;
- WACAP is not permitted to use wood for woodchipping or obtain woodchips derived from the clearing of remnant native vegetation on private property except in circumstances authorised by the Minister for Environment; and
- WACAP is not permitted to use wood for woodchipping or obtain woodchips derived from plantations on private property which were established by the clearing of remnant native vegetation, except in circumstances where clearing was authorised by the Minister for Environment;
- approvals, including the Forest Produce Licence or log sale agreements, for WACAP's woodchip operations based on State Forest resource, to be linked specifically to the duration of the Timber Production Strategy and Forest Region Management Plans. Approvals issued to WACAP shall be reviewed no later than at the expiry of the present Management Plans (presently planned for February 1998).

Should WACAP wish to replace the sawmill residue resource it could do so from within its currently allowable limits, as it is currently harvesting less than permitted according to levels set by the the Department of Conservation and Land Management Timber Strategy (CALM, 1987) and Ministerial Conditions resulting from the Environmental Protection Authority's assessment of the Western Australian Woodchip Industry as detailed above (EPA, 1988b). This not only applies to the 60 000 tonnes of this proposal, but also the 50 000 tonnes Whittakers has permission to export. In addition, WACAP may choose not to replace the resource, or alternatively, may use its existing stockpiles, or could obtain additional woodchips from some of the smaller mills in the south west which do not chip their residue at present.

The resource questions raised in submissions have been addressed by the proponent in Appendix 1.

Provided the proponent derives all resource for the proposal from waste from sawmilled logs obtained from Crown Land, the proposal will have no environmental impacts beyond those already assessed and approved by the Authority.

Recommendation 2

The Environmental Protection Authority recommends that Southern Plantations Chip Company Pty Ltd, in accordance with its commitment, purchase woodchips derived only from wastes from sawmilled logs obtained from Crown Land.

Given Recommendation 2 above, and as Southern Plantations Chip Company is likely to obtain some of its woodchips from Bunnings and/or WACAP, and would also be using WACAP's loading facility at the Port of Bunbury, the Authority will require assurance that none of the woodchips being exported by Southern Plantations Chip Company have been derived from whole logs or logs from private property. The proponent will therefore be required to implement a system which will account for the source of and amount of woodchips it is exporting. A commitment to do so has been made by the proponent (Appendix 2).

Recommendation 3

The Environmental Protection Authority recommends that the Southern Plantations Chip Company Pty Ltd provide a bi-annual public statement to the Environmental Protection Authority showing a monthly breakdown of the source of and amount of woodchips it is exporting.

The proposal seeks interim approval for a two year period.

Recommendation 4

The Environmental Protection Authority recommends that approval be limited to two years, following which the proponent should revert to the proposal assessed and approved in 1988 or submit a new proposal to the Authority for assessment.

4.2 Transport

The original McLean's proposal entailed the transport of woodchips to the Port of Albany, thus resulting in an increase in traffic through Denmark and on the South Coast Highway. Under the current Southern Plantations Chip Company Pty Ltd proposal, woodchips will continue to be transported to Bunbury from existing woodchip sources along existing routes. If any change in current transport patterns is to occur, it will be as a result of WACAP replacing its sawmill residue resource. This could result in increased traffic on CALM's private forest roads and possible increased rail transport from the Diamond Chip Mill. As indicated previously, these possible changes in WACAP's source and transport of logs were indicated in the WACAP Environmental Review and Management Programme/Environmental Impact Statement (Refer Table 19, WACAP, 1987). They were subsequently assessed by the Authority and found to be acceptable (EPA , 1988b).

4.3 Denmark sawmill

Some submissions raised the operation of the current Denmark sawmill as an issue. Whilst the operation of the sawmill is not part of this proposal, it may be pertinent to note that the Authority is currently in the process of licensing the sawmill to operate under conditions relating to waste water discharge, noise, dust, and disposal of sawdust. This will result in tighter control over the operation of the Denmark Sawmill. The requirement to obtain a licence was on of the Authority's recommendations and one of the Ministerial Conditions set on the original McLean's proposal (EPA , 1988a).

5 Conclusion

The Authority considers that this proposal to export woodchips derived from sawmill waste from the Port of Bunbury for a period of two years is environmentally acceptable, subject to the recommendations of this report and commitments made by the proponent. Possible flow on effects from this proposal on WACAP and other forest users have been examined and have been found to be within the limits considered environmentally acceptable, (and set by the Minister) as a result of previous assessments by the Authority.

