The Hon. Colin Barnett MLA  
Premier; Minister for State Development  
1 Parliament Place  
WEST PERTH WA 6005  

31st May 2016

Dear Premier,

A FUTURE FOR YARLOOP 2030: VISION AND BACKGROUND

Thank you for receiving this proposal about a sustainable and exciting way forward for the town of Yarloop after the devastating bushfires in January. Your presence and support to the Yarloop community at the time was greatly appreciated.

The document contains an executive summary of the proposal and an initial outline of the new town strategy. It also provides further details of the background events, which set the context and the main argument for why the town needs to be re-built on a different location.

We would be open to a conversation with you at your earliest convenience and thank you for your time in looking at and considering this proposal.

Yours sincerely,

Vince Puccio  
Merv McDonald, AFSM  
Co-Chairs: Community Alliance for Positive Solutions Inc.

Proudly supported by:

Cc: Hon. Donna Faragher MLC, Western Australian Planning Commission
A FUTURE FOR YARLOOP 2030: VISION AND BACKGROUND

Executive Summary

On 7 January 2016 a bushfire, which had started several days previous and considerable distance from the town, raged through Yarloop. There were two fatalities and extensive loss of property including 180 homes, the historic steam workshops, workers’ cottages, churches, shops, fire station, town hall, hospital and much of the school; approximately 80 houses now remain in the town. Recovery and restoration were delayed due to asbestos contamination in the town and the fact that displaced residents, many of them tenants, had dispersed.

The remaining residents of Yarloop and the owners of properties which have been destroyed now live in limbo, as a question mark was put over the future of the town in early media statements by government officials. Further, recent interviews by the government of Yarloop residents sought their views on the future for Yarloop, yet while well intentioned, it must be understood it was a very onerous position to place residents in at a time their circumstances were uncertain.

The context and history of Yarloop in recent years has been strongly shaped by impacts from the neighbouring industrial complex (see Background section later in proposal). This seems to be causing a lack of commitment to re-building the town. Alcoa World Alumina, Wagerup is a key stakeholder in the area and has profoundly influenced the demographics and property ownership mix in Yarloop, which in the main have not benefited Yarloop. It is apparent that Alcoa is not intending to respond in a compassionate and philanthropic manner with the announcement that they will not re-build the houses they own. In fact, the fire has unwittingly solved what the company has long regarded an incompatibility of land use. This is a tremendous loss of households and social capital to the town going forward. The value of the now vacant land and remaining houses, already affected by the reputation of Yarloop as unsafe and unhealthy due to Alcoa’s operations and impacts, would decline further under threats of the establishment of a de facto refinery buffer and from the future expansion of the Wagerup facility.

However, this fire that all but destroyed the historic town of Yarloop, has provided a once in a lifetime opportunity. A most unwelcome circumstance of significant and multi-layered loss needs a significant and courageous vision so the losses do not continue into the future. The opportunity is to design and build a new town with the current locality of Yarloop also being recovered for those residents who wish to re-build their properties. A proposal for a new
town, West Yarloop, is outlined and the many benefits for all stakeholder groups are noted. Further, the January disaster has highlighted—in addition to the public health threat the refinery poses—another vulnerability Yarloop faces, namely its exposure to bushfires in the context of a drying climate. This in itself begs the question whether a rebuilt of the town in its current location is prudent and offers an opportunity to engage in discussions about the future of Yarloop without needing to focus on the acrimonious industry-community relations concerning the Wagerup refinery. In fact, it offers a fresh start.

**West Yarloop: A vision for the future of a community**

**Key Principles**

The CAPS vision for the Yarloop community is summarised by these four principles:

- People moved out of harm’s way
- A formal 10km buffer zone established around the Wagerup alumina refinery
- A new town (West Yarloop) built on a site 20 kms from the existing town on a (now burnt out) pine plantation on crown land.
- Landowners’ equity protected for the life of the refinery regardless of when and if they decide to relocate from Yarloop to West Yarloop or another town.

The vision outlined here involves the state government allocating an area of crown land for the development of a new town on Forrest Highway, bounded north and south by Johnston and Riverdale Roads respectively, roughly mid-way between the coastal communities of Preston Beach and Myalup. The state government makes a commitment to build the necessary infrastructure for a town of 1000-2000 people, possibly established as a demonstration of sustainable living in terms of power, water, urban design, housing design, transport and localised food production. The state government recoups its investment from Alcoa and enters into an arrangement with Doral and Illuka for the royalties and other payments from these companies undertaking mineral sands mining on what is currently the Yarloop Townsite. Restoration of memorials and historic sites within the town could be delayed until rehabilitation of the townsites is underway.

