Submission No 121

INQUIRY INTO PERFORMANCE OF THE NSW ENVIRONMENT PROTECTION AUTHORITY

Organisation:Friends of Gore BayDate received:29/08/2014

The Director General Purpose Standing Committee No. 5 Parliament House Macquarie St Sydney NSW 2000



Inquiry into the Performance of the NSW Environment Protection Authority

Please find attached the submission of Friends of Gore Bay Inc, to the inquiry into the performance of the NSW Environment Protection Authority. Friends of Gore Bay (FOGB) is an incorporated association whose objectives are to protect the environment of Gore Bay and to ensure that activities conducted at Gore Bay are consistent with the amenity, health and safety of the community.

Our submission relates to the NSW Environment Protection Authority (EPA) specifically in relation to its failures to manage and implementation of the EPA licence 661 covering the Shell Gore Bay Petroleum Terminal site. We lodge this submission in respect to item 1(c) of the Terms of Reference.

The Shell Gore Bay Petroleum Terminal has operated since the early 1900s and is classified as a hazardous operation. This terminal is not located in an industrial area; it is in fact sited in a residential area on the eastern side of Greenwich Point.

Access is limited by its location. There is only a road separating it from residential housing on its land boundaries at the lower end of Chisholm Street and south of the intersection of Greenwich Road and Manns Avenue.

Due to its siting and these demographic changes, this terminal has been unable for some time to meet the standards related to separation that are now internationally required for this type of operation.

Further, along the north western boundary of the site, between Chisholm Street and Manns Avenue, there is only one narrow access road to both the Terminal and the residential area of Greenwich Point.

The operation at this terminal changed significantly on 1st October 2012 with the refinery shutdown at Clyde resulting in its change to predominantly refined product and the consequential modifications to enable high volumes throughput. This change process not only saw a changed operation handling a more volatile product with a lower flash point, but an intensification in shipping movements for a significant period of time which disturbed the quality of life of many residents, and the purchasing by Shell of a house in George Street when the residents had to abandon their house due to the impacts on their health as a result of that noise.

Whilst ships' fuel oil has also been supplied to ships in Sydney Harbour for some time by the Whitnavigator from this terminal as part of Shell's retail operation, this vessel was replaced in 2013 by a much larger vessel, the Destine, which has brought with it considerably more bunker fuel emissions and noise.

Effectively, the Gore Bay terminal is now a very different operation to when the existing EPA licence was issued as there are large volumes of high grade petrol (gasoline) now coming through this terminal 24/7. There has been no review of the EPA licence, which was issued in 2000.

Whilst there have been numerous minor variations issued in respect of this licence, even now with the Vitol takeover of this Shell operation, there has been no review of licence 661.

This new and changed operation has been adversely impacting on our local community in areas for which the EPA has responsibility, and despite numerous attempts by Friends of Gore Bay and meetings with their officers to raise these impacts with the EPA we have been unsuccessful in having this matter addressed.

The Friends of Gore Bay have a significant amount of research and experience in liaising with the EPA on this serious issue for over two years and would be happy to respond to provide correspondence and answer any questions or provide clarification on the issues raised in our submission.

Yours sincerely

Dr Liz Gill Vice President, Friends of Gore Bay

29 August 2014

FRIENDS OF GORE BAY INC

SUBMISSION TO THE INQUIRY INTO THE PERFORMANCE OF

THE NSW ENVIRONMENT PROTECTION AUTHORITY

Overview

- 1) Since 1st October 2012, Shell, through a change in the primary operation of the Gore Bay Terminal from a crude oil import terminal to a petrol import terminal, has and continues to expose residents of Greenwich, adjacent communities and the surrounding environment to:
 - a) emissions from products that pose known and significant environmental and health risks, and
 - b) noise and safety risks associated with the importation of petrol 24/7.
- 2) The Environment Protection Authority (EPA) has refused, and continues to refuse to address the significant issues falling within its jurisdiction that are adversely impacting on our community and its environment.
- 3) Since March 2013, Shell has regularly used neutralisers to mask odours emanating from the Terminal, and whilst some residents now cannot smell emissions the community and its environment continue to be exposed to them.
- 4) Shell and all relevant government authorities have refused and continue to refuse to disclose to the public information about
 - a) The chemical composition of products handled and data relating to chemical analysis of the emissions from the Terminal.
 - b) Reports relating to odours and noises emitted from the Terminal.

