

Bega Valley Shire Residents & Ratepayers Association Inc

INCORPORATION NUMBER: INC9897717

ABN: 72578074139

NSW Department of Planning & Environment,
Level 1,
11 Farrer Place,
QUEANBEYAN. NSW. 2620.

Correspondence to:
The Secretary,
70 Bournda Park Way,
WALLAGOOT. NSW. 2550.

Attention: Ms Heather Nelson

July 27th, 2018.

Dear Ms Nelson,

Re: Modification Request to Infrastructure Approval SSI 7734
Submission by the Bega Valley Shire Residents & Ratepayers Association Inc

The Bega Valley Shire Residents & Ratepayers Association Inc (BVSRRRA) is a voluntary, community-based association of some 190 members, based in the Bega Valley in New South Wales.

The purpose of the BVSRRRA is to contribute to the successful development of a strong, vibrant & healthy community in the Bega Valley Shire by, amongst other things, encouraging residents & ratepayers to be aware of & involved in issues affecting the health & wellbeing of their community.

Submission

The BVSRRRA is concerned by the action of the *NSW Department of Industry* (DI) in making a submission dated July 2nd, 2018 to the *NSW Department of Planning & Environment* (DPE), seeking the department's approval of a *Modification Request to Infrastructure Approval SSI 7734: the Eden Breakwater Wharf Extension*, in particular the proposed modifications of consent conditions *E20 & E22*, pertaining to air quality.

Background

The BVSRRRA wishes to state for the record that it supports the responsible development of cruise ship based tourism activities being pursued through the development of the *Eden Breakwater Wharf Extension Project*, provided that all possible steps are taken to protect both the health & wellbeing of members of the south coast community & visitors to the area, as well as the local environment, from the negative effects of such activities.

The BVSRRRA also wishes to make it clear that it does not profess to have the expertise to debate the technical claims & arguments advanced in support of the *Advisian* submission however, that does not preclude it from making what it considers are to be relevant observations in respect of such matters.

BVSRRA Submission opposing the proposed changes to the Air Quality provisions of the Infrastructure Approval approved on July 5th, 2017 (SSI 7734)

1. The BVSRRA notes that the *Advisian* submission misquotes Condition *E20(b)* contained in the *Infrastructure Approval* dated July 5th, 2017 by omitting the words “(1 hour prior to arrival and following departure)” (Section 3.2, page 6), potentially implying that the current provisions are unduly harsh.
2. The BVSRRA notes that the *Advisian* proposal claims that unless the “restrictive” sulphur emission standards currently approved to apply from the date of completion of the project are relaxed, there is a risk that the number of cruise ship visitations to the Port of Eden will decline, thus negatively affecting the local economy.

BVSRRA Comments

The BVSRRA notes that the applicant has offered no financial information in support of the contention that cruise ship visitations will be reduced unless the emissions standard mandated in the current *Infrastructure Approval* (Conditions *E20* & *E22*) are removed; effectively rendering that claim baseless.

- a) The BVSRRA has been advised by a representative of the *Eden Community Consultative Committee* that the cost of compliance with the currently approved sulphur emissions standard to come into operation on completion of the project will add \$25,000 to the cost of each cruise ship visit.
- b) The BVSRRA has analysed the cruise ship visitation schedule between February 2019 & December, 2019. The BVSRRA notes the following:
 - i) 8 individual cruise ships are currently planning to visit the Port of Eden, making a total of 11 visits (as opposed to the 8 visits claimed in the *Advisian* submission);
 - ii) of the 8 visiting cruise ships, four are owned by *Carnival Corporation*, & these four cruise ships will make a total of 6 visits during the period; more than 50% of the total scheduled visits;
 - iii) In 2017, *Carnival Corporation* reported Revenues of more than A\$23.6 Billion & Profits of A\$3.78 Billion. In the same year, Carnival cruise ships carried 11.5 million passengers, with each passenger contributing an average of A\$2,054 in Revenue & A\$329 in Profits to *Carnival Corporation*;
 - iv) the BVSRRA has calculated that the *Carnival Corporation* owned cruise ships scheduled to visit Eden during the period February, 2019 to December, 2019 will carry 8,304 passengers (based on the published capacity of each vessel) & that these visits will generate A\$17.06 Million in Revenue & A\$2.73 Million in Profits for the corporation;
 - v) based on the claimed cost of compliance made by the representative of the CCC, the total cost to *Carnival Corporation* will amount to A\$150,000; an amount equal to 5.5% of its estimated profits from those visits, or A\$18 per passenger;
 - vi) the BVSRRA does not accept that a corporation that operates more than 100 cruise ships internationally, employs more than 120,000 people & generates