The construction of a new town, West Yarloop will initially provide those in the community of Yarloop, who wish to do so, the opportunity to start anew on a like-for-like basis without cost, by exchanging their land in Yarloop, with the same area in West Yarloop.

**Key stakeholders**

The key stakeholders for the implementation of this vision would be:

- landowners and residents of Yarloop;
- local, state and federal governments;
- Alcoa World Alumina;
- landowners and residents of communities neighbouring Yarloop and the proposed West Yarloop; and
- mineral sands mining companies which have expressed an interest in mining the Yarloop townsite.

Requirements

There is no doubt this is a bold vision, which would require at the very least:

- buy-in from all relevant stakeholder groups;
- genuineness and goodwill on the part of all stakeholders;
- multi-party political support;
- expert legal and financial knowledge to create a framework (and possible legislative changes) in relation to:
  - land-swaps,
  - compensation,
  - mining royalties,
  - government infrastructure grants (such as Royalties for Regions),
  - management of pending class actions, and
  - accountability frameworks for environmental monitoring and site rehabilitation of the Wagerup refinery taking account of air quality, surface and groundwater quality and biodiversity.
- skilled leadership and facilitation of stakeholder groups to keep them at the table; and
- a proactive, justice-oriented approach to the current situation facing the people of Yarloop.

The vision: Outcomes for Yarloop residents

Specifically, the following outcomes could be achieved for Yarloop residents:

- Those who lost their homes to the fire could use their insurance payment to rebuild in the new town on land to which they have been granted freehold title, in exchange for their previous holdings, which now form part of the required Alcoa buffer zone.

- Those who still have homes in Yarloop would be compensated by the government and/or Alcoa based on the current Area A arrangement of unaffected value + 35% + moving costs. This would enable people to purchase away from Yarloop, or to purchase freehold land and build in West Yarloop.

- Different compensation and relocation packages would be required for farms and businesses. The offers should be made to include whole properties, which are currently part in and part out of the buffer and those close to the buffer boundary which are adversely affected; a common sense attitude needs to ensure no one is disadvantaged by any technicality.

- The option to move would be left open for some time to give all those who are wary or unsure, time to decide when and if they want to leave Yarloop and their preferred relocation destination. This would apply to property owners within the to-be-created formal Alcoa buffer zone. As is currently the case, those who wish to remain should be able to do so; if and when they wish to leave they would have the same exit strategy/options open to them as they do now, i.e. for the life of the refinery.
• As the Alcoa operation expands, this new town will provide a place for others who may become affected by the refinery in the future, have somewhere to move to.

The benefits: Jobs and wealth creation

• West Yarloop, can become a showcase of enterprise and innovation in sustainable living, using the latest technology in renewable energy, water conservation, construction techniques and information technology such as the NBN. The state government and Alcoa can claim credit and acclaim for turning a disaster into something positive.

• A number of blocks in the new development can be allocated for public housing and others sold to incoming private buyers, generating income for the state government.

• Mining the large deposits of Ilmenite and Rare Earth Metals would create jobs for residents of West Yarloop and neighbouring towns. Once mined, areas outside the rebuilt historic conservation zone could be revegetated to improve Alcoa’s buffer zone and to attract carbon credits in the emerging new economy.

• Parts of the depopulated area outside the Yarloop buffer zone, and land around West Yarloop, could be developed for food production, replacing the Food Bowl lost in recent years, creating more jobs on the land and keeping young people in the region.

• The initial construction of West Yarloop will provide jobs in construction trades and as the town grows, ongoing service jobs for the community.

• West Yarloop could be planned as a major service and retail centre for the neighbouring coastal communities of Myalup and Preston Beach which face social and economic sustainability issues in the longer term. A school, childcare facilities and aged care facilities, hospital/emergency centre, 24/7 police station could be opened to also service these coastal communities. Creating West Yarloop with these goals in mind would generate investment, job creation and therefore job opportunities for young people, tree-changers and older people who would be encouraged to settle in the town.

• A Regional Visitor Centre would direct people travelling the Forrest Highway to the wide range of tourist attractions in the region such as Logue Brook Dam as well as to the historic tourist precinct of Old Yarloop when it is rebuilt.

• The construction of a multi-purpose events arena would enable the town to continue hosting events such as it has in the past, from regular farmer’s markets to the Yarloop Classic British America Swap Meet & Show & Shine Motorcycles held in the town in 2013. These events would boost tourism, attract new expenditure and build social capital in the region.