The transport of the woodchips will be undertaken via existing routes to an existing loading facility in the Port of Bunbury. Therefore, no new environmental impacts as part of this proposal are envisaged.

6 References

Dames and Moore (1987), WACAP Towards 2005 - Environmental Review and Management Programme and Draft Environmental Impact Statement for the Extension of the Licence for WA Marri Woodchip Export Industry.

Department of Conservation and Land Management (1987), Timber Production in Western Australia - a strategy to take WA's south-west forests into the 21st century.

Department of Conservation and Land Management (1989), Annual Report.

Environmental Protection Authority (1987), Environmental Guidance for Land Use and Development in Southern Western Australia (Bulletin No 319).

Environmental Protection Authority (1988a), Woodchip Export Proposal McLean Consolidated Pty Ltd, Report and Recommendations of the Environmental Protection Authority (Bulletin No 345).

Environmental Protection Authority (1988b), The Western Australian Woodchip Industry, Report and Recommendations of the Environmental Protection Authority (Bulletin 329).

Southern Plantations Chip Company Pty Ltd (1990), Consultative Environmental Review - Proposal for the export of woodchips through the Port of Bunbury: Variation of McLean Consolidated Pty Ltd (1988) project.

Appendix 1

Proponent's response to issues raised by submissions

COMMENTS ON ISSUES RAISED BY SUBMISSIONS ON THE CONSULTATIVE ENVIRONMENTAL REVIEW FOR THE SOUTHERN PLANTATION CHIP CO. PROPOSAL FOR THE EXPORT OF WOODCHIPS THROUGH THE PORT OF BUNBURY - VARIATION OF THE McLEAN CONSOLIDATED PTY LTD (1988) PROJECT

GENERAL STATEMENT

Before the points made in the submissions are dealt with on an individual basis, the proponents feel compelled to make a general statement which relates to many of the points collectively.

First and foremost submissions should have been confined to the current proposal which for an interim period of two (2) years seeks permission to export 60,000 green tonnes of woodchips through the port of Bunbury.

Many of the submissions appear to ignore the fact that the CER relates to a modification of an earlier proposal, and criticises the CER for not dealing with all the issues anew, rather than dealing with the effects of the variation in the original proposal, as requested by EPA.

Some of the submissions appear to wish to reopen the entire question of woodchipping, ignoring the rulings already made by EPA in relation to earlier, larger projects (such as the derivation of woodchips from sawmill residue is environmentally acceptable).

In the most extreme submissions, even the points on which the conservationists and forest managers agree (such as the desirability of better utilization of the timber resource, chipping of sawmill residue instead of burning them, and facilitating production from the forest on a sustained yield basis) are called into question.

It is the belief of the proponents that the CER was never intended to deal with these issues, and a detailed answer to submissions on these issues will not be attempted.

However, wherever a rational answer is possible, some reference to the individual submissions will be made.

For ease of reference the list of submission comments prepared by the EPA has been sequentially numbered and answered as follows :-

1. PROPONENT

1.1

"To grant any licence to a joint venture that involves a company with such poor prospects as TPS would be highly irresponsible. SPCC may not be able to meet its financial or environmental obligations through inadequate finance."

RESPONSE

The reference to TPS being an unsuitable partner in SPCC affecting that Company's ability to meet financial commitments is judging TPS on past performance and not this proposal. SPCC have the necessary licences and assured markets to trade profitably so the proposed joint venture is a viable operation in its own right. This joint venture is separate to both TPS and Whittakers as an operating company although each clearly have a direct interest.

2. THE PROPOSAL: OBJECTIVE AND CHANGES

2.1

"The claim that the proposal would permit SPCC to establish markets and gain export experience could be negated by the observation that Whittakers could do this adequately, with its own 50,000m³ licence."

RESPONSE

It is conceded that superficially this appears to be a logical argument until it is attempted to market the quantity of 50,000 tonnes per year. It is extremely difficult to establish a market on a contractual on going basis for such a small quantity of woodchips.

Furthermore it is necessary to market the full SPCC licenced quantity of 110,000 green tonnes per year to achieve maximum commercial viability irrespective of export port (i.e. Bunbury and Albany).

2.2

"If the licence is granted and SPCC wants to extend it beyond two years, it almost certainly will be allowed to do so. Therefore it should be evaluated as a firm proposal and not just a variation of the 1988 proposal."

