

## **Mogo Charcoal Factory**

### **Richard Fisher's View**

(Richard has property interests within 3.5 km of the site)

There is a proposal to build a charcoal plant on the south coast of NSW in the face of community outrage. Is it just a threat to a pristine environment and the burgeoning Nature Coast industry, or is there an even worse threat, to democracy?

If you drive south from Sydney along the Princes Highway, after about three and a half hours you'll enter Eurobodalla Shire. About twenty minutes after that you'll sight Batemans Bay, the large town in its north. This area has had a bit of an identity crisis over the last couple of decades<sup>1</sup>. While it's still part of the South Coast, that now seems to be more focused on Wollongong. Then some people were calling it the Sapphire Coast, but that got snaffled by the Bega and Eden area. Today, however, it embraces the Nature Coast, the brand-name is sticking after a persistent marketing campaign since about 1990.

This is the jewel that Premier Bob Carr was talking about<sup>2</sup> last September when he said there was nothing like it, and he lauded the last coastal wilderness in New South Wales, and the sea plains, the pockets of forests, the beautiful sand dunes and the wonderful coastal lakes. As he said, what a splendid part of the Australian environment.

Why wouldn't the Premier speak in such glowing terms? The United Nations has nominated the year 2002 as the International Year of Ecotourism<sup>3</sup> (IYE 2002) with the aim of encouraging governments to foster and promote sustainable tourism, that is integrated with protection of the environment. Here in his own backyard was an example of environmental responsibility that would attract envy across the world.

This is good, because the Federal government believes<sup>4</sup> that the number of international tourists coming into Australia will double in the next 10 years. Signing up to IYE 2002, Australia has identified four objectives, details are on the NSW Government's Web Site. They are to increase the potential of tourists to become ecotourists; to market Australia's established and evolving regions that represent nature and ecotourism experiences; to create Australian examples of best practice sustainable tourism; and to share knowledge, expertise and examples of sustainable tourism development and practices.

The Nature Coast has been doing all that for over a decade, but it's not by chance that it's such a pacesetter in ecotourism. A lot of good people put in a lot of hard work, building on what was a markedly unlikely foundation in 1990. It was the premise<sup>5</sup> that what a great number of tourists, holiday makers and new settlers (Sea Changers weren't heard of back then) want is not high-rise hotel culture. What they want is unspoiled bush, sparkling beaches, pristine waterways, champagne air and kangaroos – all the stuff that was here before white men came along with their backhoes. And the Nature Coast industry is proof that environmental responsibility can be economically rewarding, and that there are dollar rewards to be had for living in harmony with nature. And dollar rewards are a powerful incentive.

Premier Carr would not have been surprised about the ecological health of the region. In June his Tourism Minister Sandra Nori announced<sup>6</sup> that following on from being the fifth most popular overnight destination in Australia overall, now with 941,000 family visitors the previous year the South Coast had risen to third most popular tourist destination for families anywhere in Australia, behind only Sydney and Melbourne. The Nature Coast Tourism Manager Dene Moore unhesitatingly put the success down to the unspoilt environment, saying 'We're 'in' at the moment ... we're very fashionable and the tourists are liking the purity of the environment and the undeveloped nature. What they want is something that's untouched.'

In fact, the region had become so 'in' that the Nature Coast industry was assessed as being worth \$183m per year<sup>7</sup>. Reflecting this, Eurobodalla Shire grew by 85% over the fifteen years to 1996<sup>8</sup>.

Unemployment in the Eurobodalla might be at an uneasy level, but that's to be expected for a growth region, there's always a lag between expectant job-seekers arriving, and jobs for them coming on line.

In 1947, Eurobodalla's three main centres had a population of 2680. In 1961, 3549, the shire may have had twice that number<sup>9</sup>. Today it's home for more than 30,000, that's a four fold increase. In contrast, very few if any rural centres that depend on traditional industries have seen growth at all over the last four decades. Most have withered. This disparity between the economic health of the Nature Coast and the non-tourist rural areas is testimony that prosperity does not follow a fusion of traditional industries and good old-fashioned hard yakka. Prosperity follows astute innovation and meeting the demands of a changing market place.

So who on earth would jeopardise a \$180m a year growth industry that also offers the ability to bequeath an environmentally sound region to the future generations? Locals are terrified that Premier Carr would.

While the Nature Coast industry was growing, there were other moves to make the region even more prosperous, by encouraging other 'suitable' industries with their consequent promise of jobs. Some of this push came from the Shire's Business Development Board, and it's worth spending a little time examining this entity.

Council's General Manager has stated<sup>10</sup> that the Board is established under the auspices of Sections 355 and 377 of the Local Government Act, and that it's not a committee of Council as defined by Section 33 of the Local Government (Meetings) Regulations.

Section 355 prescribes the ways that a council's functions may be exercised. Among other ways, they may be exercised by means of the councillors, or Council's agents or by a committee. Section 377 provides for a council to delegate certain functions.

At its inception in March 1997<sup>11</sup> the Business Development Board was appointed by the Council, and comprised the Mayor, a second councilor, and the presidents of the shire's three chambers of commerce. At the time it was also stipulated that there was to be a team approach within council, some senior council

staff were to be involved, and efforts made to promote conferences and events in the tourism arena.

After a settling in period, the Board identified its aim as 'To bring jobs and environmentally sustainable economic growth to the shire'. Objectives included 'To grow local business by ... promotion of conferences and events to build the off-peak hospitality industry, promotion of cooperative and group marketing (eg cut flower growing), promoting higher standards of customer service eg through Aussie Host program. As well, there was one which was to come back and bite – 'To grow local business by developing existing resource based industries into value adding (eg timber industry)'.

The Board said 'The committee realised that to develop business trust commercial confidentiality would be paramount'. The following policy was adopted: 'all matters relating to a development idea or project discussed in committee meetings are confidential unless decided otherwise. The mayor is the committee spokesman. Media are welcome at meetings if they accept the same conditions as apply to confidential council meetings.'

The repeated use of the word 'committee' in this last passage makes it abundantly clear that although it was not a committee, at the outset the Board was in no doubt that it was an arm of the Council. And it's expected that Council viewed the Board in the same light.

Since 1997, things have changed. Council's web page<sup>12</sup> now identifies the Board as being made up of the presidents of the shire's three chambers of commerce, three prominent business people from across the shire, the Mayor and two councillors. The chairperson of the Board is a councillor other than the Mayor.

