

South East Region Conservation Alliance (SERCA) Submission

Biomass-Fired Power Station Major Project Application 09_0034

22 April 2010



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1. Executive Summary and Recommendations

SERCA welcomes the opportunity to make a submission on the project application 09_0034, in which South East Fibre Exports Pty Ltd (SEFE) seeks approval for a Wood Waste to Energy (Biomass) facility (power station) as an adjunct to its existing woodchip mill and export facility at Eden. SEFE proposes to use the wood waste generated from its operations together with a further 22,600 tonnes of wood waste available from local timber processing operations.

The project is opposed by SERCA. We are concerned that the project will have a number of serious detrimental environmental, health and economic impacts, which are identified in this submission.

SERCA considers that the risks to the forest environment and the health of Eden residents outweigh any benefits that the power station may have and, therefore, submits that the application should be refused.

It should also be refused on the grounds that approval implicitly locks in a fuel source of native forest wood, which pre-empts any decision by future governments on whether or not to extend Regional Forest Agreements beyond the ten years they have yet to run.

There should be no decision to approve the proposal, which industry regards as a test case for further proposals, without full governmental and public reconsideration of the outdated forestry policies and unsustainable forestry practices that underpin the RFA regime, and of the missing link in Commonwealth and NSW Government climate change and water policies – the vital importance of conserving native forests.

Regarding consistency with the Environment Protection and Assessment Act, s.5 Objects, SERCA considers that the project does not encourage:

- (a)(i) the proper management, development and conservation of natural and artificial resources, including agricultural land, natural areas, forests, minerals, water, cities, towns and villages for the purpose of promoting the social and economic welfare of the community and a better environment;
- (a)(vi) the protection of the environment, including the protection and conservation of native animals and plants, including threatened species, populations and ecological communities, and their habitats; or
- (a)(vii) ecologically sustainable development.

SERCA does not consider the project encourages the promotion and co-ordination of the orderly and economic use and development of land or the development of energy supplies appropriate to two of the big challenges of our times – climate change and scarce water resources.

SERCA considers that the following failings in the Environment Assessment justify immediate refusal of the project application:

1. failure to address relationship to native forest harvesting, as required by the Director-General
2. failure to demonstrate adequate fuel supply
3. failure to address the ecological and economic sustainability of the fuel supply
4. failure to assess emissions associated with the proposal accurately, especially carbon dioxide
5. failure to consider health impacts, especially for the residents of Eden
6. failure to assess fully the impact of water discharge into Twofold Bay
7. failure to consider impacts on Aboriginal cultural heritage
8. failure to consider alternative uses of the site as an energy supplier
9. it being an on-going drain on NSW Government budgets.

2. Comments on SEFE's Strategic Justification

The SEFE case is summed up in the EA introduction as follows:

“With the rising cost of energy and the rapid growth in the technology of biomass fuel systems, SEFE has identified an opportunity to become self sufficient in its energy needs, to be a net generator of electricity and to add value to a renewable biomass material that is currently burnt for no energy recovery or commercial return.

“ ... SEFE would use wood waste generated from its operations together with a further 22,600 t of wood waste available from local timber processing operations.”

SERCA notes that there has been a recent push in Europe and America for more biomass fuel systems, but they are based on different inputs from what SEFE proposes, most notably plantation wood, not native forest wood, grown under different climatic conditions. They cannot appropriately be used as justification for what SEFE proposes.

The native forests on which SEFE depends for its operations are not renewable in any reasonable time-frame, a matter raised by the Secretary of the Commonwealth Treasury, Ken Henry. It takes at least 180 years to regrow hollow –bearing trees that are essential for survival of many forest species, and for the water from catchments to recover to their pre-logging volumes. It takes even longer to recover full carbon carrying capacity.

SEFE has other options if it wishes to generate genuinely renewable electricity, with zero on-going emissions, namely solar, wind and possibly wave power. The chipmill is located on one of the best sites in the State for wind energy. There is no discussion of the relative merits of these power sources on the site.

SEFE claims that its power plant would contribute to the identified need for additional base-load generation capacity and would have the least possible environmental impacts. SERCA disputes both claims.

