

COMMUNITIES AND INDUSTRIES FORUM (CIF)

A forum for communication between industry and the community

**Minutes of the Meeting held Tuesday 1 December 2009, 5.30pm – 7.00pm
at the Kwinana Recquatic, Gilmore Avenue, Kwinana**

PRESENT

Karen	Boyce	TiWest
Kim	Calver	Thomson Environmental Systems
Peter	Christian	Verve Energy
Bob	Cooper	Rotary Wellard & CIF Executive
Erin	Davey	BP Refinery
Allan	Gade	Conservation of Rockingham Environment
Annette	Gade	Conservation of Rockingham Environment
Stan	Hall	Kwinana Progress Association
Neil	Hartley	Town of Kwinana
Steve	Hesse	Kwinana Progress Association & Kwinana Watchdog Group
Thys	Heynes	BP Refinery
Debbie	Hoey	Kwinana Industries Council
Roslyn	Huizenga	Weekend Courier
Steve	Land	WestPetro
Leigh	Liley	City of Rockingham
Rod	Lukatelich	BP Refinery
Peter	Macrae	Dept of Mines & Petroleum
Scott	McFarlane	Dept of Environment & Conservation
Anita	McInnes	Sound Telegraph
Simon	McLennan	LandCorp
Rod	Mapstone	Alcoa
Colette	Menegola	WestPetro
Genevieve	Mannin	CSBP
Barry	Nelson	Kwinana Progress Association
John	Newton	BP Refinery
Chris	Oughton	Kwinana Industries Council
Lorne	Petchell	BHP Billiton
Samantha	Torrens	CSBP
Les	Vogiatzakis	Coogee Chemicals
Luke	Wilcock	LandCorp
John	Wilks	Hismelt
Dennis	Wood	Town of Kwinana

APOLOGIES

Don	Allanach	Community
Tom	Rose	Cockburn Sound Management Council
Darren	Salamon	Terminals West
Ivan	Unkovich	BP Refinery

1. OPENING AND WELCOME

Ron Kemp (facilitator) opened the meeting and requested all attendees sign the attendance register to ensure an accurate record of attendees was maintained. The meeting was advised of the need to register so there is a true and accurate record of attendees. People must have attended at least three meetings during the last twelve months to be eligible to vote at each AGM. The facilitator then advised attendees of the emergency evacuation procedure for the building and the location of exit doors and muster points

Chris Oughton advised of a change in the agenda. Guest speaker Gary Gray has been called to Canberra and therefore unable to attend tonight's meeting. Gary has confirmed he will attend a future meeting in 2010.

2. GENERAL ADMINISTRATION

Report to CIF Meeting from the CIF Exec Meeting Held 3 November 2009 (Bob Cooper – CIF Executive)

The CIF Executive met on 3 November 2009 to consider the requests to make presentations at tonight's meeting. Tonight's presentations include:

- Use of Heat Exchangers at BP Refinery: John Newton, BP Refinery
- WestPetro Ethanol Plant: Colette Menegola, Managing Director, WestPetro
- Strategic Environmental Assessment for the Rockingham Industry Zone: Luke Willcock, LandCorp

If you have any suggestions for future presentations or guest speakers please advise CIF Coordinator, Debbie Hoey, or complete one of the forms on the table at the entrance.

At the last executive meeting also discussed the timing and frequency of CIF meetings. Currently meetings are held bi-monthly and commence at 5.30pm. The CIF executive agreed to do a survey of tonight's attendees to check if forum members wanted the frequency and timing to remain as is, or if this needed to be reviewed. If after a show of hands the frequency and timing need to be reviewed, then the CIF executive will commence a review the CIF Charter in early 2010. Any amendments to the CIF charter would need to be voted upon at the AGM by all who have attended at least three CIF meetings in the last financial year.

Ron Kemp (facilitator) then conducted the survey and confirmed the process was not a vote, but would act as a straw poll to allow the CIF Executive to see whether the Charter needs to be reviewed. The following questions were asked, and respondents were asked to raise their hand to the answer they felt most appropriate:

Q 1: Would you prefer CIF meetings to remain as they are, bi-monthly or do you think they should be held quarterly?

Response: Bi-monthly – 18 show of hands
Quarterly – 3 show of hands

Q 2: Would you prefer meetings to remain as they are, commencing at 5.30pm or an alternative time be considered:

Response: Remain at 5.30pm – 17 show of hands
Another time should be considered – 5 show of hands

This information will be passed to the CIF Executive.

3. MATTERS ARISING FROM THE PREVIOUS MEETING

There were no matters arising from the previous meeting.