RESPONSE

This is purely unqualified assumption. The proponent is patently aware that if granted the term is two (2) years and any extension to this period will be subject to further assessment by EPA. The type of assessment will be dictated by that Authority.

2.3

"SPCC appears to want several options at its disposal: to export all its chips through Bunbury, to export through Bunbury and Albany, or to export through Albany."

RESPONSE

The main aim behind this proposal is to create the ability to ship woodchips through the port of Albany which in itself should prove to be a major inducement to establish plantations on private property in the region. The current proposal does not alter that aim, but is merely intended to buy time to examine it more thoroughly and to develop capital for it. Are the critics opposed to afforestation of farmland? Is it a crime to have more than one option under consideration?

2.4

"It is clear that the proponent foresees the possibility of transport through Albany being uneconomical. In this case, what will happen to this project or the original project? Will the McLean Consolidated Pty Ltd (1988) project be scrapped, or will this amended project replace the original?"

RESPONSE

At this stage it is not clear that the export of chips through Albany is economic or not. If it is proven by further studies over the next two years that it is economic to ship through Albany existing approval to do so will be implemented.

On the formation of SPCC the economic viability of exporting through Albany as outlined in the NOI was challenged and as the McLean Consolidated Pty Ltd proposal was assessed under a different corporate structure it is only proper for SPCC to carry out their own viability studies to the satisfaction of all partners hence this CER.

2.5

"The statement that the export of woodchips by SPCC over the two year period will contribute to the capital for the possible future Albany proposal is at variance with the observation in 4.1 that the current proposal will provide the capital. Which statement is correct?"

RESPONSE

It is impossible to assess at this juncture exactly how much profit will accrue from the proposal therefore it is difficult to exactly predict how much in excess of assessment cost will be available to actually fund Albany export facilities.

2.6

"There is a major change in the proposal, which the proponent evades completely: that production of woodchips would be based at Whittakers' Greenbushes mill."

RESPONSE

The production of woodchips at Whittakers' Greenbushes mill is a part of that Company's 50,000 tonnes approved proposal and therefore not relevant directly to this proposal. It is agreed that any Greenbushes production would become part of SPCC 110,000 tonnes export target but it must be appreciated that it is not a part of this proposal to export 60,000 tonnes through Bunbury.

Fuller utilization of any sawmill waste, from whatever sawmill, is not environmentally adverse. Are the critics suggesting that it be burnt at the sawmills, as had been done in the past?

3. NEED FOR AND BENEFITS OF THE PROPOSAL

3.1

"Suggestions that sending the product of poor resource management out of the country for a pittance in any way balances the financial or environmental cost of importing timber and timber products is specious in the extreme."

RESPONSE

This highly emotional statement is difficult to answer. The critics have failed to study, or at least to understand, the CALM strategy for better utilization of the forest resource, and the arguments put forward in the CER, namely that development of markets for the by-products of sawing inferior quality logs is what makes better utilization of the forest resource and its renewal economically feasible.

However, it can be stated that even the by-products of this process, the woodchips, are not being sold for a pittance. The payments by WA woodchip industry to government bodies alone amounted to \$15 million in 1985-86 and the family income generated in the southwest region at this time was estimated at \$9-11 million.

3.2

"The statement that "Any change in forest resource utilisation towards greater yield from lower quality logs is thus seen as beneficial to the forest" (2.2) is challenged. It overlooks the increased loss of nutrients through the removal of more biomass; the increased soil compaction and soil disturbance through increased logging operations; and the increased exposure of the soil and regenerating vegetation to sun, wind, rain and frost through the removal of more tree cover."

RESPONSE

This statement demonstrates that the critics lack even the basic understanding of silvicultural operations, and merely repeat ideological statements. The bulk of the nutrients in the forest biomass is not contained in the wood suitable for chipping, but in the leaves, small branches and bark. The amount removed in the sawlogs and chiplogs can be relatively readily and cheaply replaced by forest fertilisation. CSIRO studies of the southern forests amply demonstrate that indigenous legumes, which are an important part of the regeneration ecology, are very effective in replacing the most volatile nutrient, the nitrogen. The additional disturbance and exposure of the soil resulting from the harvesting of the marginal quality logs by an integrated logging operation is preferable to the logging of a new forest area. The critics cannot demand better utilization of the forest resource and complain about its consequence at the same time.