SERCA notes that NSW Regulations currently do not allow the use of native forest inputs to power generation. The Commonwealth's Renewable Energy Target Regulations allow only limited use under arguably ambiguous conditions, but it is doubtful that it would be legal to use woodchips directly for power generation. The National Association of Forest Industries is arguing for wider use of native forest based power generation. Several other proposals for native forest based electricity generation are in the public arena or being developed. The SEFE proposal is seen as a test case.

While SEFE is currently proposing only to use the 'wastes' from its woodchipping operations, and denies any intention to use woodchips rather than woodchip waste as the fuel for its proposed plant, there is no doubt that the capacity to earn Renewable Energy Credits from biomass burning creates a powerful financial incentive to maximise the use of native forest inputs by seeking to broaden the scope of the Regulations.

SERCA is strongly opposed to the current Commonwealth Regulations allowing conditional use of native forest inputs for significant electricity generation, and totally opposed to lifting the NSW ban or expanding the current Commonwealth Regulations. It considers the present proposal to be illegal under NSW law and of doubtful legality under Commonwealth law.

3. Failures of the Environment Assessment to deal with significant environmental and social elements

3.1 Failure to address relationship to native forest harvesting

The Director-General's requirements require the proponent to address "identification of all fuel sources, including the relationship to native forest harvesting".

The Environment Assessment does not mention native forest wood supplies. It refers only to hardwood. Yet SEFE expects that at least 70% of the inputs will be from native forest. At present it is likely to be closer to 100%, because of the global wood market.

Without native forest logging there would be no woodchip mill, and no "wastes" from woodchipping. The scope of this Environmental Assessment is so narrowly defined as to make it almost meaningless.

The Environment Assessment examines in detail the "terrestrial ecology" of the site (for example, it tells us that the area has "a disturbed under storey of exotic grasses", in other words, mown lawn), but totally ignores the serious ecological implications of producing around one million tonnes of woodchips a year, from logging 19,500 hectares annually (NSW and Victoria) of native forest needed to supply the fuel.

The fuel for the power station is not "waste." It is material that already has an economic value and it is bought and sold in the market place.

Only a tiny amount is currently incinerated. Burning it as electricity gives it a higher value because of implicit subsidies available to it under the MRET scheme¹.

SEFE says that “no native or plantation forest would be felled for the purpose of fuelling the plant” (19-3), the critical words being “for the purpose of”. However ForestsNSW expects that some timbers which are not currently used for woodchipping because they are either too red or too hard, and are not of sawlog quality, will be used for power generation.

¹ According to a study by MBAC Consulting “Global and Australian initiatives and impediments to the production of renewable energy from wood in Australia” May 2003, commissioned by the National Association of Forest Industries (NAFI), the maximum price payable for wood fuel under MRET is \$41.05/ t. Maximum price payable for wood fuel without MRET \$7.71/t. Thus the effective subsidy value of MRET \$33.33/t

3.2 Failure to address adequacy of fuel supply

In SERCA's view the Environmental Assessment fails to demonstrate adequate fuel supply. No information is provided about the expected life of the proposed biomass burner, and the expected pay-back period. However it is likely that the economics of the proposal mean that to approve this proposal is to approve extension of woodchipping native forest well beyond the life of the RFAs.

But there has apparently been no NSW Government decision to do so, and no evidence tendered of timber availability adequate to support the woodchipping operations at the SEFE chipmill for the next ten years and beyond. Without those woodchipping operations maintained at least at the current rate there will be inadequate fuel for the proposed biomass burner. Unless SEFE has an unstated intention to burn the native forest hardwood chips directly (currently to do so would be illegal), the mill will be unviable, for there is not much plantation hardwood in the region, and over 70% of current "wastes" come from chipping native forest logs. Private forest owners are constrained by regulations restricting land clearing.

ForestsNSW's own statistics provided to SERCA from freedom of information requests point to difficulties in supplying contracted minimum volumes for the chipmill. Yields per hectare in the three areas that supply the mill (Eden, South Coast/Southern and Tumut) declined substantially during the last decade (overall by around 30%), and in consequence areas logged to supply those volumes increased by over 70%. In addition ForestsNSW acknowledges there is serious, wide-spread dieback in the forests. Dieback has been exacerbated by the recent long drought, and arguably by industrialised, alternative coupe logging that has encouraged bell-miner incursions.