We contend that the major failures of the EPA to perform its duties duties in line with its statutory objectives are as follows:-

- The EPA has failed to take responsibility for putting in place mechanisms to minimise the impacts of this change in operation that sit within its area of responsibility.
- The EPA has effectively employed tactics to divert community concerns about the issues related to emissions, noise and environmental to other instrumentalities.
- The EPA has failed to provide and refused access to information about the nature of risks related to emissions, noise and environmental to this community.
- The EPA has refused to conduct and make public a review of the Gore Bay operations to ensure adequacy of the licence and associated controls

We provide an outline of key areas of failure and attach relevant supporting documents

KEY AREAS OF FAILURE

KEY FAILURE 1 The Terminal is located in an area inappropriate for the risk profile of its operations The Shell Terminal handles about 50% of Sydney's petrol imports and is classified as a Major Hazard facility Attachment A, Aerial photograph	 It hugs a narrow peninsula with limited access to emergency vehicles There is no real buffer zone or physical separation between this facility and the residential area. Residents' homes are located along the fenceline of the Terminal and are impacted regularly by noise, emissions and, until the use of masking agents, odour from the Terminal. Residential development was located on the Greenwich Peninsula when Shell commenced operations about 60 years ago, Lane Cove Council, the relevant consent authority, has allowed significant intensification of this residential development since then. The EPA has failed to impose licence restrictions reflecting the location of the facility having regard to the known health and safety hazards of a (now refined) petroleum operation located in a residential rather than industrial area.
 KEY FAILURE 2 Shell Gore Bay operates under an EPA licence that is now 14 years old. The licence allows Shell to handle (importation and storage of) all petroleum products This licence has not been subject to a mandatory full review since 2010 despite the significant operational changes in October 2012 Attachment B Table of Licence and Variations 	 Shell operates under a NSW Environment Protection Authority Licence # 661 which was issued in 2000. The EPA has approved a licence that is so broad in scope and so lacking in rigour that Shell can operate in such a way that the community has no statutory power to force a review There is no statutory right of the community to require a licence review at any time The licence grants Shell rights to handle all petroleum products and Shell has regularly reminded the community of this fact when challenged as to its right to make the change to petrol importation. The EPA has approved a licence that is so broad in scope and so lacking in rigour that the community has no data/ benchmarks by which to assess if it is vulnerable to health and environmental effects of the products handled. The mandatory reporting requirements of this licence relate only to water pollution. Most community complaints both before and after the 2012 operational changes relate to noise and odour/gaseous emissions,. The existing licence (661) is completely lacking in terms of the specification for emission monitoring. It allows self-reporting on the basis of a monthly air

	 sample, which is totally inadequate There is no mandatory recording of noise levels. Complaints made after an event cannot be substantiated or measured The community has been forced to wait until the review date of 2015 to make submissions in respect of the adequacy of conditions to safeguard against human health, environmental impacts and safety unless the EPA decides to initiate a review early. Shell operates a bunker fuel operation from the terminal. The scale of this operation has altered since the charter in 2013 of the Destine, a vessel significantly larger than its predecessor, the Whitnavigator. There has been no review of licence conditions arising from the charter of the Destine despite increase in noise levels and night time lighting of the terminal. Recent responses from the EPA to FOGB indicate that the EPA considers that Shell is acting within its licence and the October 2012 changes to petrol importation 24/7 should not trigger a review. 			
 KEY FAILURE 3 The EPA allows emissions from the Shell site to be self- monitored only required to be monitored monthly not required to be disclosed on a public register 	 Shell consistently defends its monitoring regime by saying that it "complies with its EPA licence" and this appears to be the case It has been asked on several occasions to voluntarily install 24/7 emissions monitoring devices at strategic locations around the perimeter of the site but it has refused to do so on "economic" grounds. It has also maintained that it will not allow self-monitoring to be replaced by third party monitoring. Since this operational change at Gore Bay, there have been many complaints made to both Shell and the EPA in respect to both odour and noise. Earlier this year, the impact was significant with at one stage the Sunday morning Tai Chi group which meets at the Manns Point Public Reserve having to consider relocating due to the offensive odour emitting from the ships in port. They reported the vapours to Shell but were told that the emissions were coming from the ship tankers that were berthed at the terminal, the inference being that these emissions were outside of the responsibility of Shell Shell's response to the increasing number of complaints has been not to address the emissions but to use neutralisers. 			

