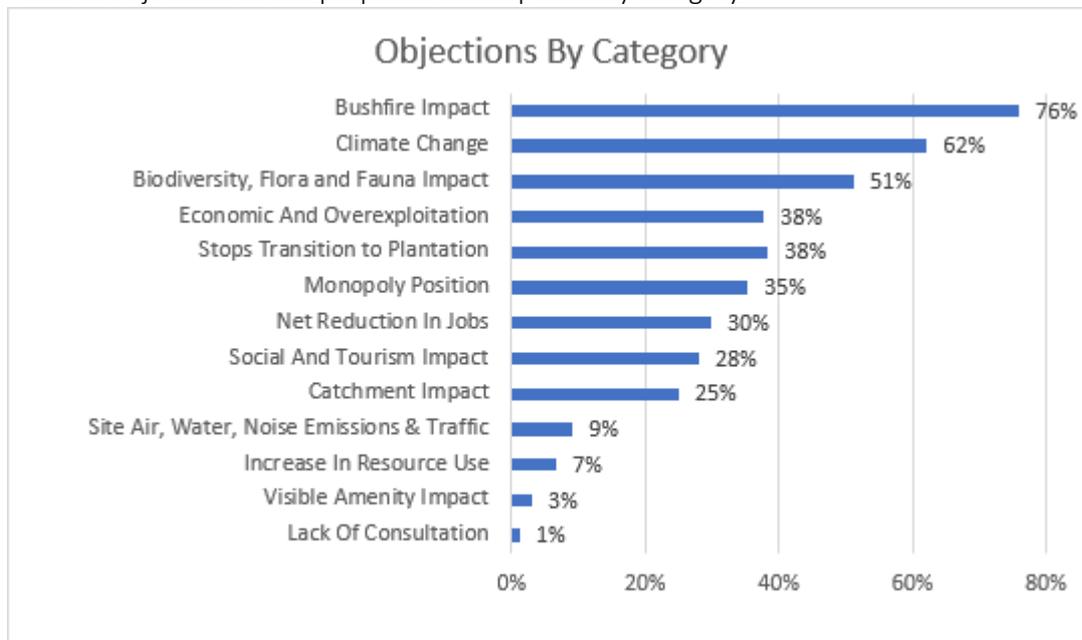


## ANWE Timber Optimisation Hub response to public submissions

Allied Natural Wood Exports (ANWE) has reviewed the public submissions for the Timber Optimisation Hub Development Proposal submitted to Bega Valley Shire Council, the submissions have been categorised in table 1. A large proportion of the issues are more broadly opposed to the current operations at the site rather than the specific developments that are being proposed in the Development Application. ANWE has noted all the submissions and responded to the issues through this document and previous submissions.

Table 1: Objections to the proposed development by category



### Business Overview

Allied Natural Wood Exports (ANWE) is an Australian business which owns the Eden Chip Terminal at Edrom Road Eden, NSW. The business is the major processor and exporter of wood products produced in the Bega Valley Shire. It is a significant employer with 98 local staff employed at two wood processing sites and supports a large network of contractors from Eden, East Gippsland, Bombala, and Batemans Bay. The business puts approximately \$1.6 million dollars per week back into the local economy through the purchase of wood products and payments to staff and contractors.

### Timber Supply

ANWE holds long term Wood Supply Agreements with FCNSW for the supply of both pulp logs and sawlogs from the Eden Management Area (MA) and pulp logs from the South Coast Management

Areas. This Development Application will not alter the volume of timber harvested in the Bega Valley Shire as ANWE and FCNSW have existing obligations for pulpwood under these agreements.

If a sawmill were not built other options for the processing of sawlogs would need to be identified, these would likely be outside of the Bega Valley Shire. There are existing mills in East Gippsland and the South Coast which could and have processed logs from the Eden MA.

### Allocation of Sawlogs

FCNSW conducted a tender process for the allocation of high-quality regrowth sawlogs in 2018. The tender was for the supply of 20,000m<sup>3</sup> small sawlog (<40cm) and 5,000m<sup>3</sup> large sawlog (>40cm). The previous sawlog allocation from the Eden MA was for 23,000m<sup>3</sup> of predominately large sawlogs.

To economically process the small sawlogs new processing technology is required and ANWE proposed to develop a high-tech small log sawmill at its site on Edrom Road. The mill will require less manual handling than traditional hardwood sawmill operations and will have a higher throughput.

ANWE's proposal was successful and FCNSW awarded ANWE the sawlog agreement for the Eden MA (refer to appendix 1 media release from FCNSW). The proposed mill is specifically designed to process small diameter logs.