Global market events and trends also cast doubts on SEFE's capacity to guarantee base-load power into the future.

In 2009 as a result of the economic downturn of the global financial crisis the Eden chipmill was closed for weeks at a time, for most of the year it was on a 4 day week. If Eden residents were counting on it to power their homes in 2009, they would have experienced many outages. It will not be a reliable source of base-load power. Its capacity to supply into the grid will depend on global conditions in the hardwood chip market.

The global trend is for paper makers increasingly to demand plantation chips and recycled paper as inputs to their processes. Where they are willing to use native forest chips they are increasingly insisting on Forest Stewardship Council certification rather than the discredited lower Australian Forestry Standard certification that SEFE relies on. Japanese paper manufacturers are increasingly reluctant to accept AFS as an adequate label of sustainability and the biggest paper manufacturing company in Japan, Oji, does not accept it.

It is not clear how long Nippon Paper, the major shareholder of SEFE, will be able to hold out against this trend in the face of its own consumers' resistance to its products.

Nippon Paper has a deal of flexibility to move out of native forest chips. It has investments in hardwood plantations in Australia and overseas and in pulp production, and it has its own shipping line. It is far less dependent on SEFE supplies than SEFE is on Nippon Paper.

Moreover paper makers prefer plantation chips for technical reasons. It is underpricing of native forest logs by the State forestry agencies of NSW and Victoria that is propping up native forest based operations like SEFE. The real price of NSW pulplogs to SEFE is half what it was a decade ago. In 2009 the NSW Auditor-General confirmed that ForestsNSW's losses on sales of native forest wood were around \$14.4 million a year and rising. If the Ken Henry review of taxation tackles these pricing distortions and leads to the Governments of NSW and Victoria introducing genuinely market based pricing of native forest wood the future of SEFE will be uncertain indeed.

All these factors make it a dubious proposition to rely on SEFE for secure base-load power into the regional grid over the life of the proposed power plant.

3.3 Failure to address ecological and economic sustainability of the fuel supply

If pre-global financial crisis (GFC) logging rates continue in the period ahead, the logging rotations (calculated from percentage of available forest logged) in the South East Forests of NSW will be under 20 years. This would mean that half of all the currently available forest would be logged over the remaining ten years of the RFA agreements, largely clear-felled. If the life of the burner is 20 years, all the available forest will be logged.

SERCA considers that this is totally unsustainable. The logging already makes a mockery of ecologically sustainable forest management principles.

ForestsNSW is legally required to meet the ecologically sustainable forestry management requirements of Commonwealth and State legislation, extremely poor though they are. Logging rates over the last decade suggest that it is currently not doing so, and is unlikely to be able to do so in continuing to supply pulplogs for the chipmill.

Forty years of woodchipping has done dreadful damage to the integrity of the South East Forests. ForestsNSW has told community groups that there will be no sawlog quality trees left within two to three years, only young regrowth (Eden *Magnet* 11/3/10). The structure of the forests has been changed. Wet forest species have been replaced by drier forest species. We now have more fire-prone tree and understorey species, with large areas of regrowth, drier and depleted soils, and loss of water quality and quantity.

No evidence is provided to show the capacity of the soils to support such heavy logging, especially given post-logging run off into the waterways after heavy rain events. Nor is there evidence that water for human and agricultural consumption will be adequate after the water-hungry regrowth areas deplete supplies from the catchments. Nor is there any consideration of the predicted population increase in

the region which will put heavier demands on decreasing water supplies and agricultural production.

We also need to be concerned about the hydrological consequences of intensive logging of the regional forests, with aridification intensifying climate change – not just on the south coast but also on the hinterland - including consequences for urban water security.

To put this logging record into an international perspective, the Swedish coniferous forest plantations (not their native forest areas, which are in national parks) that support biomass energy generation/district heating in that country have rotation periods of 60-100 years in the south of Sweden, and 80-130 years in the north. And they have the benefit of far better soils than Australia's, and heavier, more reliable rainfall.