KEY FAILURE 4 The EPA has issued penalty notices for breaches inconsistent with its prosecution guidelines	 The EPA Prosecution Guidelines dated March 2013http://www.epa.nsw.gov.au/resources/legislation/20130141EPAProsGu.pdf. At 5.2.2 these guidelines state that "Penalty notices are designed primarily t deal with one-off breaches that can be remedied easily. They are not appropriate in situations of an ongoing nature where further inquiries are needed to ascertain the nature of the problem and develop an effective long term solution". It is quite clear that the issues around noise and odour are ongoing issues, one-off issues and should not be dealt with through the penalty system. The EPA should have prosecuted Shell and in our view has failed to impose appropriate fines for ongoing breaches. 	
KEY FAILURE 5 Inadequacy of EPA Fines for Infringements Attachment C	 In response to the growing number of complaints since this change in operation, the EPA has issued Shell with only two minor infringement notices and very small fines. It is understood that penalty notices were for the sum of \$1500 but this cannot be confirmed through website content. 	
KEY FAILURE 6 Use of chemical neutraliser to mask odour so the community has lost the capacity to detect emissions. Attachment D. Letter to EPA from I Meller 4 September 2013. Reply from the EPA to I Meller 27 September 2013	 Shell has confirmed that from March 2013 it has been using neutralisers to mask odour. The residents adjacent to the Terminal were not advised. The EPA has indicated that Shell is allowed to use industrial deodorisers to mask odours. Odours are now not easily detectable by members of community. The use of neutralizers has had the effect of reducing the complaints BUT has not dealt with the emissions, which continue to prevail. 	
KEY FAILURE 7	The August 2013 report of the Senate Inquiry into impacts on health of air	

Current scientific information demonstrates that there is a clear link between petroleum emissions and significant environmental and public health risks.	 quality in Australia concluded that there are no safe levels of exposure to particulates and recommended the creation of buffer zones around high polluters to minimise exposure to risk and monitoring to capture population exposure for communities and homes proximate to pollution point sources. The EPA has ignored that fact that community concern derives from the impact of what is happening on site now, There has not been any need for the EPA to wait for Shell to lodge its expected EIS for its SSD Application for on-site major works. 			
KEY FAILURE 8 Divestment of Responsibility	 The EPA has given Shell the responsibility for both monitoring its operation on emissions and environmental impacts and reporting the results to the EPA. There appears to be considerable flexibility as to when Shell conducts its exposure data monitoring and there is a lack of clarity as to its reporting obligations. The Laura D'Amato inquiry report raised questions about the timing and conduct of Shell's monitoring. At the same time the burden of proof for a breach of licence in relation to emissions is too high. In order to be able to prosecute Shell for the REGULAR emissions and noise, the EPA indicates that it must be able to pin point the exact time and exact point of the emission. But given the nature of emissions and their ability to travel depending on the wind, this requirement makes this largely impossible. This technically effectively advantages Shell. EPA officers have verbally indicated that they were equally frustrated by this burden of proof. 			
KEY FAILURE 9 Inadequacy of the EPA Reporting Requirements	 The EPA has divested itself of responsibility by only requiring that the publicly advertised complaints phone number for issues relating to the operation of this terminal be a Shell number and not an EPA number There is evidence that complaints referred directly to Shell are not being notified to EPA. A member of our community has related how they had phoned the Shell line and reported that they were able to smell vapour from the Shell site. 			

	 This person was then in attendance at a subsequent community meeting where Shell's report of contacts to their line was tabled. This person noted that their complaint was not included in the report. Another member of our community personally visited the Shell Terminal's gatehouse office to verbally report petrol odour and asked if they needed to sign something. They were told that there was no mechanism for the Shell staff member at the terminal gatehouse office to report the notification to Shell.
KEY FAILURE 10 Failure with Regards to Emissions	• There are effectively two main sources of emissions at this site. Emissions from the petroleum products, for the largest part petrol, and emissions from the ships in port, bunker fuel
Failure with Regards to Emissions Control	 ships in port, bunker fuel. Petrol emissions. These emissions occur mainly as a result of leakage in the ship to pipeline transfer process resulting in petrol vapours. Vapours can be released when petrol is handled or transferred between and whenever petrol is spilt or exposed to the air. These vapours are exceedingly flammable, toxic and carcinogenic through exposure to the environment and humans. Bunker fuel emissions. The situation with regards to ships in port at Gore Bay is similar to that of the ships at the White Bay Passenger Terminal at Balmain. Ships at both these locations whilst in port burn bunker fuel. Bunker Fuel (or Marine Fuel Oil) is generally the lowest grade of fuel. It contains high levels of sulphur oxides, nitrogen oxides and particulate matter, and is linked to various health conditions including respiratory illnesses and cancer The use of both coastlines of the United States, Canada, the Caribbean Sea, the North Sea and the Baltic Sea. In these Emissions Control Areas (ECA) alternative fuels with much lower contents of the harmful sulphur oxides, nitrogen oxides and particulate matter are required to be used. However at Manns Point there is a product tanker burning bunker fuel in close proximity to houses almost 24 /7.
	The EPA removed emissions monitoring some time ago from the Shell Gore Bay licence. When a member of the FoGB enquired as to why the condition was changed the answer provided was lacking in substance.