- earnings of 16% on revenue would look to cancel cruise ship visits as a result of incurring such a marginal increase in costs;
- vii) at the same time, the BVSRRRA notes that if *Carnival Cruises* was able to remove the current regulatory compliance hurdle it faces, it would bank an A\$150,000 saving against its forward operating costs; the equivalent of booking an additional A\$937,000 in Revenue;
 - viii) the BVSRRRA contends that the prospect of banking an almost “no cost” \$150,000 in Profit through persuading the *DPE* to relax the sulphur emissions standards is highly attractive, in particular as the cost of the advocacy in support of the proposal is being borne by NSW taxpayers.
- c) the BVSRRRA recognises that the economics for all cruise ship operators will not be the same however it does believe that the estimates offered for Carnival Corporation will be reasonably indicative; &
 - d) finally, if the BVSRRRA’s contention is accepted, then there will be no impact on the local tourism economy of the higher cost of compliance to cruise ship operators of meeting the higher sulphur emissions standard.
3. The BVSRRRA notes that the *Advisian* submission relies on the findings of the “*Refined SO2 Emission Modelling (ERM, 2018b)*” conducted on its behalf by *ERM Australia Pacific Pty Ltd* (ERM) & detailed in *Appendix C* of the submission.

BVSRRRA Comments

- a) While the BVSRRRA has previously acknowledged that it does not have the expertise to challenge the “*technical*” information assembled by *ERM* in support of the submission, it nevertheless believes that that information is simply irrelevant & should not be considered in assessing the submission.
- b) The BVSRRRA understands that the *ERM* modelling is based on observations carried-out in the area where the new wharf & port are being constructed however, given that visiting cruise ships are presently anchoring within the broader confines of *Twofold Bay* & not the cove area where that construction is being undertaken, means that any such readings are not a factual representation of sulphur emissions that will occur once the wharf & port are completed & visiting cruise ships are actually berthing at the wharf.

Cruise ships berthed at the new wharf will be immediately adjacent to & below residential areas, with those areas directly exposed to emissions from such vessels, powered as they will be by there on-board oil fired generators.

At the same time, prevailing breezes in the immediate area of the new wharf & port will carry emissions over & into the local Eden community, the effect of which has not been captured by the *ERM* modelling.

- c) The *Advisian* submission proposes that, rather than requiring visiting cruise ships to burn low sulphur content bunker fuels when approaching, leaving or berthing in Eden, so as to minimise the level of emissions, the Eden community should place

their confidence & trust in flawed technical modelling, with any detected breaches of expected emissions to be investigated after the event, even if they are detected.

The BVSRA would argue that such an approach would reflect the abandonment of any pretence that the health & wellbeing of the Eden community is considered relevant or important when weighed-up against the commercial interests of cruise ship or local tourism operators.

4. Other BVSRRRA Comments

- a) The BVSRRRA is concerned that the *DI* appears to be acting as an advocate for private commercial interests without acknowledging that fact & without requiring those interests to publicly produce evidence in support of the claims being advanced on their behalf.

The BVSRRRA's concerns are heightened by the fact that *DI* commissioned & funded the *Advisian* submission made to the *DPE* in support of the proposal, in particular as it believes that the department should be acting independently in the community's best interests & not as a partisan advocate for commercial interests.

5. BVSRRRA Recommendation

Based on the information contained in this submission, the BVSRRRA believes that the *DPE* should reject the proposal to amend the current conditions *E20* & *E22* contained in the *Infrastructure Approval* dated July 5th, 2017, due to the lack of proper justification for the proposal.

The BVSRRRA thanks the *DPE* for considering its submission in respect of this matter.

Sincerely,

John Richardson
Secretary/Treasurer
Bega Valley Shire Residents & Ratepayers Association

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