The managed forests are owned by private individuals and companies, who have to operate profitably, under strict rules, and with a strong, equal emphasis on protecting biodiversity. They are far more carefully and conservatively managed than ours, but are still in decline as a result of soil acidification.

Threatened species

Ecologically sustainable forest management requires survival of ecosystems and species, not least threatened species. It is now clear that the existing National Park system is not sufficient to ensure their survival.

Most regional logging compartments are home to some threatened species, some as many as 12 or more.

When logging is carried out, certain prescriptions are followed which are meant to protect them. However, the efficacy of these provisions has never been tested. No monitoring or follow up research is done to determine whether they work or not.

We do, however, know that there are more threatened species now than there were 10 years ago, when Regional Forest Agreements (RFA) were signed. It is inevitable that this number will increase since so many forest dwelling creatures, more than 80 in the South East Forests, depend on hollows for shelter and survival.

The lack of hollowing bearing trees has been declared a “key threatening process” in NSW in recognition of the importance of hollows. In most eucalypts, hollows take at least 150 years to form, so with logging rotations as low as 30 years, possibly below 20 years, after the second round of logging there will be virtually no tree hollows at all and no prospect of survival for hollow dependent creatures².

Misgivings about the lack of evidence on effectiveness of threatened species prescriptions has been reinforced by the recent review of the Environment Protection and Biodiversity Conservation Act, which exempts areas covered by an RFA from Australia’s principal environment protection legislation.

That review expressed doubts about whether the continued exemption from the EPBC Act was justified, especially in the light of the failure of ForestsNSW to produce any 5 yearly reviews after more than 10 years.

Any fuel source that depends on the continued intensive logging for woodchips of native forests will inevitably kill more threatened species and reduce the numbers in species which are currently relatively common. It cannot therefore be considered “sustainable.”

The proponent may seek to distance itself from the logging operations on which it depends for its inputs, but the NSW Government cannot give guarantees of supplies that are provided through ecologically unsustainable forestry practices under its control and contrary to its own legal requirements.

While the Planning processes for this proposal relate only to NSW forest inputs, there may well be parallel uncertainties about the sustainability and supply of logs from Victoria.

² Intensive alternate coupe logging has an obvious impact on the populations of arboreal mammals through, in particular, the loss of hollow-bearing den trees. Some of these mammals, such a yellow bellied gliders, sugar gliders, feathertail gliders and the eastern pigmy possum are consumers of psillid insects.

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Loyn (1983) and others have shown that territorial bell minors actively spread psillids, then defend and area of forest against other birds and consume lerps without eating the psillid secretor. Nocturnal insectivores, such as gliders, play a critical role in maintaining tree health through the consumption of psillid insects at night.

There is anecdotal evidence to suggest that small arboreal mammals can reduce the severity and rate of spread of bell-minor/psillid mediated die-back. The extreme severity of the problem in parts of the Murrumbidgee State Forests may be in part due to past practices such as “Timber Stand Improvement” (that is, the removal of all the “old stags”, now more commonly regarded as likely den trees). The survival and recruitment of adequate numbers of habitat/den trees to maintain forest ecosystem health, through the cycle of oldgrowth logging, burning and regrowth thinning under the current intensive forest management regime, is open to question.

Ref: Loyn R., Runnalls, R, Forward, G and Tyers J (1983) Territorial Bell Miners and Other Birds Affecting Populations of Insect Prey. Science, Vol. 221, pp 1411-1413.

3.4 Failure to address emissions accurately and fully

SERCA considers that the EA fails to assess emissions accurately and fully, particularly in relation to carbon dioxide emissions.

The EA does not look at the full life cycle of the fuel (that is, it ignores the greenhouse impacts of native forest logging. It simply asserts this is “sustainable because it has Australian Forestry Standard (AFS) certification). It fails to examine the consequences of the one million tonnes of woodchipping each year, without which there would be no fuel for the proposed furnace.