Here things get confused, the councillor who now chairs the Board was a member at the outset, but by virtue of being a chamber of commerce president before he was a councillor. A small point, but interesting in view of recent contentions by two councillors on the Board that it was proper for it to operate in a 'Star Chamber' and keep information about shire business from other councillors. Let's compare that to the owner of a newspaper sending a staff member as a representative to discuss issues which will affect the future business of the newspaper, and upon attempting to de-brief that staff member being told 'I'm not going to tell you anything, it's in confidence.' It's an amusing whimsy to speculate on the reaction of Mr Murdoch or Mr Packer.

The councillors on the Board were adamant that it was right and proper that they should withhold information from their fellow councillors<sup>13</sup>, but that it was OK for Council's General Manager and some other administrative staff to be privy to the Board's operations. And what's worse, one affronted councillor who had delegated powers to this board was barred by the Board from access to its activities.

All of this might have been of no real consequence. But the secretive nature of activity to establish a charcoal plant in the middle of the Nature Coast has added to the overwhelming sense of outrage among objectors, and it's not yet clear if the Business Development Board was used by outsiders as a Trojan Horse.

On August 17, 2001 a letter appeared in *The Bay Post*, it read ‘Rumours are out and about in Sydney that the State Government in conjunction with the Australian Silicon Project consortium and with full co-operation from the Eurobodalla Shire Council, intends to develop a production facility, in which to produce charcoal at the back of Mogo.’

This was the charcoal plant that is a key part of the long-mooted silicon metal smelter planned for Lithgow, west of Sydney. The idea was for the Lithgow plant to use super-cheap electricity to process and smelt quartz mined near Cowra, using charcoal from, they hoped, Mogo. They also hoped that even though the world has changed significantly, this would show that there’s still a benefit to be harvested from the Cowra silica quartz.

A few days later, the proposal was confirmed. On September 7<sup>th</sup> a hastily convened meeting of concerned residents had some locals dumbfounded – the others were in states of despair through to rage. How dare anybody think that it was OK to bring in smoke-stack heavy industry and destroy the Nature Coast. What on earth was the Council thinking of, what part of ‘taboo’ don’t they understand? Would people in Sydney accept permanent advertisements all over the Opera House sails?

Queries about Council’s role tended to produce more questions than answers. Responses by councillors ranged from ‘It was out of our hands, the State Government was controlling it, we were out of the loop’ to ‘We didn’t think it would be so big, and thought it would be out in the bush’.

An echo of that latter plaintive cry is still being heard from Councillor Laughner, who is now chair of the Business Development Board, and who is seen by some locals as a key player in the selection of the Nature Coast for the site of a charcoal plant. On January 24<sup>th</sup>, in his weekly newspaper column<sup>14</sup> under the heading ‘Sometimes the devil is in the details’ he wrote of a hypothetical [note hypothetical] situation in which he is approached as the chairman of the Business Development Board. He goes on ‘As they have many issues to deal with, including selecting a suitable site, they are reluctant to tell me much more at this stage. In fact they request that I keep the proposal commercial-in-confidence ... I encourage them towards lodging a development application.’ He then goes on with ‘Scenario 1. They go ahead and build this plant out in the bush ... we all live happily ever after’.

To present this scenario seems a bit odd. At the end of last year the newly appointed Mayor Cairney alleged that Councillor Laughner and two other councillors, had improperly withheld information about the charcoal plant from their fellow councillors. This attracted a report to Council by the three against Mayor Cairney. The report<sup>15</sup> included:

Thursday, 19 April 2001. General Manager telephoned by representative of State Forests who advised that proponents of the charcoal facility intended to fly down next Tuesday and sought arrangements for them to present the proposal on a confidential basis.

Tuesday, 24 April 2001. Representatives of Australian Silicon, together with representatives of State Forests met with the then mayor ... the Chairman of the Planning Committee ... the Chairman of the Business Development Board, ... and the General Manager ... they indicated that a parcel of land (which became the subject of the Environmental Impact Statement (EIS)) was being considered. ... The company also indicated that they had identified a location and site elsewhere but the NSW Government had brought the company back to the table to offer competition for the other site ... in Victoria.'

Tuesday, 1 May, 2001. The Mayor ... briefed the councillors in his office that a company was looking at the Shire for a project that involves the sourcing of wood from State Forest. He advised that investigations were underway but that he had been asked not to say any more at this time as the company may not proceed.'

Read that last sentence again. This is part of the evidence tendered to rebut a claim that some councillors, who were acting on behalf of their fellow councillors, improperly withheld information from those fellow councillors. They are asking the community to accept that delegates are not obliged to disclose their workings to those who authorise them!

Once again we're seeing the rural divide – not the divide between city and country so much as the chasm that separates past and future in the bush<sup>16</sup>. And is this an example of the past being personified by councillors who achieved their social standing through success in 'the old way'? Councillors who may not be in tune with contemporary attitudes towards things like open government and transparency of decision making?

Regardless of the involvement of some councillors up until that date, the main problem was that there were plans afoot to put a huge cuckoo's egg in the Nature Coast nest. Some shire councillors and shire administrative staff were in 'The In Crowd' and knew what was in the wind. Most councillors and the community did not.

Once the community did find out, the 'In Crowd' called on the people to sit on their hands and 'wait until the EIS comes out and the full facts are known<sup>17</sup>'. But the community knew that even though the idea was still in the shallows it was afloat. Its journey had begun and the longer it went on the harder it would be to get it back from where it came.

So how on earth had this happened? In June 2000 the Business Development Board had started to lobby the State and Federal Government<sup>18</sup> for funds to promote growth in the shire's value added timber industry. This met with some success, monetary assistance was forthcoming and a plan to reduce unemployment in the shire was developed.

Diana Gibbs and Partners prepared a draft report<sup>19</sup> 'Employment Strategy for Eurobodalla', commissioned by the Premier's Department in November 2000, the draft is dated 21 February 2001. It spoke of a charcoal plant for Batemans Bay and a

wood fired power plant for Moruya. Councillors seem unsure about whether they received or read the draft report.

It's worth trying to glean an insight into the way that most of the community perceived 'value added timber industry'. Some idea can be got from the Shire's official web page, which talks about industries of the future and says that 'Value adding to timber products has significant potential, including timber dressing and furniture making.' The same source also tells us the value of different industries to the shire, with Agriculture showing \$10.8m a year, the timber industry is understood to be worth around half that. Tourism comes in at \$183m a year.

