

COMMUNITIES AND INDUSTRIES FORUM (CIF)

Minutes of the Meeting held Tuesday 5 April 2011
5.30pm – 7.30 pm at the Kwinana Recquatic, Gilmore Avenue, Kwinana

PRESENT

Cr. Ruth	Alexander	Town of Kwinana
Don	Allanach	Homestead Ridge Progress Association
Karen	Boyce	Tiwest
Richard	Cade	Homestead Ridge
Wendy	Cooke	Kwinana Industries Council
Bob	Cooper	CIF Executive
Erin	Davey	BP Refinery
John	Dobson	Community News Group
Allan	Gade	Conservation of Rockingham Environment
Steph	Felstead	CSBP
Brian	Gardner	Coogee Chemicals
Steve	Hesse	Community
Debbie	Hoey	Kwinana Industries Council
Sarah	Hughes	BP Refinery
Paula	Joyce	Cockburn Cement
Rod	Lukatelich	BP Refinery
Anita	McInnes	Sound Telegraph
John	MacPherson	Dept of Environment & Conservation
Peter	McRae	Dept of Mines & Petroleum
Rod	Mapstone	Alcoa
Renee	Morphett	BHP Billiton (Nickel West)
Barry	Nelson	Community
Chris	Oughton	Kwinana Industries Council
Jennifer	Peate	Dept of State Development
John	Rayner	BP Refinery
Tom	Rose	Cockburn Sound Management Council
Dean	Sands	Dept of Environment & Conservation
Shoba	Senasinghe	Coogee Chemicals
Paul	Shelley	Donhad
Justin	Smith	Rockingham Kwinana Chamber of Commerce
Stuart	Wade	FESA
Peter	Winner	Verve Energy
Grant	Worner	BP Refinery
Les	Vogiatzakis	Coogee Chemicals

APOLOGIES

Annette	Gade	Conservation of Rockingham Environment
Kim	Calver	Thomson Environmental Systems
Lorna	Petchell	BHP Billiton Nickel West
John	Wilkes	Hismelt

1. OPENING AND WELCOME

Ron Kemp facilitated the meeting. He welcomed all new attendees and asked everyone to sign the attendance register. To be eligible to vote at each AGM people must have attended at least three meetings during the preceding twelve months. He advised attendees of the emergency evacuation procedure for the building and the location of exit doors and muster points.

2. GENERAL ADMINISTRATION

Chris Oughton, CIF Executive, presented the report from the CIF Executive Meeting held on 1 March which considered the requests to make presentations at tonight's meeting. The following will be made:

- BP Refinery 2011 Capital Plan - An overview of the main projects underway at the BP Refinery.
- Release of the Draft Amendments to the Environmental protection (Noise) Regulations - Proposed amendments to the Noise Regulations.

There will also be two guest speakers; Justin Smith, President of the Rockingham Kwinana Chamber of Commerce and myself as the Director of the Kwinana Industries Council. The subject is local content, particularly around fabrication in Kwinana

If you have any suggestions for future presentations or guest speakers, please advise the CIF Coordinator (Debbie) or complete one of the forms at the back of the room.

At the last meeting some issues were raised under Any Other Business that I would like to respond to on behalf of the CIF Executive.

- The CIF Executive has invited BHP Billiton to make a presentation at a future CIF meeting on the incident raised by the community member.
- The Noise Report was discussed at the KIC's Environment & Planning Committee in March. The Noise Reference Group is meeting very soon to discuss the report and a presentation will be made to a future CIF meeting.
- The feedback forms distributed at the last meeting have been summarised as follows:

Question	Response
Venue suitability?	Agreed suitable although the singing next door can be an issue.
Is the CIF an effective forum?	Whilst community participation can be low, it is well supported by industry so community has regular access to these representatives when they want it.
How can it be improved?	<ul style="list-style-type: none">▪ newsletter to CIF mailing list;▪ keep advertising the meetings locally;▪ take questions on notice prior to meeting to give industry or regulators time to prepare a response; (which is happening)