It claims “improved environmental outcomes due to lower greenhouse gas emissions per unit of output compared to conventional coal-fired power generation technologies. The proposed plant would potentially avoid the emission of 23,800 t of CO₂-e from fossil-fuel based power generation per year.”

In assessing greenhouse implications and calculating “avoided emissions” it should be comparing the power station with wind or solar or other MRET approved technologies because it will be competing with these technologies in the market place, not with coal fired power.

Logging of native forests to supply the Eden chipmill has been conservatively estimated at over 18 million tonnes per year³ with one estimate as high as 61 million and another as low as 9 million tonnes. Logging emissions must be counted in assessing the greenhouse gas (GHG) implications of burning native forest wood for electricity. It is simply not valid to start counting at the furnace door; the whole life cycle of the fuel must be taken into account in measuring greenhouse impacts.

³ Carbon pollution generated by logging for the Eden chipmill

According to Mackey et al “Green Carbon” 2008, the average carbon carrying capacity for all the SE Australia eucalypt forests is 640 tonnes per hectare. In those forests in SE NSW where the actual carbon stored is currently less than the carrying capacity, this is due to the previous operations of the Eden chipmill over the past 40 years.

There are two consequences of continued logging. First, previously logged forest which is below its carbon carrying capacity is prevented from regrowing to maturity and removing CO₂ from the atmosphere.

Secondly, the logging causes a new pulse of emissions. According to FOI information, in 2006-07 FNSW logged 14,388 hectares in the Eden, South Coast/Southern and Tumut areas. Assuming these areas had previously been logged and are at 60% of carbon carrying capacity, their current carbon density would average 384 tC per hectare. If their carbon density over the next few decades is reduced by a further 40% through logging, emissions from 06/07 alone would total over 5.4 million tonnes CO₂. This is equivalent to about 1% of Australia's current net emissions.

The figures below do not include the emissions from running the mill, and transport associated with logging contractors or deliveries to the mill. The calculation is based on: Area logged x Carbon stock per ha x 40% (loss from logging) x 3.666 (converting C to CO₂)

Thus, for NSW:

$14,388 \times 640 \times .4 \times 3.666 = 13,503,080$ tonnes of CO₂ (initial logging loss). Multiply again by 0.4 for the second round of logging loss = 5.4 Mt CO₂

For East Gippsland:

$4,500 \times 700 \times .4 \times 3.666 = 4,611,600$ tonnes (initial logging loss). Multiply again by 0.4 for the second round of logging loss = 1.84 Mt CO₂

Total: 7.24 Mt CO₂

40% of the carbon stored in a forest is lost to the atmosphere when it is logged. The weight of a carbon dioxide molecule is 3.666 times the weight of a carbon atom. Approx hectares logged in East Gippsland in 2007.

When power generated from native forest is compared with coal fired power, if the full life cycle of the fuel is assessed, wood fired power is as much as 6.4 times more greenhouse intensive than coal fired power⁴.

The greenhouse analysis puts into sharp focus the artificiality and absurdity of some current national and international conventions on measuring and deeming GHG emissions; e.g., ignoring emissions from logging in the greenhouse accounts, and deeming burning of biomass to be carbon neutral.

The comparison between greenhouse gases generated by current ways of disposing of wood “waste” as mulch and by the power station creates a nonsensical result. Mulching and composting add carbon to the soil but slowly decompose releasing some carbon dioxide over time. In burning, the entire product instantly becomes carbon dioxide, and yet the (greater) emissions from the burning are not counted, while the (smaller) emissions from mulching are counted.

3.5 Failure to consider health impacts

While acknowledging that deadly dioxins, furans and hazardous air pollutants will be emitted, the EA does not examine the human health implications of the emissions at all. (1.5; 5.1) Studies of occupational exposure to wood dust suggest that over time woodchip mill workers suffer serious lung detriment⁵, and research on mycotoxins indicates that exposure leads to a range of diseases, including cancer⁶.

There needs to be an evaluation of the cumulative effect of all the emissions (rather than looking at single emissions in isolation from the others); and of the likely long-term health impacts for chipmill workers and the residents of Eden and the region surrounding the mill and the town, including taking account of prevailing winds.