With the timber industry being worth about 3 or 4 percent of Tourism, to most folk it seemed like a nice gesture to give it a bit of a boost with increased timber dressing and furniture making.

Secretive activity has added to the overwhelming sense of outrage among objectors, and it's not yet clear if Council's Business Development Board was used by outsiders as a Trojan Horse. A year after it lobbied the State Government for funding, there was much going on behind the scenes. On June 28<sup>th</sup> 2001, two months after the proponents of the factory had met with the select few councillors, State Forests NSW (SFNSW) hosted a planning focus meeting in Batemans Bay<sup>20</sup>. It was attended by representatives of Australian Silicon (the development applicant) and the owner of a small irregularly used local sand and gravel quarry which was the preferred site. And by one of the Eurobodalla Shire administrative staff, and representatives from State Forests, the Environment Protection Authority, the Roads and Traffic Authority, Department of Land and Water Conservation, Department of Urban Affairs and Planning, and Department of State and Regional Development. This was a 'planning focus meeting' aimed at 'discovery of issues'.

They were talking about a development that matches the stereotype of a large manufacturing plant in an industrial city.

They were talking about an industrial settlement of several hectares featuring buildings over-shadowed by five retorts not 3 stories high, not 4 stories high, but 11 stories high. And with trucks coming or going every six to eight minutes, and burning 545 tonnes of wood a day!

It must have been one of those meetings that people like to describe as 'positive'. The EPA rep wanted a few things considered, like air, water and noise pollution, waste handling and he supported a 500m buffer zone. RTA saw no problems, there would be a need to check some requirements for an intersection (less than \$1m), strengthening Batemans Bay and Nelligen bridges (less than \$1m each), re-alignment of some corners on the Clyde mountain (\$1m - \$5m). DUAP wanted consideration of strategy for community consultation, flora and fauna issues to be discussed with NWPS, and some requirements for the adjoining wetlands and stuff. DLWC offered some principles to follow, such as minimise clearing of native vegetation to extent practicable, prepare a soil and water management plan. The Eurobodalla shire administrative officer spoke of bushfire controls, of detailing how many direct jobs will be created, and of highlighting forest management process and outcomes. For community engagement, he suggested 'keep it simple'. DSRD would

talk to the local council about water supply, and suggested engagement of a public relations specialist to promote the project.

There's no doubt that the meeting saw it as 'full speed ahead' for the charcoal plant. And that it was OK to site it next to wetlands, and close to seaside villages.

In November 2001 DUAP staff advised<sup>21</sup> that in the lead-up period and at the planning focus meeting 'the department strenuously encouraged the applicant and the [Eurobodalla] council admin staff to inform councillors, that was done'. Interesting – a state government agency pressing council admin staff to tell councillors what was happening on their patch.

On 24<sup>th</sup> July 2001 the consortium briefed the whole council. Exactly what transpired will probably never be known by anyone who wasn't there, but the Council Minutes record that Council simply:

'Thanked the representatives of the consortium for their presentation and encouraged them to:

- undertake an Environmental Impact Study;
- conduct public consultation as appropriate; and
- keep Council informed of progress;
- and asked them to note that Council would offer assistance to ensure the points mentioned above were expedited at no cost to Council;
- and observed that Council 'Understands and accepts that this matter is a development of state significance as identified by the state government'.

This last statement is quite incorrect. The primary reason for the briefing was to ensure council could provide an informed comment. At the time of the briefing, DUAP was waiting for the Council's comments before their Minister was asked to declare the development to be of state significance. It was not until three weeks later, on 13<sup>th</sup> August 2001 that Minister Refshauge declared the development to be State Significant<sup>22</sup>, it was then that the Nature Coast's elected representatives were cut out of the loop.

But the Minister had been misled. On August 13<sup>th</sup> 2001 the Minister was advised by his department<sup>23</sup> that 'The Department has discussed the possible declaration [as State Significant development] with Eurobodalla Shire Council. Council has raised no objections to declaration and is generally supportive of the proposed development.'

On November 26<sup>th</sup>, 2001 the DUAP representative who had been at the planning focus meeting explained<sup>24</sup> that the reason that there was no paper trail for this advice to the Minister was that it came as a consequence of discussions at the planning focus meeting (but that was before all the councillors were briefed), and telephone discussions, with Council admin staff.

Nevertheless, what started out as a wish to enlarge the 'value added timber industry' with thoughts of timber dressing and furniture manufacturing, had turned into the council being 'generally supportive of the proposed development'. A huge

charcoal plant less than three kilometres<sup>25</sup> from a pre-school, a primary school, a college, a proposed college, a retirement village and beaches enjoyed by thousands during the Summer holidays. And much closer than that to rural holdings that relied on tank water.

One of Council's senior administrative staff later made a remark<sup>26</sup> along the lines that 'We knew that the other parts of the overall project were State Significant and that this one would be too, we're professionals, we took the professional approach and regarded it as State Significant right from the start.'

Council's vision statement<sup>27</sup> includes a wish for a shire where 'the views of our diverse community are sought and valued in developing plans and projects for the future'. Regardless of the claimed misunderstanding about whether the project was or was not State Significant, the community was aghast that Council decided to shoulder arms and surrender everything without even alerting the community to what was being planned. A quite predictable response from the people, they had been told that their views would be sought and valued and now they had found out that was not true. They had surrendered their decision making rights to the Council on the basis of its stated objectives, they felt they had been swindled.

Nobody from Council has offered a realistic excuse for their abandonment of duty, instead discussion has continually reverted to claims that 'the project was State Significant, we had no say'. This from councillors who know that every time they vote, failure to say 'nay' indicates support.

So much for the 'professional approach'. It is obvious that at the time of the briefing, the Council should have taken the opportunity provided to it and very loudly raised its objections.

To the local community this jumbled framework of misunderstanding and error was made more solid on 31<sup>st</sup> August 2001. An editorial comment<sup>28</sup> to an article in *The Bay Post* stated 'readers should be aware the proposal is a State Government project over which Council has no control ...'

Because that didn't shut people up, on 7<sup>th</sup> September 2001 an article<sup>29</sup> in *The Bay Post* included 'Eurobodalla Mayor ... has confirmed that the Council [has] no role in approving the charcoal plant for Mogo ...'