Question	Response
	<ul style="list-style-type: none"> use web based blog site for people to post questions.
Best methods to communicate?	By email was the majority.
How is the current start time of the meeting?	suitable for all those who responded.
Is a different time more convenient?	majority said the start time was fine with one suggesting 5pm and another suggesting 6pm
Should the meeting be held later?	majority said no and that the start time was fine.
Should the day of the meeting be changed?	all those responding said the day of the meeting was fine.
How do you find the presentations at the meeting?	the response was that the presentations are very informative although sometimes they can be a bit too brief and high level.
Is there too much/too little information in the presentations?	the majority were happy with the information provided in the presentations.
Suggestions for future presentations?	responses were: improvement plans; DEC and DOH annual reports of key emitters; regular updates from KIC members; energy efficiency in industry and community
Would you like the CIF to continue to have guest speakers?	all responders said yes.
What would you like them to talk about?	zero waste; water efficiency; soil improvement; Town of Kwinana Socio Economic Report 2010; local MPs and councillors; local members; local government; CEOs, etc.
Is there anything else you would like to tell the CIF Exec?	one responder congratulated the CIF Exec for facilitating and promoting an interesting and varied program for promoting a good community/industry dialogue.

3. MATTERS ARISING FROM PREVIOUS MINUTES

Barry Nelson: with reference to the question I raised at the last meeting, the word "overseas" has not been corrected. I said "over east".

Steve Hesse: Page 3, 4th paragraph. I said the pipeline from BHP was not fenced. I said it was an asbestos pipe and it was the line used by BHP.

Barry Nelson: there is a question whether the DEC and DMC have samples of the pipe. There is a lot of the pipe in the Town of Kwinana. They can look at samples. The Town of Kwinana said they would not sue BHP because they had agreed to clean up the area and that has not been done.

Steve Hesse: Page 7, the paragraph reading "There were no further questions from attendees and the facilitator thanked Chris Whitaker for his presentation" was duplicated.

There were no further matters arising from the previous minutes

4. PRESENTATIONS

4.1 BP Refinery 2011 Capital Plan - An overview of the main projects underway at the BP Refinery. Grant Worner presented the following:

A \$100M capital investment in BP's Kwinana Refinery is underway, which will be split 55% on compliance and plant integrity requirements, and 45% on projects to grow the business. The four largest projects are an additional butane storage capacity; G10 capability improvement; a pipeline between the refinery and Coogee Chemicals' terminal and a new laboratory building, and represent 60% of investment spend. The remaining 40% of investment spend is on compliance and plant integrity

The additional butane storage capacity will be used to store butane and will lead to a significant risk reduction in the LPG area. The project will be commissioned by 2nd quarter 2011.

G10 capability improvement project will revamp the existing hydrotreater 2 process unit with an additional reactor and other equipment upgrades. It will reduce risk, restore production capability and restore catalyst life from 6 to 24 months. This project will be commissioned in the second quarter of 2011.

The southern line upgrade project will modify existing lines from BP to Coogee Chemicals to enable diesel to be transferred separately to petrol. The upgrade will accommodate increased supply requirements from the Gull/Coogee terminals. The project will be commissioned in the fourth quarter of 2011.

The existing laboratory will be replaced by a new laboratory. The new building will comply with structural standards for occupied buildings and will reduce the risk of major accidents. It will result in improved efficiencies and will be commissioned in the first quarter 2012.

Question and Answers

Barry Nelson

Q: I object to the expression that a laboratory adds nothing to a business. It adds to the quality control. If a company doesn't make a quality product it does not make any money. Your comments were disparaging to people who work in laboratories.

A: My apology. That was not my intention.

Steve Hesse

Q: Said he was confused by the figures on slide 1 quoting a 55%/45% split on compliance/new projects expenditure with a further reference to a 60% representing an investment spend.

A: Grant Worner clarified how the 55/45% was split between compliance and growth, with the four major projects accounting for 60% of the spend with 40% spent on smaller projects.

Q: When you presented last meeting about the catalyst cracker you advised that the filter did not work. I notice the BP website is still advising that BP won awards from the government because it reduced the risk to the community. Will BP now hand back the Golden Gecko award to the DRD because it was given under false pretences because the filter did not work?