### Governance

Most of the timber supplied to ANWE is sourced from state government organisations in NSW and Victoria.

FCNSW is a State-Owned Corporation with a Board of Directors constituted under the *Forestry Act 2012*. The FCNSW Board is responsible to the NSW Treasurer and the Minister for Finance for financial performance and compliance with all regulations. They are also responsible for overseeing the Corporation's operations under the forestry policies administered by the Minister for Primary Industries.

FCNSW staff supervise the compliance of harvesting operations in the Eden MA and regulate the delivery of forestry products. The Environmental Protection Authority regulates the compliance of Crown forestry operations, in NSW, with Integrated Forestry Operations Approvals (IFOAs).

VicForests is a State-owned business responsible for the harvest, commercial sale and re growing of timber from Victoria's State forests on behalf of the Government.

### Processing Capacity

The site currently processes native hardwood, plantation hardwood and plantation softwood logs per annum. These logs are processed by a hardwood chipper and a softwood chipper.

The proposed Sawmill will be capable of processing logs that do not meet the FCNSW definition of a sawlog. The proposed developments will redirect some of the existing hardwood supply and the small sawlogs to the Log Sorter which will generate short fixed length logs, for the sawmill. Volume of pulp through the sawmill will ultimately depend on the percentage recovery of suitable logs. The sawmill will be capable of processing logs that do not meet the FCNSW definition of a sawlog.

The sawmill will process the logs into sawn boards, chip, and sawdust. The sawdust will be dried and compressed in briquettes in the Briquette Mill whilst any chip produced will be directed to the current chip storage.

The developments will diversify the processing operations of the site, but overall volume of timber processed at the site will not increase and is significantly below historic levels.

It is anticipated that there will be flow on effects for local businesses with more timber products being processed domestically and opportunities for secondary processing locally rather than products being exported. ANWE has already engaged with a number of local businesses in the design and assessment phase of this proposal and this is will continue through the planning and construction stages.

## **Bushfire**

There are around 160,000 hectares of State forest in the Eden Regional Forest Agreement area. Approximately 74% of this area has been impacted by fires during 2019-20 summer. FCNSW has undertaken severity mapping of the fires and in the Eden MA ~30% of the net harvest area was severely burnt (crown fire). Fires also impacted a large areas of state forest on the South Coast and East Gippsland. Even in the severely burnt areas many of Eucalypt stands are regenerating, through epicormic shoots.

Both VicForests and FCNSW are reviewing the sustainable yields and assessing the impact of the recent fire season.

The fires have had an impacted the biodiversity values of the forests. Biodiversity values are managed and assessed across the whole landscape and at the local landscape level. Assessments are carried out prior to operations commencing.

The EPA states the following regarding bushfire affected forestry operations:

*The EPA has been working with other NSW Government agencies and the Forestry Corporation of NSW to understand the impact of the fires on the environment and wildlife, local communities, and the forestry industry. Forestry operations are proceeding under special conditions in selected areas of fire-affected State Forests to assist in bushfire recovery efforts for fire-affected regional communities.*

*The EPA has issued Forestry Corporation of NSW with a set of supplementary site-specific environmental conditions to be applied to these harvest operations. The conditions are required to be applied in addition to the prescriptions set out in the Coastal Integrated Forestry Operations Approval, and are issued on a case by case basis, only where it may be determined that the environmental risk associated with harvesting operations can be reasonably mitigated.*

*These site-specific operating conditions are being tailored to apply to individual fire-damaged sites. They are designed to reduce further harm to soils, waterways, plants, animals, and their habitats.*

The forests in East Gippsland and the Eden Management Area have a long and frequent fire history. There were significant fire events in the Eden Management area in 1950s and 1980s which created even age regrowth forests that make up a large proportion of today's timber resource. Whilst the 2020 fires were significant large-scale fires, they are a feature of the landscape of the coastal forests of Southern NSW and East Gippsland.

## **Sustainability – environmental impacts of timber harvesting and management**

Over 70% of the land area in the Bega Valley Shire is permanently forested, in National Parks, State Forest and rural land. Nearly half of the land area in the Bega Valley Shire is in permanent reserves on State Forest and National Park. Annually a small proportion of that land, in State Forest, is sustainably harvested to produce the timber that ANWE processes.