There's another of those unfortunate quirks. Those two pieces of paternal guidance were made weeks after Council was asked to comment and didn't, and weeks after the Minister declared the proposal State Significant. So they are literally correct, but only because the horse had already bolted. And they don't answer the question of why the Council hadn't protected the interests of its community.

The community knew that their Council had kept mum about the most incompatible development application that the shire had ever known. Theories about the reasons abound, most allude to a council being swept along by the synergy of the combined enthusiasm for the project shown by several State Government agencies. And it was 'common knowledge' that 'The Premier is very keen for this to happen'.



And it's still not clear whether the full council was told of the actual proposed location, or whether some still thought that it would be 'out in the bush'.

Going back to the incorrect advice to Minister Refshauge that Eurobodalla Shire Council was 'generally supportive of the proposed development', it allegedly followed advice<sup>30</sup> from Eurobodalla administrative staff during telephone discussions and at the planning focus meeting. But here we go a bit awry. The planning focus meeting took place on June 28<sup>th</sup>, prior to the full council being briefed on July 24<sup>th</sup>, so at the planning focus meeting nobody could have known how all councillors felt. Perhaps the advice referred to the trio of councillors who were briefed by the proponents in April. But here we go again, that would mean that the trio of councillors were seen as representing the full council. And if that was the case, then why would that trio later claim that they were not obliged to report back to the full council?

Council's argument that it was definitely not supportive of the project is made quite clear in a September letter<sup>31</sup> from the then Mayor. He stated 'Contrary to the statement that, 'the community now finds that a behind closed doors agreement in principle was given for the introduction of a charcoal processing plant', Council in fact encouraged [the proponents] to prepare an Environmental Impact Statement and to undertake appropriate consultation with the community. The Council was very careful not to give any agreement in principle (because it has no part to play in the approval process) and simply encouraged the company to undertake the appropriate research and appropriate community consultation.'

So Council didn't support the project, it just encouraged the proponents to prepare an Environmental Impact Statement which is understood to have cost between a quarter and a half million dollars. And somewhere between the Council and the Minister, Council's failure to object to the project was misconstrued as support. In an age of faxes and e-mails, it's hard not to be critical about the Minister acting (albeit unknowingly) on telephone advice.

Individually, these incidents are not crucial. But joined together, in the words of one Melbourne academic<sup>32</sup> 'this seems to be a case study in bad democratic practice'.

Council subsequently became rather touchy about the subject. Despite a request to the contrary by Australian Silicon, on November 20<sup>th</sup> Council allowed the public into its meeting<sup>33</sup> for the duration of the consortium's presentation of the draft Environmental Impact Statement (EIS). A closing comment by Peter Anderton, managing director of Australian Silicon that 'Council unanimously agreed to this project in July ...' was quickly overruled by the mayor and the former mayor, both corrected him to the effect that the support had been given for the proposed process (as distinct from the project) only. This exchange was quite audible to those in the public gallery.

By 12<sup>th</sup> September 2001 the consortium, made up of Australian Silicon and SFNSW, was running a program purporting to be 'public consultation'. It left residents in no doubt that the consortium saw it as just 'going through the motions' so that the proposal could be 'rubber stamped' in Sydney; and that completion of the EIS

would mean that the proposal would go ahead. The whole thrust of the program was aimed at denial of air or water pollution, noise, excess traffic, untoward visibility, or any adverse effect on native flora or fauna. Questions about these issues were taken on board for later answer if they could not be answered at the time. Residents were left in no doubt that if these ‘technical’ aspects of the EIS were met, then community sentiment would be irrelevant.

At neighbourhood meetings, and the one public meeting that consortium representatives did attend, this ‘consultation’ followed a pattern<sup>34</sup> of:

- ‘This is what we are going to do.’
- ‘Do you have any questions about what it will be like?’
- ‘There are specific requirements to be met in the EIS, they have come from various regulatory bodies. Our requirements are, to meet the requirements of the regulatory bodies.’
- ‘Once the EIS is complete you’ll be able to examine it and make submissions.’

The stock answer to any questions about community attitude was ‘Our requirements are, to meet the requirements of the regulatory bodies.’ The presence and involvement of a NSW State Government official, the SFNSW representative, made this bullying attitude seem a little strange.

The EIS Summary booklet gives no indication of the extraordinarily high level of local community resistance to the proposal. Instead, it concentrates almost exclusively on the outflow of information from the development applicant. This shows scant recognition for the meaning of ‘community consultation’, as the Macquarie dictionary tells us that ‘consult’ means:

1. to seek counsel from; ask advice of.
2. to refer to for information.
3. to have regard for (a person's interest, convenience, etc.) in making plans.

The proposal for this charcoal plant has been rejected twice before, once from Dubbo and once from Gunnedah. That seems to have steeled the determination of the proponents and there is no evidence of their recognition that ‘to consult with the community’ means to ask for and to have regard for the community’s opinion.

From the time that the proposal was first known about, there have been many locals subscribing<sup>35</sup> to the ‘Done Deal’ theory. They have said from the start that logic or reasoned argument was a waste of time, the decision had already been made. They were quite certain ‘It’s a done deal’. It’s open for speculation whether they convinced the managing director of Australian Silicon, or whether he convinced them. Under the headline<sup>36</sup> ‘Aust Silicon may seek compo if plant bid fails’ an article in *The Bay Post* included ‘The company proposing a charcoal plant at Mogo may seek compensation if the project is rejected after meeting all the government requirements for approval. ‘If people were going to force a change of site, we would have to look at it [compensation],’ said managing director of Australian Silicon, Peter Anderton. ‘We have followed a clear path which has involved state and local government’.

So there. So much for the local community, they don’t count.

One of the saddest things that's happened is the chronic anger which is being displayed by so many locals. Women over forty talking about the charcoal plant with younger men are readily losing their reserve. And at one information stall run by opponents, a well-dressed woman walked past, stopped, fumbled in her purse, then wheeled around and placed a \$100 note on the table. She then left, wearing that look that mothers of teenagers can muster. The look that says that if Osama Bin Laden tries to mug her, the war against terrorism would be over there and then.