3.3

"The proponent has done no homework on immediate traffic or social impacts, let alone any projection for two years hence."

RESPONSE

The proponent has correctly stated that the variation of the original proposal does not create any additional social or traffic impacts. In relation to the total social and economic framework of the southwest region these impacts are relatively minor but beneficial as stated in the CER.

4. THE RESOURCE

4.1

"The CER states that SPCC envisages that the required resource would be obtained from the auction sales of salvage logs from the normal logging operations of CALM within the region. Submissions have pointed out that CALM has suspended auctions of salvage sawlogs and now sells them only by tender."

RESPONSE

This statement does not relate to the present project.

If and when the Denmark mill produces 60,000 tonnes of woodchips the source of the resource for the 110,000 tonnes SPCC hopes to export is quite clearly outlined in "4.3.1 Log Resource" of the CER. The reference to purchase by auction relates to "1.1 Original Submission" of the CER which no longer applies.

Present resource has already been allocated to the sawmills and it is from their residues that the production of woodchips to satisfy this proposal will come.

4.2

"The veracity of the statement that "no additional area of old growth forest will be logged under this proposal, and the quantity of woodchips produced will be the same, therefore no new impacts are envisaged in the forest" (4.3.1) is challenged."

RESPONSE

The statement whose veracity is questioned is that made by CALM, and carries a greater weight than an unsupported challenge from the critics.

4.3

"The 110,000 tonnes that have already been, or will be allocated to Whittakers Ltd or others must of necessity come from WACAP's current or potential supply. Therefore WACAP will now seek substitute sources for these chips. The main alternative sources are :

- take resource from private land logging and clearing operations;
- extract more marri logs from jarrah State Forests in the salinity risk zone of the Southern Forest Region;
- extract more marri resource as part of higher intensity logging operations from the jarrah State Forests in the Central and Northern Forest Regions; and
- accept lower quality chip logs from current logging operations and/or expanded regrowth thinning operations.

All four sources involve substantial environmental considerations concerning particularly impacts on the jarrah forest ecosystem, which is already adversely affected by dieback disease and other ecological problems. None of these environmental considerations are considered in the CER."

RESPONSE

The statement is self evident that the responsibility for any decision is not the proponents. The decision to implement any action can only be made by CALM under the guidelines of the 1987 management strategies where State forests are concerned. Private property clearing can only be carried out where licences to do have been issued by the Department of Agriculture. Submissions are placing on the proponent the onus to address issues that do not relate to the present proposal and furthermore which can only be resolved by CALM.

The most likely source of additional chips are lower quality logs from current integrated logging operations and small logs from regrowth thinning operations. Both of these have been ruled by EPA to be environmentally acceptable and in addition are silviculturally beneficial.

4.4

"CALM is prepared to supply this expanded level of chip log supply not only because it is seeking to introduce much more intensive selection logging programmes in the Central Region and lower rainfall Southern jarrah forests but also because it is keen to expand the amount of royalties it obtains by providing additional logs for the expanded export woodchip industry."

RESPONSE

As in the case of 4.3 this submission is an unwarranted attack on CALM, and it is not the proponent's role to answer the statement.

4.5

"There is no acknowledgement in CALM's letter that all the woodchips derived from sawmill residues obtained by WACAP would be diverted via Whittakers, and so the company will have capacity to expand its log based woodchipping operations."

RESPONSE

The limits to log uptake by WACAP are set by CALM's timber strategy and cannot be altered for the sake of, or as the consequence of, this proposal. If the additional material is derived from fuller utilization of sawmill waste or more timely thinning operations, who is the loser?

4.6

"Additional log extraction will cause unacceptable environmental impacts and would contravene stated government policy of phasing out woodchipping based on State Forests. The main environmental impacts would be felt on the Central and Northern Region State jarrah forests as well as privately owned land."

RESPONSE

In this, as in many other submissions, the critics assume the role of the prosecutor and the judge, by setting up unwarranted accusations and then certifying them as true. This submission is particularly irrelevant to the proposal, as the bulk of the Central Region and all of the Northern Forest Region are far beyond any likely effect of this proposal. Under EPA recommendations on the woodchip industry the clearing of private forest is to be permitted only if authorised by the Minister of the Environment, and does not come under the jurisdiction of CALM. Further EPA recommended limits on the expansion of intensive harvesting outside of the Southern Forests Region without environmental review being undertaken.