A: John Rayner – BP has done a lot of work on the filter. Following the commissioning of the work there has been a huge decrease in particulate emissions.

Q: Can we see some figures from BP relating to the before and after?

Q: Yes, John will get back to you directly and we will record the information for the next meeting.

Chris Oughton

Q: How much of the work is being done locally?

A: About 94% of the work is being done onshore (within Australia). Overseas sourcing had to be done for niche products or technology not available in Australia.

4.2 Release of the Draft Amendments to the Environmental protection (Noise) Regulations - Proposed amendments to the Noise Regulations

John MacPherson, Principal Environmental Noise Officer introduced himself to the meeting to explain the purpose of regulating noise. The main objectives are to provide fairness, certainty and protection for industry and the community.

In 1997 the Environmental Protection (Noise) Regulations 1997 came into being. Since then working groups have reported to the EPA which resulted in a number of amendments being made, culminating in a document that has been released for public comment in 2011.

The department has looked at the scope and application of regulations, made variations to noise limits, reviewed the Kwinana industry-to-industry noise limits and the management of specific noise emissions. It is looking at noise limits covering motor sports, shooting clubs, major entertainment venues and local government essential services. Its intention is to provide clarity and enforceability.

The industry-industry noise assigned levels for Kwinana industrial area are $L_A 10$ to increase from 65 to 75dB(A); $L_A 1$ to increase from 80 to 85dB(A) and $L_A max$ remains at 90dB(A)

These noise levels will address boundary issues unique to KIA. There won't be caretakers or offices ('sensitive' areas) near boundaries and there is no benefit in complying in unaffected areas, e.g. subleased, unoccupied

There are changes proposed to allowable residential levels. There is potential for new industrial plant to be located near boundaries, increasing cumulative noise. Sound power will be limited by its proximity to boundaries and plants should meet cumulative goals. The following table illustrates how the levels will be assigned

Type of premises receiving noise	Time of day	Assigned level (dB)		
		LA10	LA1	LAMAX
Noise-sensitive premises: highly sensitive area	0700 to 1900 hours Monday to Saturday	45 + Influencing factor	55 + Influencing factor	65 + Influencing factor
	0900 to 1900 hours Sunday and PHs	40 + Influencing factor	50 + Influencing factor	65 + Influencing factor
	1900 to 2200 hours all days	40 + Influencing factor	50 + Influencing factor	55 + Influencing factor
	2200 hours on any day to 0700 hours Monday to Saturday and 0900 hours Sundays and PHs	35 + Influencing factor	45 + Influencing factor	55 + Influencing factor
Noise-sensitive premises: any area other than highly sensitive area	All hours	60	75	80
Commercial premises	All hours	60	75	80
Industrial and utility premises other than those in the Kwinana Industrial Area	All hours	65	80	90
Industrial and utility premises in the Kwinana Industrial Area	All hours	75	85	90

Consultation process will conclude on 23 May 2011. Information is available from the link on the front page of www.dec.wa.gov.au and 11 general information and special interest seminars have been held. Further meetings will be held if deemed necessary.

The public is invited to put their written submission to John Macpherson or vial email to john.macpherson@dec.wa.gov.au or v before the 23rd May 2011

Questions and Answers

Paula Joyce, Cockburn Cement

Q: Would you please clarify the regulation around the use of reverse beepers.

A: They are exceptions under regulation 3 if there is a written law which requires them to be fitted and there is no practical alternative. Mining regulations requires them to be fitted. Even on mine sites they are not really exempt. For general operations there is no requirement for it to be fitted. We have developed a regulation to create more certainty. The previous Minister asked for the regulation to be removed and there is nothing in there to deal with it.

Jenny Peate - DSC

Q: How does cumulative noise impact on the community under the regulations?

A: We have a provision where cumulative noise exceeds the allocated level which industry emits is 5db below the level. The particular issue we have in Kwinana is that there are so many emitters that we have levels that exceed assigned levels so we needed to come up with the cumulative approach.

Barry Nelson

Q: Since you have wiped out road transport, shunting yards and ports, you are not solving the problem. You are only trying to control part of the noise. We are likely to have two ports with increased transport going to them. How do you propose to manage that?