This anger has seen the rise of an amalgam of some quite diverse groups. It's worth recording that the more middle of the road types such as business owners, schoolteachers, shop assistants, building workers, office workers and the like, substantially outnumber formal members of the Greens, Wilderness Society and Coastwatchers. But this rag, tag and bobtail group, called Charcoalition, has formed up well. Two protest marches have seen about 2000 and 2500 participants, and that's in a shire of under 35,000. If there's a hundred times that population in Sydney, then the pro-rata figure there would be two hundred and fifty thousand marchers. The opponents fly yellow ribbons from their car radio aerials, and they're everywhere. Fundraising events are packed, and at Council meetings whenever charcoal plant business is on the agenda, the public gallery is packed.

Opponents of the plant readily display their vested interests (either Nature Coast industry or lifestyle). In contrast, supporters of the plant are rather furtive<sup>37</sup> although a few do fly red ribbons from their car aerials. Some will claim 'it will mean more jobs' but that opinion has now been totally discredited as far as the Eurobodalla is concerned.

Three councillors have stated, privately at least, that they are embarrassed, they were swept along. Councillors are rattled, they recently voted<sup>38</sup> to rescind a motion which said 'unequivocally no to the proposal' and to replace it with one stating that the siting of the plant 'is totally inappropriate in the Eurobodalla shire and is therefore not supported'. Nevertheless, the council is divided eight to one against the proposal on the chosen site, and that probably reflects the ratio of the community division. Against anywhere in Eurobodalla Shire, it seems to be seven to two.

Some of the opposition to the plant was translated into submissions on the EIS which were made to Planning NSW (formerly DUAP). There were fifteen submissions in favour of the charcoal plant. There were one thousand, five hundred and thirteen against<sup>39</sup> it, none of them were 'form letters'. That's a record.

To see just how well this Charcoalition works, check out the web page [www.charcoalition.forests.org.au](http://www.charcoalition.forests.org.au). But don't expect it to show the enormous depth of hurt and anger that the shadow of this ogre has brought to the Nature Coast.

The ABS Regional Profile 1998 shows that around one third of the Eurobodalla population is 55 or over, and baby boomers are extensively represented. It's to be expected then, that the psyche of the community is different from one with a more conventional spread through the different age groups.

Social research shows<sup>40</sup> that baby boomers are better educated and more affluent than their parents were and that they 'still want to make a significant

contribution. They will claim a greater part in the nation's affairs.' In the terms of 'Still Caring After All These Years' they still have a strong social conscience, and aren't as selfish and materialistic as often portrayed.

Every healthy democracy needs a class of civic-minded people willing to put the greater good ahead of self-interest<sup>41</sup> while they consider the big picture. But fruitful avenues for justified dissent are being closed off, and not just by traditionally conservative governments. The ALP's contempt for ordinary people and the party's rule-for-the-rich approach has been cited<sup>42</sup> as one reason why it lost the federal election. As well, it's apparent that 'too many people feel powerless to influence the course of events in Australia. This is a problem for citizens themselves and also a problem for Australia because it discourages people from playing a more active role in the democracy<sup>43</sup>. On the Nature Coast people are asking 'shouldn't governments at all levels 'listen' all of the time, not just when elections are coming up?'

Treating the Eurobodalla over-fifties with contempt has brought on a reaction that, with the wisdom of hindsight, was predictable. Although it crept up on most of them, the idea of being 'Non-Extreme Green' sits quite comfortably. Ironically much of that is owed to Premier Carr, who is now the focus of their wrath. Their non-extreme green dogma is always there, it's taken for granted like the body's circulatory system. But it guides their every action, in pretty well the same way as a conventional religion. On reflection that's not a radical situation, most of the New South Wales community are the same or are heading in the same direction. A self-professed 'greenie-hater' who's asked 'And how do you prefer your koala, grilled or fried?' may suddenly find some green leanings.

How things have changed in just a few years. In some cases what used to be 'One Nation Extremist' views have become mainstream policy. In a fashion Premier Carr's 'greening' of the NSW community has run a parallel course, the mainstream now readily accepts 'green' views which not that long ago were regarded as 'a bit over the top'.

As well, any talk of Nimbyism in this debate carries no weight. 'Not In My Back Yard' provides the foundation for all the things that make a society better. These non-extreme green baby boomers don't do all sorts of things in their back yard. They don't litter, don't leave the helpless without help, don't do the wrong thing by their neighbours or by the environment. They work to make and to keep their society a 'better society'. They've paid, and they're still paying their dues. These baby boomers, and their friends, aren't about to let any government squander what the people created, they want it for their enjoyment now and for it to be passed on to the next generation. And why shouldn't they?

The non-extreme green dogma comprehends that if you can just get people to have enough fondness for the environment, and to respect it, then of course they'll protect it. And in some ways, the Nature Coast is not just a geographical region, it's a state of mind. And while it's not a religion, environmental responsibility is seen by many as good preparation for the afterlife. Its intensity shouldn't be underestimated. After all, it's the driving force behind IYE 2002.

Many<sup>44</sup> in the public gallery at Australian Silicon's presentation of the EIS to Council on November 20th were a little dismayed to hear the managing director say that the plant would use a product which had 'no value'. Some people do see some value in the fallen timber on the forest floor.