4.7

"No arguments are provided to support the observation that other Southwest sawmills will sell their chips to SPCC, rather than direct to Bunnings. What are the resource implications if the other mills do not supply? Will resources be denied to SPCC if the project viability is dependent on them? Given that these questions are not answered and that a market has yet to be secured by SPCC, where is the justification for the proposal?"

RESPONSE

The larger mills (including Bunnings) have indicated willingness to sell to SPCC and providing pricing and transport costs are kept in line with the CPI there is no reason to suggest that the smaller mills will not do so. As pointed out in 4.5 above there is a surplus of resource so all mills do not have to sell to SPCC for them to purchase required quantities. The other points raised here therefore become irrelevant.

4.8

"Should SPCC not be able to obtain the required quantity of woodchips from the proposed source, it will be tempted to meet its quota from other sources, for example by chipping whole logs, and/or obtaining sawlogs and/or chiplogs from private property. Since supervision and enforcement of logging and milling activities in WA are minimal, SPCC could breach the conditions of its licence and either no-one know or no-one would take any action."

RESPONSE

Largely answered by 4.7 above. It is ludicrous to suggest that SPCC would jeopardise any licence as hard to obtain as this simple proposal has proven to be by breaching the rigid conditions imposed.

In addition, this submission demonstrates a deplorable ignorance of forestry conditions in WA. On world standards, the supervision of forestry operations in WA is thorough.

The accounting system will be based on the mills from whom woodchips are purchased providing SPCC with the following information each calendar month :-

1. The intake of saw logs from private property.
2. The intake of whole logs from any source which are completely converted into woodchips.
3. The percentage woodchip recovery from 1. & 2. above.

Woodchips processed from either 1 or 2 above can not be purchased by SPCC and the mills concerned will have to negotiate directly with WACAP where these are involved.

Confidentiality of the information supplied by the mills does not allow CALM to provide SPCC with any of this information relative to mill performance. However CALM will verify all aspects of SPCC's accounting system on the request of EPA.

Mr. D. Keene of CALM has provided the information on which this response is based.

4.9

"The undertaking that no logs whatsoever will be accepted from private property will be very difficult, if not impossible to monitor. There is no restriction on other sawmills taking logs from private property, either where clearing has been approved by the Commissioner for soil conservation as well as otherwise. The proponent is asked for a commitment that if it can be shown that it has accepted logs from private forests in breach of their undertaking, it will close down the operation."

RESPONSE

Answered by 4.8. However it is reiterated that most of the points raised are controlled by the recovery information normally supplied by all mills to CALM on a six monthly basis.

4.10

"There are two conflicting statements in the CER: "No woodchips will be derived directly from logs from Crown land" and "All woodchips purchased by SPCC for export under this proposal will be derived from residue of sawlogs from Crown land,"(5.0). Which is the case?"

RESPONSE

It is quite clear from the CER that "All woodchips purchased by SPCC for export under this proposal will be derived from residues of sawlogs from Crown land" and therefore the statement "No woodchips will be derived directly from logs from Crown land" is equally correct. In other words the proposal will only purchase sawmill residue converted into woodchips.

The confusion arises purely from the fact that the CER omitted to include the words "ANY WHOLE" between the words "FROM" and "LOGS" in the second quotation above.

4.11

"The statement that "the need for silvicultural treatment of the karri-marri forest to achieve satisfactory regeneration and subsequent growth has long been recognised" is misleading (2.2). It clearly applies to mixed karri-marri forest, but the 'silvicultural treatment' is equally applied to pure karri forest. The proponent and CALM conveniently overlook this fact when discussing karri regeneration, clearfelling and woodchipping operations such as this proposal, which could not exist without clearfelling."

RESPONSE

There is nothing misleading about the statement, whether it is applied to karri-marri or pure karri forest. In production forest, which is where silviculture takes place, regeneration and subsequent growth are invariably improved by appropriate silvicultural treatment. The submission is also erroneous in assuming that woodchips could not be obtained by selective cutting - this is in fact what happens in thinning operations in young karri regrowth stands. The chief failure of the critics of woodchipping is in not recognising that, in WA at least, it is a tool of forest management rather than an end in itself.

4.12

"The statement that "Australia is already experiencing a shortage of sawn timber" (4.1) is challenged. WA sawn hardwoods, including sleepers, are still exported both interstate and overseas. It would appear that the quantity of sawn timber and sawn timber products imported into WA is balanced by the quantity of sawn timber and sawn timber products exported."