KEY FAILURE 11 Failures with Regards to Noise Control	 The EPA continues to allow Shell to operate to noise levels in excess of the WHO recommendations on exposure to noise. Shell Gore Bay is an industrial site, located in a residential area, yet the EPA is not requiring conformity to the requisite standards to ensure human health. Noise exposure occurs 24/7 as the terminal operates 24/7. The EPA has clear responsibility for noise, but the Industrial Noise Policy (INP) administered by the EPA is outdated as it fails to reflect the views of the WHO Guidelines on exposure to Night Noise in Europe having regard to the location of the site in a residential area. The refined product ships that now berth at the terminal (as opposed to previous crude oil ships) use different types of pumps. These pumps produce high pitched buzzing, whining noises. This type of noise does not blend into background noise and penetrates through roofs, walls and windows of houses. The EPA have known about this issue for years but have done nothing to address it. Noise has been a significant source of complaints since this change in operation.
KEY FAILURE 12 EPA handling of the Crude Oil Spill in Gore Bay August 1999	 While this oil spill occurred some time ago it would seem that the EPA has learnt little despite the short comings that were identified in the Enquiry Report.<u>https://www.amsa.gov.au/forms-and-publications/Publications/Laura_dAmato_Spill.pdf</u> Many issues were identified in this report including the discord between the respective agencies. However, no one was ultimately prosecuted because of ambiguities in the regulations, not because of the seriousness of the incident. This situation continues today. Further as a result of this crude oil spill, floating booms have been placed around vessels moored in port since this time. Whilst these booms might work to control a crude oil spill we are advised that they will have little or no impact in containing a petrol spill. This is further evidence to support our argument about the poor performance of the EPA with regards to this site.

KEY FAILURE 13 EPA has not responded to GIPA requests Shell has been issued with Prevention Orders and Penalty Notices by the EPA since implementation of the new operations at the Terminal These orders and notices relate to significant noise and odour impacts of the new operation Shell has blocked under GIPA access by FOGB to all reports supplied to the EPA in response to the orders and notices. Attachment E	 Shell has refused in community meetings to make available under GIPA reports, findings etc in respect of these notices The EPA has used stalling tactics in its responses to GIPA requests from FOGB. The refusals are now before the Information and Privacy Commissioner The EPA has consistently said that the community must wait for a review of the EIS that would be associated with the SSD (SSD-5148). However this SSD was submitted to the Department of Planning and Infrastructure in mid 2012 and it is now over two years. Shell has pushed ahead with changes to the Gore Bay Terminal without any due consideration o the environmental impacts. It is unbelievable that the EPA refuses to respond to situations as they arise. On 21 August 2014 the Information and Privacy Commission issued a finding in respect of the formal request made by FOGB and received by the EPA on 1 July 2013. The Commission has directed the EPA to review its decision.
Shell has blocked under GIPA access by FOGB to all reports supplied to the EPA in response to the orders and notices.	in respect of the formal request made by FOGB and received by the EPA on 1
 EPA Notice of Decision 3 September 2013 FOGB Application for Internal Appeal 25 September 2013 	

KEY FAILURE 14 Failure of the EPA to Sufficiently Answer Questions on Notice with regards to Gore Bay	Question on Notice: Gore Bay Terminal 26/11/13. Dr M Faruqi		
 Are emissions from a petrol import facility, such as the one operated by Shell at Gore Bay, potentially carcinogenic according to Environment Protection Authority (EPA) standards? Are odour masking agents used at the Gore Bay terminal? What environmental rules or laws govern the use of masking agents in New South Wales? 	 Yes, emissions from petroleum storage facilities are potentially carcinogenic however the Shell Gore Bay facility has a number of controls in place to limit emissionsFoGB points out that the key issue is their inadequacy as they are not world's best practice YesFoGB points out that this answer is totally inadequate as no further information has been provided on the legalities and licence issues The standards for air emissions are detailed in the Protection of the Environment Operations (Clean Air) Regulation 2010. Offensive odours are regulated under S129 of the Protection of the Environment Operations Act 1997		
4. Is the use of odour masking agents monitored by the EPA?	4. No FoGB points out that no attempt has been made to address the implications		
5. Does the EPA Licence # 661 issued to Shell, require independent boundary monitoring of emissions and noise?	5. NoThis indicates a failure on the part of the EPA and its licencing		
6. Does the EPA monitor emissions data, including masking agents, from the Shell Gore Bay site?	6. a The EPA reviews the monitoring data required to be collected under Shell's environment protection licence		
If so, how is that information communicated to the public?	b As per the requirements of the Protection of the Environment Operations Act 1997, Shell's monitoring data is required to be collected and made publically available on its website at www.shell.com.au/aboutshell/who-we-are/shell- au/operations/downstream/supply-distribution/gore-bay.html		