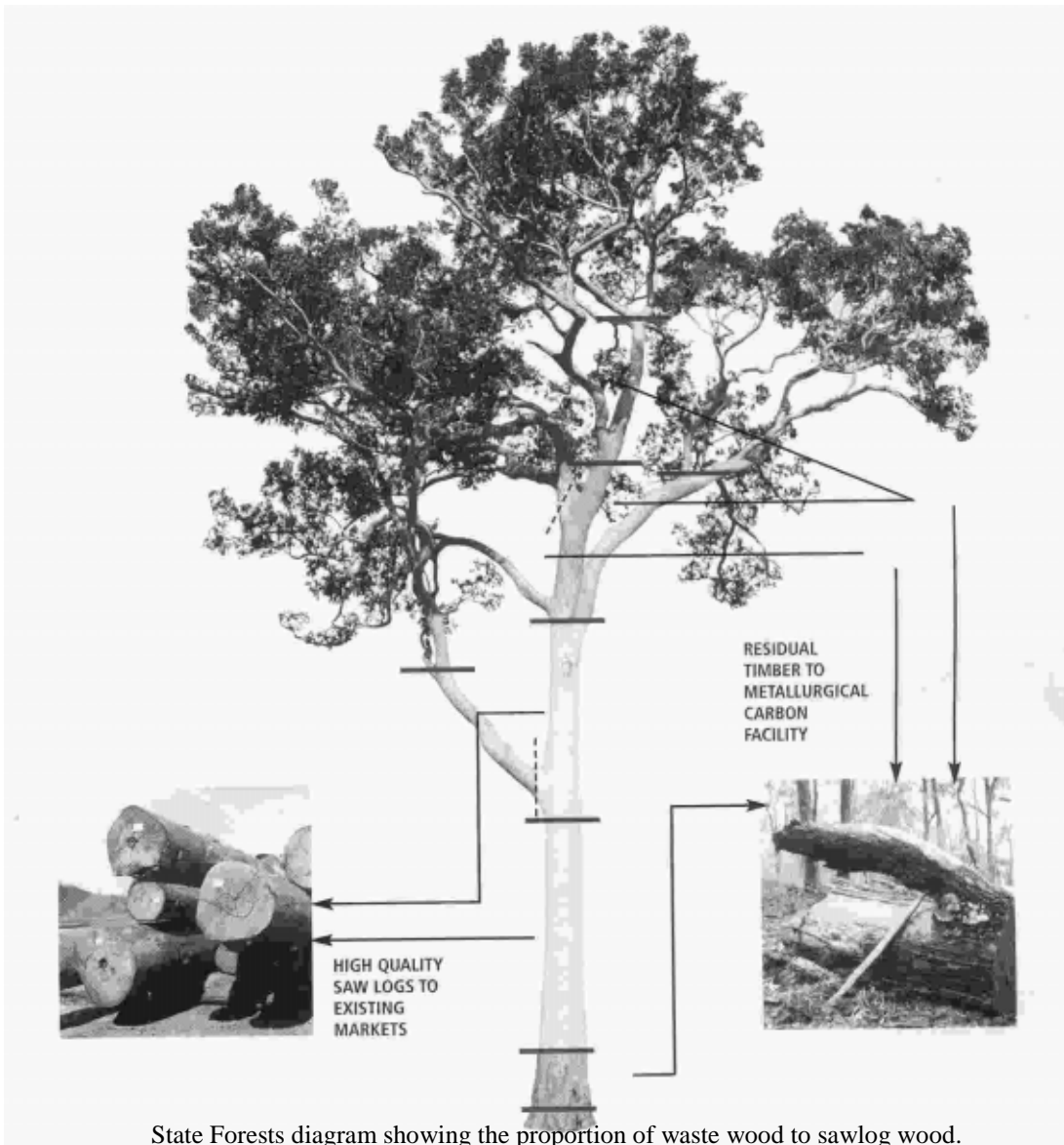
SFNSW is really pushing for the charcoal plant to get up and running, but they too have had a bit of a rocky ride through this. Relying on the terms of the Regional Forest Agreement, they've worked out that the permitted sawlog harvest will result in sufficient waste timber to feed the charcoal plant.

Their assessment hasn't convinced everybody. For a start it's obvious that straight sawlogs are easier to handle and transport, and to convert to charcoal. Then SFNSW produced a nice picture of a spotted gum tree (see following page), with dotted lines and arrows showing what was sawlog material, what was waste material suitable for the charcoal plant, and what would be left over. But while the preferred shape for sawlog trees is 'tall timber', the trees that look like light poles with a tuft on top, the tree used in the diagram is one of those magnificent, spreading bushier ones, with branches from about a third of the way up. The over-representation of the pro-rata amount of residue has now been compounded by claims that the sought-after carbon content in the wood diminishes markedly after the first major branch. The most suitable wood for the charcoal plant is in the trunk of the tree.

The consortium is adamant that no trees will be harvested for the sole purpose of producing carbon in the charcoal plant. But they have stated<sup>45</sup> 'Further if saw log quality timber is delivered to the facility these logs will be stockpiled for sale to the local sawmills for processing into the local timber market.' So workers at the plant will have to cull out logs that are too good, even though they'd make better charcoal, and go through the paperwork of selling them to millers. And presumably the stockpiles can't be allowed to get too big.

The EIS shows<sup>46</sup> that the definition of 'residue wood' has been broadened, it now includes red timber trees such as bloodwoods and ironbark, and coincidentally a State Forests paper<sup>47</sup> shows that these are 'preferred for the production of charcoal'. A lot of those trees were poisoned earlier this year near Moruya, but that was 'as part of a regime to maximise the production of high quality sawlogs'<sup>48</sup>. That meant that while they might look to the untrained eye to be healthy happy trees, the 'residue' classification meant that they were to be removed to make space for a better tree. They'd be OK for the charcoal plant, but weren't poisoned because of that. The program was stopped and the poisoning teams were redeployed 'because of intense community concern about the practice'.

The EIS<sup>49</sup> includes 'The volumes in the earlier tables will only become available if the saw log harvest levels are also achieved in practice. It must be remembered that the production of this residue wood is considered to be a by product of saw log operations and planning has been based on this explicit assumption.'



State Forests diagram showing the proportion of waste wood to sawlog wood.  
The bushier tree makes a pretty picture.

Preferred shape for sawlog trees



The talk on the streets is that Forestry insiders have said that if there's a slump in sawlog demand, and they're not producing enough waste for the charcoal plant, then they'll stockpile sawlogs. And that the stockpiles will be subject to normal management and rationalisation measures.

The EIS was not well received, it attracted a litany of criticism from, among other sources, Eurobodalla Shire Council<sup>50</sup>. By the time it was released, the community was heartily sick of the 'you won't see it, hear it or smell it' line. And people were insulted at the plant's categorisation as a timber yard, and comments that the sometimes used sand and gravel quarry meant the site was 'already industrial'.

Community meetings had been told by the consortium that the stacks put out 50% steam, coolant was a megalitre a week, that's about a third of an olympic swimming pool. Almost all of the rest was carbon dioxide and nitrogen. The company's own glossy brochure claimed 'The gas which is emitted comprises of water vapour, carbon dioxide, nitrogen and oxygen'. There was a nice colour photo doing the rounds, it was of the Simcoa plant in WA, not a skerrick of smoke. But not a skerrick of steam either. Then the story did the rounds that the stacks, or retorts, have doors at the top – and that workers have to go up and hack off the tarry build-up every couple of months, otherwise the doors don't close properly.