RESPONSE

This submission lacks understanding of the economics of timber trade and wood utilization. Australia is a net timber importer and is increasingly becoming so. Whilst it is true that the level of timber imports into WA is less than in some Eastern States (6.74% of total consumption in 1982 compared to 35.96% into NSW), we are still a part of Australia, and we do import sawn timber. The export of sleepers and other sawn hardwoods is economically sound, and only partially offsets the import of other timber products. As should be increasingly realised by the environmental movement, the blocking of timber utilization under controlled conditions in Australia tends to transfer the demand to third world countries with much less stringent control of logging operations in their rainforests.

4.13

"What is the difference in weight/volume between green chips and bone-dry chips? Will more than the nominated 100,000m³ of resource be needed to compensate for weight loss in the product?"

RESPONSE

The question has no relevance as the licence, if granted, will be for 60,000 green tonnes into the stockpile calculated from weighbridge dockets.

5. TRANSPORT

5.1(a)

"Access to the mill is located on a dangerous section of South Coast Highway. A "slow vehicle lane" should be provided on the South Coast Highway at this location to eliminate traffic conflict."

5.1(b)

"Haulage of sawdust and woodchips should not be permitted through the Denmark town centre."

RESPONSE

5.1(a)

The western access to the mill is as stated but under the CER no increase in milling activities at Denmark is contemplated and as no request by the Main Roads Department has been received by Whittakers to change the present traffic arrangements no immediate change is envisaged.

RESPONSE

5.1(b)

The haulage of woodchips and sawdust through Denmark is unavoidable if the least impact on traffic is desired. The present routing is preferable to using South Coast and South Western Highways. Again SPCC can only dictate routing of woodchip vehicles as sawdust transport is under the control of Whittakers.

5.2

"The CER suggests that environmental impacts will be negligible, or even beneficial, without actually establishing what, or where they will occur. Indeed, because some of the traffic impacts associated with the original project would be deferred for two years or more, the CER claims the project will have 'beneficial transport impacts'. This is twisted and untenable logic indeed."

RESPONSE

This submission again arises out of the failure or unwillingness to recognise the purpose of the CER, namely to compare the impact of the modified proposal with the impact of the original proposal. The original proposal would have entailed routing of all chip movements through Denmark and Albany along the South Coast Highway, to which there was a strong and vocal local opposition. The modified proposal will transport chips along routes which already carry this type and volume of traffic, and to that extent its impact will be less. The comparison did not refer to no woodchip traffic at all.

5.3

"There will inevitably be an increased number of trucks on roads in the south-west as a result of the proposal. The two options for the transport of chips as outlined in the CER should be more specific and the impacts examined in detail."

RESPONSE

This proposal will not result in a change in the current mode and scale of transport of woodchips to the port of Bunbury.

5.4

"If the current five trucks per day are not going to increase, is it because the Denmark mill will not produce any more woodchips than it does currently? If so, where is the purpose in expanding the Denmark mill, unless the company intends to increase production at some time in the two year time frame?"

RESPONSE

Under this proposal the Denmark mill will not produce a greater volume of woodchips than it now does. One of the purposes of this proposal is to allow Whittakers the opportunity to study the viability of increasing woodchip production at the Denmark mill after the two year period of this proposal.

5.5

"There is no mention of a bypass road, supported previously by Whittakers, or of the company's commitment to realign Cussons Road, or of providing a filter lane at the western approach to the mill."

RESPONSE

All of these aspects are not applicable to this proposal but are purely related to the operation of the Denmark mill. See 5.1(a) in relation to the second point.

5.6

"Will chip trucks continue to use Muir highway, via the Denmark townsite, or go back along South Coast Highway?"

RESPONSE

The current woodchip transport route from Denmark to Bunbury will be retained throughout the two year period of this proposal i.e. using Muir Highway. The South Coast route would only be used if the Muir Highway were for some reason unusable.

5.7

"A commitment by McLean was that "the company will establish transport routes in consultation with, and to the satisfaction of, the Main Roads Department and local authorities". There are no such commitments in the current document."

RESPONSE

As all transport requirements to satisfy this proposal are already in place the proponent does not see the need to enter into any consultation.