A: Noise regulations are not a great tool for trying to manage transport noise.

Bob cooper

Q: On a recent trip to Manjimup I constantly heard gas guns sounding to scare birds. How do those outputs compare to the noise output from Kwinana?

A: Gas guns are considered a compulsive noise and it depends how far away the gas guns are from people. They don't apply before 7am when there are not a lot of people around. We did a trial exercise with gas guns on a property and we came up with the guidelines. We acknowledge there are problems with some Manjimup growers.

Steve Hesse

Q: You mentioned fairness. I would suggest there is not much fairness for people in Kwinana with the illegal levels of noise which corrupt governments will do nothing about. The DEC has a proposal to put industry noise up by 10db. It is madness, just look at companies like BHP and Wesfarmers. Further cuts should be made to noise levels. It is more about corrupt governments protecting these industries. The government will not enforce its regulations. How can we expect the government to support regulating industry and enforce its noise regulations?

A: In a sense I don't think a change to industry noise levels will have a dramatic effect on cumulative noise levels in residential areas. The focus on community noise on boundaries is wrong. We need to get the focus on to individual industries. The department can successfully enforce regulations if it can work out who the emitters are. I accept your comment that the levels are not reduced, however DEC needs to work out what where the major sources of noise are and how that can be reduced further.

Tom Rose

Q: Despite the complexity of the regulations, do you see a lot of value in a vegetation buffer and would that attenuate noise in the residential areas?

A: Unfortunately not. Plants do not absorb noise. Over longer distances, perhaps vegetation could make a small difference but with different atmospheric conditions, plants become less effective. I don't see it as a great panacea.

Allan Gade

Q: You stated that you are getting good outcomes with companies that are exceeding noise levels. Air Liquide has been over the limit for years but you have done nothing about it. Where is the regulating of this company?

A: I don't have anything specific with that particular company but we can take that to our Kwinana office for them to take up. Generally with Kwinana it has been a difficult issue because there are so many emitters.

Steve Hesse

Q: It is well known which industries are making the noise. We want DEC to do something about it. We can provide you KIC's report that tells us what companies are exceeding regulations. We have all the evidence. We need someone to enforce the law. I cannot see any problem with that. I also cannot see how you have just given industries in Kwinana the go ahead to go up to 10db at their boundary fences. You are telling us noise in the residential area won't go up as a result. This is garbage.

A: The focus needs to be on what we are trying to protect. It is an ongoing issue, starting with the regulation amendments and is an important issue that everyone is focused on.

Rod Lukatelich

Q: Steve Hesse has stated that BP does not comply with the its current regulation. With the additional butane storage capacity BP will be compliant with the 65dB at its cadastral boundary.

Steve Hesse

Q: Industry has requested our corrupt government to increase noise levels. Why did you need to increase noise levels?

Rod Lukatelich

Q: One of the issues is if you have a plant close to your cadastral boundary you have to meet the 65db level on the boundary so it is a disincentive to lease property. Having the extra 10db does not mean there should be no change to the community but we still control noise and will not go above 30dba at the boundaries.

5. GENERAL BUSINESS

5.1 Verve Energy

Peter Winner, Verve Energy, advised that Verve closed two generator units in 2009 and replaced them with two high energy gas turbines. In September another two

turbines will be shut down and there is a review about the two remaining units being undertaken.

Steve Hesse

Q. Can Verve tell us how much coal is being burns compared to the percentage of gas?

Peter Winner

A. It is 65-70% against 30%.

5.2 Future Presentations

Tom Rose, Cockburn Sound Management Council said he believes there are some important topics that could be discussed and I ask if this forum could address some of these issues which have national and international significance, such as the carbon emissions. Perhaps the CIF could have a pros and cons discussions to balance awareness of these types of issues.

Chris Oughton, CIF Executive responded that he will take the suggestion to the Executive for discussion and consideration.

6. GUEST SPEAKERS

Local Content – what's the issue?