Even the EIS admitted extraordinary levels of air pollution, although it was not evident at first glance. The claimed emission for particulate matter was 0.24 g/s when the plant is operating at optimum performance. But 'g/s' is grams/second, so after a bit of arithmetic, the emission rate is 103.7 kg/day, and it can hang about and build up for several days. Too small to see, but weighing the same as the particulate matter in smoke and it's more dangerous, it gets further into the lungs. How much smoke does it take to weigh 100 kg?

The EIS showed<sup>51</sup> that much of the emissions would be oxides of nitrogen. Nitrogen dioxide is a major constituent of photochemical smog and affects human and plant health, and plays a role in the formation of acid rain. It also showed an estimated discharge of 10.8 kg/day of sulphur oxides, colourless gas with a characteristic, irritating, pungent odour that reacts with water to form sulphurous acid.

Scientific criticism included concerns about significant air pollution from, among other things dioxins and furans, and about pollution of wetlands<sup>52</sup>. And about 'waste' from tree species that are not currently logged being destined for the plant<sup>53</sup>. The World Health Organisation reports<sup>54</sup> a threshold for the concentration of particulate matter where premature deaths start to increase. The EIS shows that the charcoal plant would exceed it.

The company gave an undertaking<sup>55</sup> that the 20 to 25 new jobs at the plant would go to locals. Then said that this was tempered by recognition of the Anti-Discrimination Act which would require the company to advertise widely and employ people on merit.

Any benefit from the prospect of these extra jobs has been rejected<sup>56</sup> out of hand by most of the locals who are quite certain that the losses in the tourism sector would be many times more than the gains from the charcoal plant. The 'hard yakka'

group, which for years had been able to make cynical comments like ‘Progress Associations should be called Anti-Progress Associations’ found the boot on the other foot, they were being painted as the obstacles to continued growth in the Nature Coast industry. And the image of some fellow with a big-brimmed hat and a mega-buck timber truck saying ‘We’ll all be rooned’ didn’t attract much sympathy when everybody knew that the truckers didn’t give two hoots about the loss of railways jobs when road freight took over.

An EIS is not an objective document. It is paid for by vested interests to promote a particular point of view. Anybody who looks at the EIS for the charcoal plant should ask these three questions: Who is paying for the EIS? What’s been left out? And why has it been left out? One thing that’s been left out is the importance of new settlers in the Eurobodalla and the impact on potential new settlers that the Charcoal Plant would have.

New settlers with their own income, whether self-funded retirees or those on a Federal Government pension, are an enormous source of income to NSW. There is a ‘customer base’ of retirees who might settle in the Eurobodalla from outside NSW. In this respect ABS figures, (rounded) show that there are 869,000 people in Melbourne and Canberra aged between 45 and 64. If one percent of them plan to settle on the Nature Coast, that’s 8,690.

Even if their incomes are only half an average wage, it’s still the same as 4,345 jobs. And a high proportion who might well be ‘asset rich and income poor’ won’t be sending their income out of the shire to pay off home mortgages.

There is currently a significant bias in interstate migration. ABS figures also show that for the year 2000, Victoria and ACT had a net combined increase of 8,200; SA, WA, TAS and NT had a net combined loss of 11,200; NSW had a net loss of 16,700; and QLD had a net increase of 19,700.

In the absence of figures to the contrary, the natural conclusion is that Queensland is an attractive destination to retirees. There are people who have retired to the Nature Coast from Queensland, and that there are now people on the Nature Coast who’ve said that if the plant goes ahead they’ll move to Queensland. Rather than having retirees taking their money to Queensland, wouldn’t it be better for all of NSW if it ended up in NSW?

Coupled in with all of this is suspicion that Australian Silicon isn’t planning to actually produce the silicon. Its presumed purpose was to gain the necessary approvals and on-sell them as soon as it can. So no real incentive to be a good corporate citizen.

Failures have made banks and equity investors nervous<sup>57</sup> about new-metal projects. Banks, in particular, are demanding that new-metal proposals clear higher performance hurdles and demonstrate long-term sales contracts and long-term raw-material supply agreements. Investors are warned to take care when considering these new-metal projects, because although they sound attractive, it will be hard for most of them to make quick profit. All are long-term ventures, most of the so-called new metals are not in short supply.



So there will need to be some substantial sweeteners to attract investment in another silicon plant in Australia. Currently much of the cost advantage of the project resides<sup>58</sup> in an overvalued US dollar and an undervalued Australian dollar, over the next 18 months that will start to reverse. And there's been a steady run-up in Chinese exports, and South Africa (which has a plant suitable for upgrading) and Namibia are eyeing the market. So for any hope of getting a silicon plant up and running there needs to be a big existing player or a consumer of silicon metal as a cornerstone investor.

Discussion<sup>59</sup> about where the money might come from gets confusing. But once one starts digging deep enough, at the end of one intriguing trail is the giant Japanese trading house Iwatani. The trail also introduces us to several Western Australian based companies and opportunistic investors.

So what sweeteners will the people of NSW be offering them? For a start, super-cheap electricity for the Lithgow plant, subsidised to the extent of \$8.7m per year<sup>60</sup>. And once hard-nosed investors know about that, it's on the cards that they'll ask what else is on offer.

Figures being bandied around for the residue wood suggest a royalty of \$7.50 per tonne, and with Australian Silicon to contract the supply from State Forests, at between \$40 and \$50 a cubic metre delivered. Depending on whom you're talking to, there are about 0.7 to 1.13 tonnes per cubic metre, so let's assume a one to one ratio. So for 200,000 tonnes per year royalties would be \$1.5m, and, the cost of getting the wood to the plant would be \$6.5m to \$8.5m per year.

We don't know how much of that \$6.5m to \$8.5m would go to State Forests. It's supposed to cover harvesting, cartage, making and maintaining logging trails, and all the other components. If State Forests can cream a commission of ten percent off it, they'll make \$0.65m to \$0.85m each year. And that's not really enough for a good discount to an investor driving a hard bargain. So the second sweetener looks like dispensing with the royalty of \$1.5m a year for the wood, as well as dispensing with SFNSW's Commission, conservatively a total of around \$2m per year.

So the subsidies for electricity and wood supply would add up to \$10.7m each year or, put another way, more than 265 jobs at \$40,000 a year.