Emissions estimates, especially in relation to particulates and heavy metals assume that the wood will be clean and uncontaminated and no allowance is made for its exposure to salt.

⁴ Dr John Kaye MLC. Adjournment Speech 2 December 2008 “Our very rough analysis, based on forestry industry and peer-reviewed data, suggests that for every megawatt hour of energy generated by south-east native forestry biomass, more than 6.4 tonnes of CO₂ would be released instantaneously. This is more than 6.4 times the amount of CO₂ released from burning coal to produce the same amount of energy. Certainly regrowth would bio-sequester some of this carbon but at a very slow rate. It would take about 80 years of regrowth to capture 5.4 tonnes, thus returning the greenhouse gas emissions to the same level as coal.” <http://www.john.greens.org.au/media/adjournment-speech-eden-chipmill-and-green-power>

⁵ Kuruppuge Udeni Alwis, *Occupational exposure to wood dust*, thesis Dept of Public Health and Community Medicine, Faculty of Medicine, University of Sydney

⁶ Jürgen Bünger*, Götz Westphal, Angelika Mönnich, Britta Hinnendahl, Ernst Hallier, Michael Müller, *Cytotoxicity of occupationally and environmentally relevant mycotoxins* Department of Occupational and Social Medicine, Georg-August-University of Göttingen, www.elsevier.com/locate/toxicol

However, SERCA notes that SEFE CEO Peter Mitchell explicitly told the Bega Valley Shire council on 26 August 2008 that “municipal waste” was a potential fuel.

SERCA also notes that the stockpile of fuel will be stored a few meters from the ocean and will be contaminated by salt, increasing dioxin levels. (5.2)

The emissions inventory states that “most of the particulate matter will be controlled,” especially particulates of greater size. There is no examination of the nature, volume and consequences of particulates bigger than 10 microns. There is no justification provided for ignoring them. The EA leaves open the possibility that some of these bigger particulates will be emitted, but fails to provide any detail of the nature, volume and consequences of those emissions. (5.4)

Odour. While it is acknowledged that hydrogen sulphide, the rotten egg gas, will be generated, there is no consideration of odour as an issue to be addressed. Neither are the acid rain consequences of sulphur dioxide emissions addressed. (5.5)

3.6 Failure fully to assess the Impact of water discharge into Twofold Bay

SERCA considers that the EA fails fully to assess the impact of water discharge into Twofold Bay. Very hot water will be discharged into Twofold Bay. The temperature of cooling water discharged into Twofold Bay will be more than 21 degrees above the ambient water temperature in the winter. The implications of this are dismissed, but there are some serious consequences: (2.1)

- a. The Weedy Sea Dragon (8-21), a threatened species, can only survive in temperatures less than 22 degrees. The EA says that the sea dragons will go somewhere else: they “may avoid the area around the outlet.” Too bad for them if they don’t.
- b. Green Sea Turtles. The presence of these creatures is noted but the report fails to mention that in other power stations in NSW, turtles are regularly trapped in cooling water pipes because they are attracted by the warmer temperature.
- c. Whales. Noise may interfere with whale migrations via Twofold Bay (8-10) (2.1)
- d. Anti-fouling treatments (8-17). Toxic treatments may threaten marine life and mussel culture. (2.1; 5.8)

3.7 Failure to consider Impacts on Aboriginal cultural heritage

SERCA considers that the EA fails adequately to consider the down-stream impacts on Aboriginal cultural heritage. Woodchipping the South East Forests of NSW to support SEFE’s proposed burner will cause further injury to and

desecration of Aboriginal cultural heritage, which both the Commonwealth and the NSW Government are legally required to protect. Given the availability of plantation hardwood for the Australian export woodchip industry overall, there is opportunity now for Governments to give much greater substantive protection for Aboriginal cultural traditions in the regions where logging for woodchipping now takes place.

There is plentiful evidence of the sacredness not just of the mountains but also of the forested areas between and around them.