6. INTEGRATED SAWMILL/CHIPMILL

6.1

"SPCC's intention to expand the capacity of the mill (4.3.7) is in direct contradiction with an undertaking of McLeans NOI (p24) that no expansion would occur."

RESPONSE

SPCC have no interest in the Denmark mill and any expansion would be carried out by Whittakers. During the two year term of this proposal no expansion will occur as a result of it.

6.2

"Is the Denmark mill going to be modified for this project? If, as stated in 1.1, the McLean proposal required modifications to the Denmark mill and SPCC has an undertaking from CALM that the former McLean resource will be made available, the proponent appears bound to make the same modifications, yet section 3.3 of the CER points only to evaluation of restructuring of the mill."

RESPONSE

The mill will not be modified for this proposal.

6.3

"There is no discussion or explanation of any proposed modification to the millsite drainage, despite such improvements being a condition of its licence."

RESPONSE

The mill operates under a licence from the EPA. Drainage is a specific condition of this licence.

6.4

"There is no mention of chipper operations in the CER."

RESPONSE

Chipper operations will not alter in the two year period as a consequence of this proposal so "no mention" of it was made in the CER.

6.5

"No information is provided in the CER with regard to sawdust. Is it that:

- additional sawdust will be dumped in the forest above the mill;
- a change from first grade to salvage grade logs will increase the amount of sawing at the mill, and thus replace sawdust waste with woodchips which will be transported to buyers and thus add to the number of trucks carting from the mill; or
- less timber will actually be carted to the mill?"

RESPONSE

Sawdust will remain at approximately the current level as no alteration in mill throughput will occur in the two (2) year period of this proposal.

6.6

"Woodchipper operations should be limited to between the hours of 7am and 5pm Monday to Friday."

RESPONSE

Woodchip production times are a condition of the EPA licence to operate the mill under the appropriate noise clause.

7. PORT OPERATION

7.1

"The greater usage of existing facilities is seen as being economically beneficial. If a decision is made during the interim proposal to go ahead with a facility at Albany will it be based on it being not economically beneficial?"

RESPONSE

This statement clearly refers to the Port of Bunbury. All installations are already in place and their greater use will reduce the unit cost of maintenance and operation.

There is no possibility of export through Albany occurring in the two (2) year period of this proposal so the comment is irrelevant. Any decision to go ahead with the Albany facilities will be made solely on the grounds of being "economically beneficial".

8. AESTHETICS

8.1

"To the company's credit much of the accumulated machinery and debris exposed to the South Coast Highway at the Denmark mill since 1966 has been removed."

RESPONSE

Whittakers appreciate the favourable comment regarding the clean up of the Denmark mill site.

8.2

"Whittakers Denmark present reasonable operation has been accepted, but any increased volume would be strongly opposed by the community."

RESPONSE

During the two (2) year term of this proposal there will be no increase in volume processed at the Denmark mill on account of it.

9. COMMENTS ON THE CER DOCUMENT

9.1

"The document does not contain adequate information on which to make an assessment of the modified project impacts. It is vague on a number of points, contradictory, and contains statements which are not based on any quantity or qualitative assessment."

RESPONSE

The proponent disagrees with this statement as the CER quite adequately covers all aspects associated with the proposal. It is quite specific on all relevant points.

Most of the so-called contradictions and deficiencies have been shown above to arise out of the critics' failure to understand the purpose of the CER document, and their attempt to fit everything into a narrow 'hands-off' concept of forest management.

9.2

"Table 2 (2.2) is incorrect. It appears that Bunnings, which gets 90 per cent of 1st grade karri sawlogs, is still paying only \$25 per cubic metre, in spite of higher 'target royalties' and price rises imposed on small sawmillers. This makes a mockery of arguments about prices, log allocation, improved recovery rates and utilisation of low grade logs."

RESPONSE

This comment is not understood by the proponent who asserts the price of 1st grade Karri logs is \$34.00/m3.

The figures contained in the table are those given by CALM. What evidence to the contrary is there to support the 'it appears' statement?

9.3

"Table 3 (2.3) showing imports of timber and woodware into Australia is highly misleading because it gives only monetary values and not specific products or volumes (or quantities) of products."

RESPONSE

The proponent reiterates that statistics given in Table 3 are correct and due to the great diversity of timber imports some common denominator such as their monetary value has to be used to summarise them.

9.4

"If documents of such abysmal quality are acceptable as environmental reviews, then the whole process can be no more than a sham - window dressing so as to fulfill the bureaucratic requirements necessary to allow the project to proceed."