4. PRESENTATIONS

4.1 Use of Heat Exchangers at BP Refinery: John Newton, BP Refinery

John Newton, Maintenance Engineering Manager at BP Kwinana Refinery, discussed the design operation and maintenance of BP's exchangers and referred to an exchanger failure which occurred late in September 2009. The failure was caused by corrosion within the exchanger that resulted in product quality issues. It was a localised corrosion, solely within the exchanger and there was no loss of containment out of the exchanger. There was no safety incident to any personnel and no impact on the community.

The repairs were completed over a 12 day period and the unit has now been re-streamed and is operational. The failure was due to a water injection issue which has now been modified and steps taken to improve the management of the exchanger. John gave an overview of how the exchanger works with two fluids, one cooling, one heating. Exchangers are designed under two bases: the AS1210, a pressure vessel and TEMA –Tube Exchanger Manufacturers Association. This is an USA standard and is best industry practice used around the world. There have been a number of changes to the design of exchangers over the years but they are not large scale.

Fabrication is done to detailed drawings and designs. The majority of work is done locally in Kwinana and only accredited manufacturers are used. Management of the fabrication is by inspection of test plans which are submitted to BP and to the regulator and there is no deviation from the plans. Design approval and assurance is done by a third party and approved by a regulator. BP inspectors undertake the physical tests of ensuring that all specifications are met.

Maintenance work is done via a computerized maintenance management system (CMMS) which defines what work is required and when. The major issue on exchangers is fouling and the exchangers are designed for fouling to be able to be bypassed, taken off line and cleaned. Significantly more maintenance is carried out on an annual basis than for any repairs. All work done is checked by independent people who verify that inspections have been done appropriately and the items are fit for return to service.

Any work done is punch listed. This is a process where independent people check the exchangers, verify the inspections are done appropriately and the item is fit to return to service. This inspection work is done by people who have not done the repair work. Joint integrity is a further threat to exchangers and a lot of effort is expended on that. BP uses third party personnel extensively for this work. Information about the detailed training program for people involved in the punch listing activities was provided. Inspections are conducted by accredited independent inspectors through an endorsement date process which is strictly adhered to. All inspections generate a report with recommendations listed on a priority basis.

Questions and Answers

Steve Hesse, Kwinana Watchdog Group

Q: What you've said sounds good but at the end of the day the heat exchanger failed. Can you explain to us what in that instance went wrong? Wasn't maintenance done regularly enough or checked properly last time?

- A:** The exchanger has been in service since 1995 and in that period it's had several inspections which had not highlighted any significant issues. The rapid corrosion that occurred was a rapid form of corrosion as a result of a water washing procedure. There was no impact on the actual shell or the external components or on the gas fitting. It was solely an internal failure. It was unanticipated corrosion and as mentioned, the equipment had been through several inspections previously, none of which had shown any indication of the failure.
- Q:** On the heat exchanger, were both sides processing liquids, gases, or was it just one.
- A:** Both were processing, it's what we call a feed effluent exchanger. The feed goes through one component of the exchanger and the effluent goes through the other. Effectively it was feed leaking into effluent which had a quality issue.
- Q:** Will BP release the incident or investigation report?
- A:** I'm not able to answer that I'm sorry but I will follow it up for you.

Allan Gade, CORE

Q: How do you know when there's been a fouling incident on the heat exchanger?

A: We typically have temperature indication at four points so temperatures can be measured going in and out of the exchanger to the cooling and heating sides. As those changes occur it indicates of fouling and how significant it may be.

There were no further questions. The facilitator thanked John for his presentation and invited him and the following presenters to stay behind at the conclusion of the meeting to answer any questions that attendees might have then.

4.2 WestPetro Ethanol Plant

Colette Menegola, Managing Director – WestPetro, gave an overview of the proposed ethanol plant to be built in Kwinana. Grainol Limited is a project development company which owns and manages WestPetro. WestPetro is planning to develop a 190mL grain-to-ethanol plant. Ethanol will be used as a renewal fuel for the domestic and export markets. It is an oxygenate which reduces carbon monoxide, is an additive to fuel products and used widely on the east coast of Australia. There are targets but no mandates in place in WA currently. Because WestPetro will sell to export markets it is essential to have a port based location.

Grainol was established in October 2005 as a project development company. In March 2006 Grainol took on the ethanol plant project. Ethanol plants are not new and are already established in the UK, USA and Brazil. In March 2008 Grainol and the Oswal Group formed a partnership to develop, build, construct and maintain the plant. That partnership ceased in August 2009. Under the partnership proposal, the Oswal Group had wanted the 500,000t of wheat to come to the plant via farmer direct contracts on a fixed price into the Kwinana region via truck. That would have had a huge impact on the roads, on the agriculture industry and in the market place and would have been very difficult to achieve. The DVGs that are produced from the plant would go to the livestock industry and there was a conflict of interest within their company with other projects they had on line. For those reasons both companies agreed to dissolve the partnership and Grainol retained single ownership of the project.