Table 3: Bega Valley Shire Land Tenure

<b>Bega Valley Shire Land Tenure</b>	<b>Ha</b>	<b>%</b>
Crown Land	3,310	0.5%
National Parks	252,396	40.1%
Rural land	204,268	32.5%
Bega Council owned	1,279	0.2%
State Forest Area	160,616	25.5%
Other	6,916	1.1%
<b>Total</b>	<b>628,785</b>	<b>100.0%</b>

Table 4: State Forest area within the Bega Valley Shire

<b>State Forest</b>	<b>Ha</b>	<b>%</b>
Reserves	45,746	28.5%
Area available for timber production	114,870	71.5%
Est. annual area of native forest harvested in Eden MA	1,200	0.75%
Est. annual area of native forest harvested in the Bega Valley Shire	1,200	0.19%
<b>Total</b>	<b>160,616</b>	<b>100.0%</b>

Timber supplied by FCNSW and VicForests is independently certified to the Australian Standard for Sustainable Forest Management (AS4708:2013) and the international environmental management system standard AS/NZS ISO 14001:2015 (ISO 14001). This dual certification provides objective assurance to customers and stakeholders that FCNSW sustainably and effectively manages the forest. Each supplier goes through a rigorous audit process and are audited on at least an annual basis by independent accredited certification bodies. A full re-accreditation of their forest management system occurs every three years.

Certification to the Australian Standard for Sustainable Forest Management also allows end users to identify certified wood at the time of purchase, providing customers with a guarantee that the wood they are buying has been grown and harvested legally from sustainably managed forests. Chain of Custody Certification is the mechanism used to ensure the traceability of wood material from a certified forest to any point along the supply chain. ANWE (certificate number PEFC 605328) has achieved and maintains PEFC Chain of Custody certification for forest products (PEFC STD 2002:2013).

Through the achievement of Chain of Custody Certification, ANWE enhances its ability to demonstrate and promote a healthy, local forest products industry - the connection between a healthy forest ecosystem and certified wood product in the marketplace. An Environmental Management System in place which demonstrates a commitment to develop and review environmental performance, including assessment and control of environmental risks.

As part of its commitment to the environment an environment protection licence has been secured for activities conducted at the chipmill facilities (licence no. 1482) with the NSW Environmental Protection Authority.

## Climate Change

Forests are an important component of the global carbon cycle, playing multiple roles in addressing climate change. New South Wales' production forests and wood product industries contribute to long term carbon emissions abatement in numerous ways, including:

- capturing and storing atmospheric carbon in growing forests
- protecting forest carbon stores from damaging wildfires
- providing long-term storage of carbon in durable wood products
- providing a renewable substitute for much more emissions-intensive building materials, such as steel, aluminum, and concrete
- replacing carbon-intensive fossil fuel sources such as coal, oil, and gas with bioenergy from wood waste and forest thinning and harvesting residues.

Many timber products produced by ANWE also undergo a significant phase of recycling, further extending the carbon storage. All native forest areas that ANWE sources timber from are regenerated back to native forest.

Australia has a \$2 billion trade deficit in wood products, meaning a vast number of timber products used in Australia are sourced from overseas.

The commercial native forest operations, that ANWE sources timber from, are independently certified to comply with the world's best sustainable forest management practices. This is compared to the global average of 8%, meaning Australia is a leader when it comes to ensuring the sustainability of forest practices.

Through this development ANWE will process a proportion of the existing pulp logs into solid timber products. These solid timber products will have a longer-term life cycle than the sustainable paper products that the pulp logs are currently processed into overseas. In addition, there will be a higher proportion of locally processed products reducing the fossil fuels used to transport the products overseas.

## Briquette Plant

The briquette plant forms a key part of the wider proposed fixed infrastructure development at the ANWE site and will process fine and course sawdust from the wood chipping line and sawmill line.

No further processing of the sawdust will take place, no residues will be created, and nothing will be added to the briquettes. The heat required for drying will come from burning a small amount of the residues, roughly equivalent to the operation of 100 residential wood heaters. The process is not intensive in electrical energy consumption and uses no LPG.

Briquetting (or pelletising) is commonplace in manufacturing processes where residues can present environmental or economic problems. Briquette presses are widely used in the timber industry in Australia such as window and door manufactures, timber moulding plants, building suppliers and more. Briquettes made with wood residues are widely available for sale in Australia from both Australian and imported sources.

By drying and compressing loose sawdust it can be handled, stored, and transported off site more efficiently. Loose sawdust can reduce air quality as well as presenting a fire risk if left to build up over time. One truckload of briquettes is equivalent to 3 truckloads of loose sawdust.

Carbon captured from the atmosphere and stored in the sawdust will be released back to the atmosphere as CO<sub>2</sub> when burnt as briquettes. Similarly, carbon will also be released back to the atmosphere as CO<sub>2</sub> via decomposition processes if sold as mulch or for other uses.