- Fabrication in Kwinana for the big projects
- Manufacturing in the Kwinana Industrial Area

6.1 Justin Smith, President of the Rockingham Chamber of Commerce

Mr Smith was joined by Paul Shelly, the MD of a large steel fabricating company in the Rockingham area, James England and John Cotter. Jointly they addressed the meeting in relation to the situation confronting many Kwinana and Rockingham companies who are losing business to overseas company and are having to lay-off staff and cannot take on apprentices and trainees.

Tom Rose

Is it true or false that local companies are pricing themselves out of the market place compared to overseas companies?

A: In terms of productivity, quality, safety and environmental impacts, Australian businesses are superior but customers have a choice and frequently choose lower prices. There is no government regulation or policy framework to enable Australian businesses to compete. Deloitte's have produced a report that places Australia 15th in the world on competitiveness.

Allan Gade

Referred to his personal knowledge of some companies that had previously employed apprentices that have shut down through lack of local work.

A: Our industries are not in decline, they are dying. The EBIT figures for Blue Scope and One Steel were quoted indicating the difficulties they are having in remaining in the marketplace. There has been a 50% decline in apprenticeships in industry in Kwinana so few young people coming into the industry.

Bob Cooper

All these people who complain they don't have a job buy cars and white goods etc that are manufactured in China. How can we expect to compete when people are buying cheaper imports?

A: I agree, we are wearing shirts and shoes sourced from other countries but people want choice. We have the capacity, talent and ingenuity to make a lot of these products in Australia. 500,000 tonnes of steel has gone offshore since 2005.

Q: I believe there is a percentage of local content policy in Canada.

A: There are a lot of misunderstandings about this. We have talked to the Canadian government and they do not mandate a percentage of local content. The agreement relates to regulating resources, i.e. engineers man hours, fabricators man hours etc.

Tom Rose

Referred to case studies in the oil industry in Norway – if you are going to use resources that belong to other countries you have to have levers to use local content. Is that an abrogation of international free trade? I am not sure. It would encourage industry to toughen up the politicians' understanding of how this works.

A: Governments in the past have been too scared to implement guidelines. People are queuing up to invest in Australia so we should not be worried about setting things in order. China, Canada and USA all have local content policies.

Allan Gade

In the north west I noticed local content on a particular project was for earthworks.

A: The earthworks and civil works content was very positive for Australia.

6.1 Chris Oughton, Director Kwinana Industries Council

There is an increasing level of public discussion about the 'domestic content' component of the major construction projects going on in the northern part of the State. Local companies are not getting the contracts that they thought would. Their view is that almost all work is going offshore.

Local content contributes \$16 billion in economic activity and directly employs 5,000 workers, with another 26,000 indirectly employed.

Government appears to have little appetite for the creation of a mandatory domestic content environment.

Training the future workforce through the employment of apprentices and trainees is an important element in the local content debate.

Have we priced ourselves out of the international market?, My personal view is that we probably have. But it would seem there is a future for a niche construction industry in Kwinana that is able to price competitively can respond quickly to the

construction and long term maintenance requirements of the big companies operating in the KIA.

Allan Gade

If you go off shore do you get value for money and quality products?

A: I can't answer that question.

Steve Hesse

I would like to say I agree with the local content issue. As most people are aware, we have been bringing this issue up for over ten years. We have youth unemployment the highest in Australia. Adult unemployment is the highest of any area in the state. When I started work in Kwinana in 1979 there was a thousand people in the industry and when I left in the 1990s there was 200 left. It's a fact of life. I think we also need to be addressing our politicians; the community as a whole needs to be addressing these issues and I don't think local content will fix the problem.

A: I agree, having good local fabrication workshops operating at capacity can only be good. The problem is magnified when the training grounds don't operate to full capacity. Ninety eight percent of trainees and apprentices have found work in the area but companies cannot take people who are not suitably skilled, with poor literacy and numeracy skills. We need to work together because there is great potential for terrific outcomes but it needs to be coordinated.

There were no further questions or comments in relation to the guest speakers and the address by Chris Oughton.

7. DATE & TIME OF NEXT MEETING

The next meeting is being held on Tuesday 7 June, 5.30pm at the Kwinana Recquatic.

There being no further business the meeting closed at 7.30pm.