The plant operation will be 24 hour, 50 weeks per year with two weeks shut down and maintenance. The conveyor will bring in 1400 tonnes of grain per day from CBH on a two or three hour period during the day. There will be small amounts of various chemicals on site.

The major transport outlet will be through the existing port corridors and that will also operate two or three hours during the day. There will be approximately 10 heavy vehicle movements a week bringing in the chemicals required. There will be the ability to have truck transportation of grain on site but that will only be used in case of emergencies or conveyor breakdown etc. We will have minimal road transport requirement.

Approximately 250 people will be employed during the construction phase and when operational, about 40 people will be employed. We have a 10ha site which allows for laydown of equipment for construction and additional bunding and the ability to do the required landscaping around the premises. The plant will be constructed to comply with all EPA requirements including noise. It is anticipated by the second quarter of 2010 all contracts will be finalised. The detailed design with Vogelbusch will then commence. Construction is due to start first quarter 2011 and till take 12-18 months. There will be a six month commissioning phase and full production will commence fourth quarter 2012.

Questions and Answers

Annette Gade, CORE

Q: Can you tell me what your noise regulation will be?

A: I don't have them with me at the moment but I know they are strict within the area and that it will be a combination of the area's industrial noises we will have to fit within. There will be very strict noise restrictions on the plant. Our discussions with our technology providers and the construction companies have indicated they can be met. Until we finalise our agreements our noise restrictions on our plants can't be determined.

Allan Gade, CORE

Q: Is it going to be a PER plant?

A: It's going to be a PER process and the process has already commenced. We still have some way to go because after the change in our partnership we have changed two key components, one that the grain is utilising the infrastructure already in place which means we won't be increasing truck movements, and the distillers grain is a major factor that relates to environmental issues. Once we have finished our agreements we will come back to this forum to present all of the information related to noise and modeling for the plant.

Q: Wouldn't it be more prudent to use product like sugar cane?

A: You're right, sugar cane is used in the majority of the world. You have to grow enormous amounts of sugar and we did look at Kununurra earlier but there were problems with release of land up there.

Q: With the grain you're bringing in I'm worried about where you're going to put it and the chance of instantaneous combustion.

A: It's not going to be brought in moist. It will be the same grain that comes into the CBH terminal, as happens today. They won't be increasing the rail usage but will use the rail infrastructure more effectively because while the grain is coming in the DVGs will be going out. CBH already have the infrastructure in place and we will be utilising their expertise to ensure it is managed correctly.

Q: Didn't you say that you would be using barley by-products that come from the brewery?

A: No, it's not from breweries. We will be using the raw product.

Q: How much local content will the plant have during construction?

A: The majority will be local. The companies we're looking at for construction are WA construction companies and we're not bringing in any overseas expertise. Kwinana has a very strong union presence and there are strict guidelines for using local employees within the area.

Steve Hesse

Q: In the original proposal the company had an agreement with the community that they would install a sound barrier.

A: No, that was Primary Energy, the other ethanol plant that was proposed to be right next door to CBH. This is a different project.

A: With the 500,000 tpa to be used by the plant, how will that not increase rail movements?

Q: The Kwinana CBH facility has a capacity of around 1m tonnes of grain storage. CBH exports from Kwinana, Geraldton, Albany and Esperance so they have the ability to diversify where the grain is taken for export. Part of CBH's strategy is to ensure that other ports are used so there is not an increase of grain being put through the Kwinana facility.

Cr. Leigh Liley, City of Rockingham

Q: I refer to the actual location of the plant. Can you show me where Patterson Road is?

A: Here, and this is the rail.

Q: Is any of that located in the City of Rockingham.

A: It's all located in the City of Rockingham.

Q: Then why do you keep saying Kwinana, because I'm a Councillor of the City of Rockingham and this is a really complex structure that we don't want it in proximity to residential areas. You've referred to other plants all around the world. Are they located so close to residential areas?

A: Yes we are very close. I think we're about 1500 metres from the nearest resident.

Q: How high are those buildings?

A: The distillation columns are the highest. I can follow up the height of these for you. I will be coming down to the City of Rockingham to do a presentation for all councilors and we will be re-doing community consultation and will go through that process again. This processing plant in Germany has a nearest resident 800 metres away. WA environmental laws and policies follow German laws very closely because Germany has very strict requirements. It is a large plant but we will address your concerns.