• Located half way between Mandurah and Bunbury, the construction of a Regional Heath and Emergency Services Hub would be a logical project, as would a 24hr services area on both sides of the Forrest Highway, providing a range of job opportunities for young people in particular.
- Future projects could include an extension of the rail line parallel to the Forrest Highway from Perth via Mandurah to Bunbury and beyond to provide a new route for and expansion of The Australind train service and create related tourism and commuter residential opportunities for the South West. West Yarloop could become a location for a stop and terminus for buses to link Waroona and Harvey with the trains. Transport planning could include a new North-South freight service route on the line to ease road congestion. The current inland line (which passes through Old Yarloop) will become further congested with increased rail movements to and from the Bunbury Port by Alcoa increasing its production, other mining companies coming on line, and the need to service the proposed mineral sands / rare earth mining operations in Yarloop.

Why a New Town is Needed

The next section of the proposal explains why the vision of a new town and addressing the recovery of Yarloop for residents who wish to continue living in the old town is so crucial. The historical account provided below shows a long and troubled relationship between the surrounding towns and the Alcoa Wagerup refinery. Much of the lack of confidence in rebuilding of Yarloop arises from pre-existing issues and ongoing uncertainty around people’s health and safety and property values which have resulted from the impacts of Alcoa’s operations and poor public relations.

CAPS and others have long raised concerns that emissions from the refinery have contributed to the onset of health issues for residents in the community. In many cases, these health issues are of significant concern, and the increasing list of illnesses and cancers occurring in the community highlights the need for action to be considered sooner rather than later. In addition, CAPS maintains its view, that given the long latency periods for the long-term effects of health issues, the magnitude of the impact to the community will be enormous in the longer term.

Given the potential for legal liability exposure in the event of proven links between health impacts and emissions, CAPS considers it would be prudent for all stakeholders to find a near term solution to this problem. In addition, the aforementioned increase of vulnerability to wild fires not only compounds the situation locally but also offers an opportunity to change the nature of the debate about getting people out of harm’s way. While a new town was needed before the fire and is even more urgent now, and the socially just and economically sound course of action is required.

Background

The town of Yarloop, located within the Shire of Harvey in WA, immediately adjacent to the South Western Highway, was developed primarily as a mill town during the mid-1900s. However, the Aboriginal and European history of the region predates the town by several thousand years and several decades respectively. The Aboriginal history is recognised in the naming of Yarloop (Yalup or Yailoup) and the neighbouring area of Wagerup (Waigerup or Waigeerup).

In 1984, the National Trust declared large sections of Yarloop a conservation area, in recognition of the high conservation value of the town centre which included restored timber workers’ cottages and steam workshops comprising original restored buildings, working
steam locomotives, information displays and a heritage trail. There is a Yarloop Conservation Plan (1998) for the precinct, administered by the Heritage Council of WA.

Around the time the conservation value of Yarloop was being formally acknowledged, the Wagerup Alumina Refinery, owned and operated by Alcoa World Alumina Australia, began mining and processing bauxite ore from the jarrah forests in the region. The refinery, established four kilometres north of Yarloop in the neighbouring Shire of Waroona, did not have an easy beginning. Protests against mining in the jarrah forests and the construction and operation of the refinery had started in the mid-1970s, coordinated by the Campaign to Save Native Forests and the South West Forests Defence Foundation, and supported by local, state and national environmental protection groups. Local people had supported these campaigns by painting protest murals on farm buildings.

In the mid-1990s, some residents in Yarloop and surrounding communities began reporting a range of health problems attributed to pollution emanating from the refinery, specifically nausea, headaches, burning eyes, throat and skin, prolonged nosebleeds and multiple chemical sensitivities. These complaints coincided with the installation of a so-called liquor burner at the Wagerup refinery; there was a view that the burner had been poorly planned, and plumes from the burner were being deposited on Yarloop as a result of the height of the burner and the direction of prevailing winds. Alcoa long denied the existence of any problems but eventually responded to community complaints by developing a land management strategy. This plan effectively divided the town into designated land management areas (Areas A, B and another one designated under the Supplementary Property Purchase Programme, SPPP) with differential arrangements made by Alcoa to purchase properties to form a noise abatement zone. Specifically, the Wagerup Land Management Plan (LMP) identified:

- Area A: the noise attenuation zone which is a contour recognising the noise coming from the refinery (but not pollution); Alcoa owns approximately 90% of Area A. Under the LMP, houses were bought by Alcoa at unaffected Market Value based on the Waroona Harvey Index\(^1\) + 35% + $7000 relocation costs.
- Area B: the townsite, where Alcoa used the Harvey-Waroona index to fix on a price, purchase houses and then on-sell them, reducing the housing price by 10-15% to attract buyers. Properties were devalued further as time went on.
- An area outside of the town site (Area B) which was covered by the Supplement Property Purchase Plan (SPPP); this pays replacement/like for like value for the property.