Evaporated moisture will create a small thermal plume under certain atmospheric conditions but, it is not anticipated to be highly visible or detract from the visual amenity of the area. It is not anticipated to be different from any other manufacturing process that generates steam. Briquettes have a variety of applications and can displace fossil fuel methods of heating and/or traditional firewood. Briquettes are low in moisture and can burn more efficiently than firewood particularly if the firewood is not seasoned – which can reduce air quality.

The briquette plant embraces, reduce, reuse, and recycle principles with respect to the sawdust residues created onsite and will support Australian manufacturing jobs and Australian made products.

BVSC identifies biomass as a renewable resource under Emerging Industries and Technologies Pg17 of the BVSC Climate Change Strategy.

## Bega Valley Shire Council and Department of Planning Industry and Environment request for response on public submissions

- potential impacts associated with the operation of the briquette plant, including:

- operation of the plant at 10% of its designed capacity

*The plant is planned to operate at 100% of its design capacity but it uses 10% of the feedstock to fire the burner.*

- emissions associated with the new stack

*We believe this has been already addressed in the revised air quality report and response provided to DPIE on 30<sup>th</sup> May 2020.*

- visual impacts of the plume

*As above*

- scope one and two greenhouse gas emissions associated with the proposed development, particularly in the context of Ecologically Sustainable Development (ESD)

*Section 5.3.3. of the Statement of Environmental Effects (SEE) describes ecologically sustainable development (ESD) in the context of this application. Table 5-3 assesses the proposal in line with the principles of ESD.*

*The aims, structure and content of the SEE have incorporated these ESD principles. The mitigation measures in section 6 provide an auditable set of environmental management commitments to these parameters. Based on the social and environmental benefits accruing from the Proposal at a local and broader level, and the assessed impacts on the environment and their ability to be managed, it is considered that the development would be ecologically sustainable within the context of ESD.*

*The National Greenhouse and Energy Reporting Regulations 2008, sections 2.13 & 2.14 describe Scope 1 & 2 emissions as:*

*Scope 1 emission of greenhouse gas, in relation to a facility, means the release of greenhouse gas into the atmosphere as a direct result of an activity or series of activities (including ancillary activities) that constitute the facility.*

*Scope 2 emissions result from activities that generate electricity, heating, cooling, or steam that is consumed by a facility but that do not form part of the facility.*

*The emissions relevant to this proposal have been listed in the Air Quality Assessment and potential impacts addressed in line with ESD.*

- climate change (in relation to the loss of trees as a carbon source and Bega Shire Council's Climate Emergency Declaration and Climate Resilience Strategy)

*The proposal closely aligns with Bega Valley Shires draft Climate Resilience Strategy. The strategy identifies Climate Resilience Projects/Programs to:*

*Develop high value timber products and other post-harvest locally based value adding and manufacturing*

*Please also refer to Climate Change and Sustainability sections of this response.*

- historical compliance with EPL licensing requirements

*Table 5-1 of the SEE (page 62) describes this.*

- clarification regarding whether the proposed development should be classified as designated development

*The SEE makes the case for why it is considered to be an “alteration or addition” because the development does not change the use of the land and forms part of the existing development on site and provides additional functions. In accordance with Part 2 of Schedule 3 of the EP&A regulations, clause 35, development involving alterations or additions to development (whether existing or approved) is **not designated development** if, in the opinion of the consent authority, the alterations or additions do not significantly increase the environmental impacts of the total development (that is the development together with the additions or alterations) compared with the existing or approved development. It is considered that this SEE has demonstrated that Part 2 of Schedule 3 of the EP&A regulations, clause 35 can be applied to the proposed development. Refer to Section 5.3 of the SEE.*

- clarification regarding traffic generation associated with the proposed development, including how the additional movements were calculated

*Truck movements were calculated based on 240 haulage days and an average truck weight of 31.5t.*

*Incoming:  $655,000t / 240days / 31.5t \text{ per truck} = 86.6 \text{ daily truck movements}$*

*Outgoing:  $42,000t / 240days / 31.5t \text{ per truck} = 5.6 \text{ daily truck movements}$*

*Outgoing volume was based on 24,500t of sawn timber products, 6,000t of briquettes and 11,500t of waste. The waste figures are the current annual volumes taken from the mill, which is comprised of bark and other organics which processed into landscaping products.*

- potential impacts to Traditional Owners as a result of continued deforestation

*There is no deforestation as a result of ANWEs operations. All native forest areas used for timber harvesting are reforested after harvesting. This is a requirement of all harvesting on State Forest and a requirement of certification under the Australian Standard for Sustainable Forest Management (AS4708:2013). Cultural Heritage assessments are completed for all harvest areas prior to operations commencing.*