Q: Okay and you've indicated that only a small amount of chemicals are going to be used. You didn't tell us what sort of chemicals but you also said there were going to be ten movements per week.

A: They are only small delivery type trucks, not the big petroleum type trucks. I can get back to you with the exact details of the types of trucks.

There were no further questions and the facilitator thanked Colette for her presentation.

4.3 Strategic Environmental Assessment (SEA) for the Rockingham Industry Zone

Luke Wilcock, Landcorp, addressed the strategic environment and triple bottom line assessment. A brief history and context of the Rockingham industry zone, the provision and the drivers, delivering industrial land in a more integrated way and an overview of the current status was provided.

Around 1,150 ha of mostly vacant land is the Rockingham Industry Zone (RIZ), of which 600ha is for industrial use. We try to capture the economic, environmental and social issues when we look at developing an industrial area. In economic terms we look at infrastructure that is strategically positioned for the markets, direct sea access and other benefits that the area has. There are many social benefits in terms of community-based employment but there are large environmental benefits here, with Bush Forever sites established and large tracts of land that are relatively undisturbed which contain areas of quite high conservation value. Vandals are damaging the area so we want to make sure these areas are protected. The area

under discussion is south of the Kwinana industrial area and south of Kwinana beach.

It was first marked for industry more than 50 years ago and was confirmed in the 1963 Metropolitan Regional Scheme and had an improvement plan initiated more than 20 years ago. The land is currently approved for industry and we're proposing to change that to include more conservation area.

The process has been to have a strategic environmental assessment which has been voluntary and developed over five years to look at areas that can be protected. It is a long-term process which has monitored the ground water, flora and fauna etc. What is now proposed is that 78 ha of this area should be set aside for conservation. It is in the southern most portion of the RIZ and it should be managed and protected from industrial development to prevent any further degradation. The area contains the most viable ecologically wetland area and is the area most worth keeping. Of the 600 ha assessed, we found that 339 ha may have some future value so you can see this is a large proportion that is proposed to be put aside and it is in addition to the 300 ha already set aside.

Today when we're developing integrated industrial estates, we try to get the right forms, industries and uses in the right places and we're trying to make sure that they are sensitive to the areas near them and that industries are clustered together to get more value out of the industrial land. Kwinana has become very good at this over the last 20-30 years and the Australian Marine Complex is a classic example of industries clustered together to harness the social and economic benefits are the area.

Whereas we previously saw just industrial need, today we are developing industrial estates differently to look at integrated design and management, impacts on the community and natural resource management. The process looks at the triple bottom line, which means it is a balanced approach, looking at environmental, economic and social impacts. This was done in addition to doing a strategic environmental assessment. The EPA is assessing the strategic environmental assessment and WA Planning Commission has agreed to assess the triple bottom line assessment, produced by LandCorp.

We are hoping that the recommendation for the 78ha of conservation area is approved which will give a new conservation area in the RIZ and then we will be able to start working towards amending the MRS and Town Planning Scheme to protect the areas and we will then engage the community development authorities to manage the areas.

The process is to advertise the SEA and the triple bottom line for a 12 week comment period 7th December 2009 to 2nd March 2010. Both reports will be available on the LandCorp website and the EPA's website.

Questions and Answers

Annette Gade, CORE

Q: For the area that you're talking about, you said you want to discuss the environmental issues only. I presume you're fully aware of all the problems there's going to be in regards to this area and on the part that you're talking about preserving, you're putting a sewerage plant, number one.

A: Not in this area. No one will be able to do anything in this area, so that won't happen and this will stop any developments going in there.

Q: Righty oh 'cos in actual fact there should be a buffer, that bushland through there.

A: Yes, well that's what I said. Fortuitously it will act as a buffer. What we're trying to do is assess the environmental value of this piece of land. It is fortuitous that

it's in the south but the area as outlined we want to preserve for future generations in terms of flora and fauna and environmental benefits. It's not to do with the industry.

Allan Gade, CORE

Q: When is it going to be open for public comment.

A: The public comment period is open from Monday through to 2nd March 2010 both the EPA and WAPC would like to hear all comments.

There were no further questions and the facilitator thanked Luke Willcox for his presentation.

5. GENERAL BUSINESS

There was no general business raised from the floor.

6. DATE AND TIME OF NEXT MEETING

Attendees were reminded to complete the attendance register prior to leaving the meeting. The meeting concluded at 6.50pm. The next meeting will be held on

Tuesday 2 February 2010, 5.30pm at Kwinana Recquatic, Gilmore Avenue, Kwinana. Ron Kemp, on behalf of the CIF Executive, wished everybody a very Merry Christmas and safe time over the festive season.