RESPONSE

The quality of the CER is considered more than adequate for a proposal which in fact is really only a change in marketing strategy.

It would help if the originators of some of the harshest criticisms at least took the trouble to understand the purpose of the CER document, and acquainted themselves with some of the relevant documents such as CALM's Timber Strategy and EPA's Report and Recommendations on the Western Australian Woodchip Industry.

9.5

"The CER should be combined with the original NOI and completely redone as an ERMP."

RESPONSE

As for 9.4.

10. REFERENCE TO MRD LETTER

Comment on MRD submission as per letter dated 19 March 1990.

10.1

"The SPCC proposal will not alter existing transport arrangements to the Diamond Mill for wood chips produced from the Denmark sawmill."

RESPONSE

Denmark produced woodchips have always been transported by road to the Bunbury stockpile and for the period covered by this CER will continue to do so.

10.2

"It is anticipated an extra 50 000 cubic metres of wood chips will be transported to Bunbury from Diamond to make up the short fall in WACAP's supply. The major transport impact will occur in this section of the transport route if the additional 50 000 cubic metres of wood chips to be produced is transferred from Diamond to Bunbury by road along the South Western Highway. Such increased heavy truck movement on the South Western Highway would add support for local calls for provision of by pass roads at Bridgetown and, possibly, Donnybrook with construction of additional overtaking lanes along the route."

RESPONSE

The transport of WACAP's shortfall due to the implementation of this project will be transported by rail from Diamond to Bunbury. While SPCC has no control of this, there is a State Agreement which addresses transport of woodchips by WACAP.

10.3

"The mode of transport from Diamond to Bunbury was not addressed in the CER, however, the Main Roads Department would prefer woodchips in this section to be transported by rail, as is presently the case."

RESPONSE

The present transport arrangements of all chips produced in the south-west will remain "as is" as they will continue to proceed via existing routes and modes to Bunbury.

11. REFERENCE TO THE SHIRE OF DENMARK LETTER

Comment on the Shire of Denmark submission as per letter dated 6 March 1990.

11.1

"Heavy Vehicles

- (a) Presently mill trucks use an access track off South Coast Highway as a western entrance to the mill.

The access is located on a dangerous section of South Coast Highway. Council considers that if this access is to remain a "Slow Vehicle Lane" should be provided on the South Coast Highway, at this location, to eliminate traffic conflict.

- (b) Haulage of sawdust and woodchips should not be permitted through the Denmark Town centre."

RESPONSE

- (a) See response 5.1(a)
(b) See response 5.1(b)

11.2

"Noise Pollution

- (a) The Woodchipper should operate between the hours of 7am and 5pm Monday to Friday. Council understands that relevant Noise Control legislation is only enforceable during these hours, therefore Council would have power to act should a problem arise."

RESPONSE

See response 6.6.

Appendix 2

Environmental commitments

5. ENVIRONMENTAL MANAGEMENT

SPCC the proponent for this project gives the following commitments:

- * The term of this interim arrangement will be limited to a period of two years from the date of issue of an export licence unless prior to expiry the Minister for Environment agrees to permit a further evaluation period or the implementation of the proposal as originally approved in 1988 (EPA 1988b).
- * If SPCC chooses not to proceed with its proposal to export woodchips in accordance with the McLean 1988 proposal, it will refer alternative export options to the Environmental Protection Authority for its advice.
- * All woodchips purchased by SPCC for export under this approval will be derived from residue of sawlogs from Crown Land.
- * SPCC will maintain a system for accounting for the source and destination of all woodchips exported under this interim arrangement and report annually to the Environmental Protection Authority demonstrating that the prescribed volume of 50,000 cubic metres (60,000 green tonnes) was derived from sawlog residue.

The accounting system will be based on the mills from whom woodchips are purchased providing SPCC with the following information each calendar month :-

1. The intake of saw logs from private property.
2. The intake of whole logs from any source which are completely converted into woodchips.
3. The percentage woodchip recovery from 1. & 2. above.

Woodchips processed from either 1 or 2 above can not be purchased by SPCC and the mills concerned will have to negotiate directly with WACAP where these are involved.

Confidentiality of the information supplied by the mills does not allow CALM to provide SPCC with any of this information relative to mill performance. However CALM will verify all aspects of SPCC's accounting system on the request of EPA.