The third sweetener is the waiving of costs for road damage. Some taxes (direct or indirect) will contribute to the cost of highway maintenance for 80 heavy vehicle movements daily, on the Princes Highway between Cobargo and Nowra, and the Kings Highway over the Clyde Mountain to Lithgow; and for the cartage of quartz from Cowra to Lithgow. But the increased cost of maintenance on numerous secondary roads leading to the forests will come solely from local Shire coffers.

Early this year the Australia Institute released a paper<sup>61</sup> exposing some secret deals between state governments and the aluminium smelting industry. It shows that even though the aluminium smelting industry in Australia is almost 80 percent foreign owned, subsidies amount to more than \$40,000 for every job, 'an extremely expensive form of regional employment creation'.

So with the silicon smelting industry, it shouldn't come as a surprise if we end up giving away our coal-generated electricity; and giving away our trees; so that overseas investors can go to the restaurant and spend up big on the flesh of whales that were harvested for scientific research. That would be nice to reflect on every time you paid an electricity bill. And would we still be in the running for medal from the United Nations for our efforts with IYE 2002?

It is<sup>62</sup> 'fundamental to the principle of justice that there is no basis for a perception on reasonable grounds that a judge may not be impartial'. The proponents of the development fall into two main camps, Australian Silicon represents the private side. On the NSW State Government side several agencies are involved, the major player among them is SFNSW which is strongly pushing the proposal, and it's no secret that other agencies want it as well. Overall, the State Government from the Premier down seems enthusiastically pushing for the plant to go ahead. Eurobodalla Shire is vehemently opposed to it.

It seems to be another quirk that it will be a NSW State Government agency that decides whether the proposal should be given the green light. A proposal that has been strenuously pushed by the Premier and by SFNSW.

There was some disquiet when Premier Carr wouldn't accept a delegation from Eurobodalla Shire Council. Yet his defence, that receiving them could be construed as interference in the independence of the decision making process, does hold some water.

There was more disquiet on 21<sup>st</sup> January when a newspaper<sup>63</sup> mentioned that a planned wood fired power station for Moruya had been shifted to Mount Gambier 'following the NSW Government's decision to back a charcoal plant at Mogo'. Planning NSW (formerly DUAP) subsequently dismissed this in a statement confirming that a decision on the development application had not been made. But there is some playing with words going on here 'decision to back' does not mean the same as 'decision to approve'.

And since then the NSW Government and the Premier haven't exactly butted right out of the argument. In January the Premier told WIN News<sup>64</sup> that tourism would not be affected by a charcoal plant in the region, and that 'a few extra truck movements on local roads won't be a deterrent'.

On 4<sup>th</sup> February it was announced<sup>65</sup> to the Australian Stock Exchange that Australian Silicon was a preferred partner of NSW State Forests. So SFNSW hasn't kept away from 'interference in the decision' either.

Ten days later a newspaper report of an unequivocal statement<sup>66</sup> by Premier Carr that he was 'certain the development is environmentally sound – it's going ahead – it's as simple as that' attracted the somewhat predictable rebuttal<sup>67</sup>. The Premier issued a statement that 'the decision on whether the charcoal plant will go ahead will be made by the Minister after an exhaustive examination of the EIS with reference to the community submissions'. And not surprisingly, the rebuttal itself then attracted<sup>68</sup> a rebuttal from the newspaper.

For a development application to succeed, the onus is on the applicant to justify the development. There is sufficient expert scientific opinion to make it a reasonable bet that approval of this plant would attract a successful challenge to the Land and Environment Court. This leaves the NSW Government with some interesting options.

It could approve the plant, then ‘pretend to tough it out’ and let the Court make the ‘anti-Lithgow’ decision. But ‘blaming the lawyers’ would be an expensive way to soften the decision, and it’s not the virile leadership that the community expects. As well, the press would find so much ‘anti’ evidence tendered to the court that it’s likely the Government would be a laughingstock.

A second option is to not approve this plant, but work on some other location. The Government’s opponents would see that as a short-sighted refusal to recognise that in this current world much has changed since silicon project was first mooted, and that producing silicon in NSW no longer seems economically and environmentally viable. But it would provide the government with breathing space.

Or as a third option, it could simply refuse the application, and work out what to do when the dust settles. There would be some derisive taunts, but all in all it might attract the least flak. It would finally allow the government to stop sending good money after the bad that’s been spent since the quartz silica white elephant was found twenty years ago at Cowra, and turn to more profitable ventures. Such as ecotourism.

Richard Fisher            March 11, 2002

The author has property interests within 3.5 km of the site.

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- <sup>8</sup> ABS Census as quoted in Eurobodalla Shire Council Management Plan 2001 – 2006.
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- <sup>10</sup> Agenda Ordinary Meeting of Council Tuesday January 22, 2002. Page 2, Questions With Notice From Councillor Brown.
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- <sup>12</sup> www.esc.nsw.gov.
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- <sup>20</sup> State Forests Document of 3 July 2001: Australian Silicon. Discovery of Issues – Proposed Moruya Charcoal Plant. Meeting Notes. Thursday 28 June 2001 Batemans Bay. Draft.
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- <sup>26</sup> Phil Herrick in telephone conversation with Richard Fisher.
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Page 5.
- <sup>46</sup> EIS Part 2 Appendix D: Page 82 of 308.
- <sup>47</sup> Sydney Morning Herald: November 21, 2001.
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Charcoal Plant.
- <sup>57</sup> BRW: 4 March 2002: Strategy: No magic in new metals: Tim Treadgold.
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- <sup>60</sup> Canberra Times: February 8, 2002: Charcoal Plant Looking Like A 'Done Deal': Robert Messenger.  
That article states 'Simcoa... produces ... 28,000 tonnes of silicon ... At the industry standard of six  
cents a kilowatt-hour, electricity represents about 40 per cent of the market value of silicon ... In the  
case of the proposed NSW project ... power will be supplied at two cents a kilowatt hour. Power will  
then represent 22 per cent of operating costs.' Thus the power subsidy for producing 30,000 tonnes  
(the amount claimed in the DUAP Report on the EIS for the Lithgow plant, DA268-11-99) of silicon  
pa can be calculated as follows:

	<b>WA Production</b>	<b>Proposed Lithgow Production</b>
Silicon (Tonnes pa)	28000	30000
Value of Silicon	\$45m	\$48.2m
Cost of Electricity at Industry Standard	\$18m	\$19.3m
Cost of Electricity at NSW Subsidised Price		\$10.6m
Value of Electricity Subsidy pa		\$8.7m

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