For example, the forested areas between and around the mountains of Gulaga and Mumbulla on the Far South Coast of NSW (currently on ForestsNSW schedule for logging this year) contain a wealth of cultural features that are important to the Yuin people who are traditional owners. Many words have been written concerning ancient pathways and song lines through these forests. For example, Egloff, 1979 comments on a local cultural being, the "Dulargal", who uses the tracks when travelling between the mountains. Blay 2005 writes of the "Mumbulla pathway" linking Gulaga to Mumbulla by the most direct route. He also describes a second pathway extending between Bunga Head, Mumbulla Mountain, Murrabrine and onto Gulaga. Egloff says that a number of ceremonial places have been identified between the two mountains and cultural association with these places continues to be an important part of Aboriginal identity. Not only the sites of initiation but the pathways between them were sacred.

Yuin elder Max Harrison in his book *My People's Dreaming* describes how

"Just a year after the handback of Gulaga and Biamanga to the Yuin people, forestry went in and cut trees down and disrupted the sacred songlines. When I tried to tell them they shouldn't do that because it cut the direct line of teaching, it was disregarded. Forestry just overruled it and persuaded some Yuin people to give it the go-ahead. I was disgusted to even think that some of our mob wouldn't listen; they know the story of the two sisters and our cultural ways and how it is told up on the mountain.

"People can't understand about the sacredness and those songlines, those Dreaming lines. They say cutting trees down at the base of the mountain is not touching the sacred sites up the top, but they don't understand about the short circuiting of the spiritual connectedness from one place to the other. As you know, when you drive around the country with your talking sticks- your mobile phones- you can get into what you call dead spots, the spots where you are cut off. That is what these people have done in coercing my mob, who don't know the deeper part of the story where the Dreaming travels to. They have cut the songlines. People cannot understand Aboriginal spiritual connectedness and the lines of connectedness. We have heard the comment before of "we're not logging up on the mountain". I say "Yes, but the base is the strength, how do you think a mountain becomes a mountain? It comes from the bottom up and peaks at the top. If you haven't got a strong base then you can't stand up."

The well-known Aboriginal author Burnum Burnam, born on the shore of Wallaga Lake, says in his book *Burnam Burnam's Aboriginal Australia*:

"The sacred mountains were the centre of a series of religious events staged throughout the area. Bora rings have been found in valleys nearby,

which served as the sites for initiation ceremonies. The *dulagar* track, a route taken by one of the mythic beings from the mountains to the coast, is still known by some of the people at Wallaga Lake.”

The importance of the forests between and surrounding Gulaga and Biamanga National Parks to the Yuin people cannot be denied.

Other areas logged for the Eden chipmill would be of similar significance to Aboriginal people.

3.8 Alternative uses of the site as an energy supplier

The chipmill site is prime real estate, sited on one of the most beautiful bays in the region. It would be excellent for generation of solar, wind and possibly wave power that would produce zero emissions into the future. It is the best location for wind power in the region.

SERCA proposes that no approval for the SEFE proposal be given, and that instead the Government should investigate the environmental and energy benefits to the region and the associated costs of these various genuinely clean, green and renewable energy options.

Alternatively there are many other options for the site, especially given the arrangements between the Defence Department and tourist operators to allow use of the naval wharf to allow passengers to disembark. Tourism has long since provided far more economic growth and employment options than the woodchipping operations.

3.9 On-going drain on NSW Government budgets

The context for the financial losses made on native forest operations is discussed above. SERCA considers that this project will comprise an on-going drain on NSW Government budgets. It is underpricing of native forest logs by the State forestry agencies of NSW and Victoria that is propping up native forest-based operations like the SEFE chipmill. The real price of NSW pulplogs to SEFE is half what it was a decade ago. The NSW Auditor-General confirmed that ForestsNSW's loss on sales of native forest wood in 2008 was \$14.4 million in 2008 and rising. We understand that it was \$15m last year.

The Auditor-General would be able to calculate the effective subsidies to the chipmill since the RFAs were put in place. On limited information SERCA considers that it would be well over \$60 million to date, and that if present logging and pricing regimes are continued it will be well over \$140 million over the twenty year life of the RFAs in the South East.

Without these implicit subsidies it is doubtful that the chipmill would be viable. If market based pricing of native forest inputs were to be introduced there would be no economic future for the woodchipping or the proposed burner.