	FoGB points out that this answer is misleading as there is only minimal reporting
7. Has Shell breached its EPA license in the last ten years?	7. a Yes.
If so, what were the breaches and when did they occur?	b The details of Shell's non-compliances with the conditions of its environment protection licence are detailed on the EPA's Public Register at www.epa.nsw.gov.au/publicregister/ FoGB points out that this is an inadequate answer

ATTACHMENT A

Aerial Photograph Depicting Proximity of Shell Gore Bay Terminal to Residential Housing



APPENDIX B

Details of Licence and Licence Variations from EPA Website

<u>Number</u>	<u>Name</u>	<u>Location</u>	<u>Type</u>	<u>Status</u>	<u>Issued date</u>
<u>661</u>	THE SHELL COMPANY OF	MANNS AVENUE, GREENWICH,	POEO licence	Issued	21 Sep 2000
	AUSTRALIA LIMITED	NSW 2065			

Applications

<u>Number</u>	Application type	<u>Current status</u>	Date received
<u>1514238</u>	s.55 Licence Transfer	Approved	20 Mar 2013
1522744	s.58 Licence Variation	Issued	10 Jun 2014

<u>Number</u>	<u>Name</u>	<u>Location</u>	Туре	<u>Status</u>	<u>Issued date</u>
<u>1011542</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	03 Feb 2003
<u>1026078</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	29 Apr 2003
<u>1038436</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	27 Jul 2004
<u>1052515</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	27 Jan 2006
<u>1057746</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	13 Apr 2006
<u>1074280</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	28 Nov 2007
<u>1104118</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	19 Jan 2010
<u>1110938</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	27 Jan 2010
<u>1111156</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	20 Jul 2010
<u>1119078</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	14 Sep 2010
<u>1123624</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	14 Jan 2011
<u>1507243</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	02 Nov 2012
<u>1510092</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	20 Nov 2012
<u>3085767558</u>	THE SHELL COMPANY OF AUSTRALIA	MANNS AVENUE, GREENWICH, NSW 2065	Penalty Notice	Issued	13 Dec 2012

<u>1511209</u>	THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	09 Jan 2013
<u>308576847</u>	14 THE SHELL COMPANY OF AUSTRALIA LIMITED	MANNS AVENUE, GREENWICH, NSW 2065	Penalty Notice	Issued	24 Jan 2013
<u>1511517</u>	THE SHELL COMPANY OF AUSTRALIA	MANNS AVENUE, GREENWICH, NSW 2065	s.96 Prevention Notice	Issued	30 Jan 2013
<u>1511707</u>	THE SHELL COMPANY OF AUSTRALIA	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	30 Apr 2013
<u>1522744</u>	THE SHELL COMPANY OF AUSTRALIA	MANNS AVENUE, GREENWICH, NSW 2065	s.58 Licence Variation	Issued	24 Jun 2014

ATTACHMENT C

Summary of Notice No: 3085767558

Organisation:	THE SHELL COMPANY OF AUSTRALIA LIMITED		
Location:	GORE BAY TERMINAL		
	MANNS AVENUE, GREENWICH, NSW, 2065		
LGA:	LANE COVE		
Catchment:	Sydney Coast & Georges River		
Issue date:	13 Dec 2012		
	Penalty Notice		
Offence date:	09 Nov 2012		
Legislation:	Protection of the Environment Operations Act 1997 - 64(1)		
Offence short title:	Contravene any condition of licence - not noise - corporation		

Summary of Notice No: 3085768474

Organisation:	THE SHELL COMPANY OF AUSTRALIA LIMITED
Location:	GORE BAY TERMINAL
	MANNS AVENUE, GREENWICH, NSW, 2065
LGA:	LANE COVE
Catchment:	Sydney Coast & Georges River
Issue date:	24 Jan 2013
	Penalty Notice
Offence date:	28 Dec 2012
Legislation:	Protection of the Environment Operations Act 1997 - 126(1)
Offence short title:	Occupier deal with materials and thus cause air pollution - Corporation