- the Biodiversity and EPBC Act Protected Matters Report was written prior to the 2019/20 bushfire season, and does not consider the impact of this season upon forests intended to supply the development

*The Biodiversity and EPBC Act Protected Matters Report is based on the impacts of the proposed developments, we do not believe there is any change to the report required based on the fires. Timber harvesting on state forest is regulated under the Coastal Integrated Forest Operations Approvals. Please also refer to ANWE response under Bushfires.*

- clarification regarding bushfire protection measures for the site (APZs, etc)

*The SEE clearly addresses this within Section 3.2.2 and clearly refers to the application of APZ's for the proposed buildings.*

- inconsistency with the objectives of the IN1 General Industrial zone

*There is no inconsistency with the objectives of the IN1 – General industrial zone within the BVSC LEP, in fact it clearly aligns with these objectives and is addressed in section 5.11.3 of the SEE.*

- potential impacts to the newly constructed cruise ship wharf and local tourism

*These have already been addressed within the SEE. The Chipmill site cannot be seen from the recently extended breakwater wharf where cruise ships can now dock so there are minimal visual impacts as a result of the development. Many ports that the cruise industry use throughout Australia and the world are much more industrialised than Twofold Bay. The chipmill is part of the existing tourism sites within the region with local tourist boat operators using it as a stop within their regular Twofold Bay tours. In the past bus tours regularly visited the site. The addition of these developments will not detract from the existing visual amenity of the site.*

- potential social and economic impacts associated with the proposed development

*These have already been addressed within the SEE. Refer Section 5.12, Table 5-7, Clause 5.4: "The objective of the proposed development is to maximise the value of the timber resource processed in the Eden, South Coast regions of NSW and Gippsland region of Victoria.*

*The likely impacts are minimised through the implementation of mitigation measures. Refer to section 6 of the SEE for the summary of the proposed mitigation measures.*

*The studies detailed within this SEE and provided as Appendices have shown the development as proposed would have minimal visual, waste, air, water noise and amenity impacts. The development would include positive local economic outcomes and result in job creation.*

*The proposed additions and alterations (the development) would optimise processing capabilities of the site, obtaining the most value from the resource; the overall volume intake would be unchanged."*

- confirmation of the capital investment value of the proposed development

*The budget for the projects is \$14.5M and as part of the Development Application ANWE is required verify costs with a report from a Quantity Surveyor.*

- clarification regarding any job losses associated with the proposed development

*The developments will result in an additional 20 to 25 full time positions at the site when the developments fully operational.*

- lack of community consultation undertaken by the Applicant to date

*All directly affected stakeholders were consulted during the process. Community consultation was believed to be addressed during the normal DA process as is currently occurring.*

- further information regarding previous development applications/modifications applicable to the site

*Section 2.2 clearly identifies previous development applications/modifications with their reference numbers. As these previous applications went through the BVSC planning process the Council is*

*already aware of these applications and it was considered that no further information was required, and none was requested by Council.*

## Appendix 1: Forestry Corporation of NSW Media Release

<https://www.forestrycorporation.com.au/about/releases/2019/eden-wsa-statement>

### **Eden Wood Supply Agreement - statement**

17 Feb 2019 - Joanna Bodley

The 20-year contract for timber supply to Blue Ridge Hardwoods came to an end last year.

At the end of this contract, a new approach to processing the timber resource was needed as the timber available from the Eden forests in future will be very different to that supplied in the past.

The changing timber resource is largely due to the effects of substantial wildfires in the 1980's. The forests that regenerated following these fires have smaller more uniform diameter trees than the large mixed size trees harvested from the forests over the last 20 years. New equipment is needed to process this new resource.

In 2017 Blue Ridge Hardwoods was provided an exclusive opportunity to submit a processing proposal to Forestry Corporation for the future regrowth sawlog resource.

A suitable processing and business proposal was not put forward, so Forestry Corporation undertook an open commercial process to seek interest from industry in processing the Eden resource into the future.

During the commercial process, that Blue Ridge Hardwoods were also a part of, Allied Natural Wood Exports (ANWE) presented an option which was judged to have better outcomes for the timber resource and commercial return to the State of NSW, as well as continued employment of locals.

The negotiations to finalise this new contract with ANWE are nearing completion and will see significant new investment in processing in the Eden region and new local employment opportunities.

Blue Ridge Hardwoods has agreed to a 12 month supply agreement as part of a transition for the local industry and the NSW Government has committed significant support for any Blue Ridge Hardwoods' workers affected by the change.

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