The Wagerup (Alcoa) Land Management Plan created a range of unintended consequences, specifically:

- social problems in the town through a rapid influx of people seeking cheap housing
- division and fragmentation amongst residents based on where they owned property and who was benefitting and who was losing from the LMP;

\(^1\) The Harvey-Waroona Index was created because it was impossible to identify a valuation of the properties in Yarloop as so few had changed hands over the preceding decades. Yarloop has been a town of inter-generational residents, many European immigrants and their descendants. Prices in the neighbouring towns of Harvey and Waroona were used to determine valuations for Yarloop using the H-W Index.
perceptions of disloyalty to Alcoa, which still employed a few people from the town;

- concern that any criticism of Alcoa or complaints about health damaged the town’s reputation and property values even further.

Alcoa responded to these community concerns in 2002 by funding a research project which would ‘enable dialogue between the company and the community’ on issues emanating from the land management strategy (Brueckner & Ross, 2010, p. 12). Over a two-year period, there were many meetings between local residents and Alcoa to address the community’s concerns and to arrive at solutions to the problems for the whole community, not just individuals. Many people joined community groups such as the local Yarloop Progress Group, Yarloop Districts and Concerned Residents Committee (YDCRC), Wagerup Community Health Awareness Group (WCHAG) and the Community Alliance for Positive Solutions (CAPS). CAPS’ members never campaigned for the closure of the refinery, but instead their goal was to keep Alcoa at the table long enough for some positive solutions to be developed and agreed upon (e.g. relocating the town; Alcoa creating a formal buffer zone; equity for people needing or wanting to sell properties). Key issues in the conflict between the company (Alcoa) and the residents were the numerous issues of public health, loss of amenity (as shops and services closed), the social impact of division and tension in the town and the impact of the land management strategy itself. These concerns featured prominently during the inquiry by the Standing Committee on Environment and Public Affairs (2004), which concluded that “Alcoa failed to adequately recognise and respond to the complaints it received from ... the local community” (p. 370) and to offer a comprehensive response to the range of serious and complex issues developing at the Wagerup refinery, which resulted in a breakdown of trust between the company and the local community.

Around the time of funding the 2002 study, Alcoa applied for permission from the Western Australian state government to expand the output of the refinery from 2.35 million tonnes per year to 4.7 million tonnes per year. The required Environmental Review and Management Programme (ERMP) for the expansion proposal was conducted by the WA Environmental Protection Agency (WA EPA) in 2005. The EPA took submissions from the WA Department of Health which contained criticisms of Alcoa’s plan to expand the mine, including that of members of the Wagerup Medical Practitioners’ Forum (2005) who concluded in their submission:

In summary, we do not support the proposal to expand the Wagerup refinery in the existing circumstance of an inadequate buffer zone. Our judgment is that, in the face of much uncertainty, the problematic history of the relationship between the refinery and the local community is the most reliable guide to what the future would hold if the refinery was to expand. On this basis we consider that the risk of further compromising the health and social functioning of the local community to be too high; and the trade-off of this risk against the broader economic benefits to be unjust.

As Brueckner and Ross (2010) have noted:

Scores of local submissions to the EPA against the expansion referred to loss of social amenity, harm from fear and the effects of pollution, as well as concern for devalued assets and loss of family and friends from the area. (p. 24)

Despite these concerns and recommendations not to approve (EPA, 2006) as well as the findings of the parliamentary inquiry (Standing Committee on Environment and Public
Affairs, 2004) and the issues raised by an ABC Four Corners documentary (McDermott, 2005), the West Australian State Labor Government approved in 2006 a doubling of production to 4.7 million tonnes per annum (up from 2.35 mtpa) with an approval to then proceed to 6 mtpa. While there are 42 conditions which have to be addressed before Alcoa can get works approval for the expansion, based on the findings of the Standing Committee on Environment and Public Affairs (2004) CAPS maintain that Alcoa cannot possibly meet air quality and toxic dust management issues, including dealing with water usage and groundwater contamination from the mud lakes. It also bears noting that the Yarloop population declined from 874 residents in 2001, to 545 residents in 2006 and at the 2011 Census it was recorded as 482. Also, at the time of the 2011 Census, 50% of the houses in Yarloop were rentals, with Alcoa as the principal landlord.

References:


Environmental Protection Authority (2006). Wagerup alumina refinery - increase in production to 4.7 Mtpa; and Wagerup cogeneration plant. Bulletin 1215. Perth: EPA.


Paper prepared by Community Alliance for Positive Solutions Inc. (CAPS)