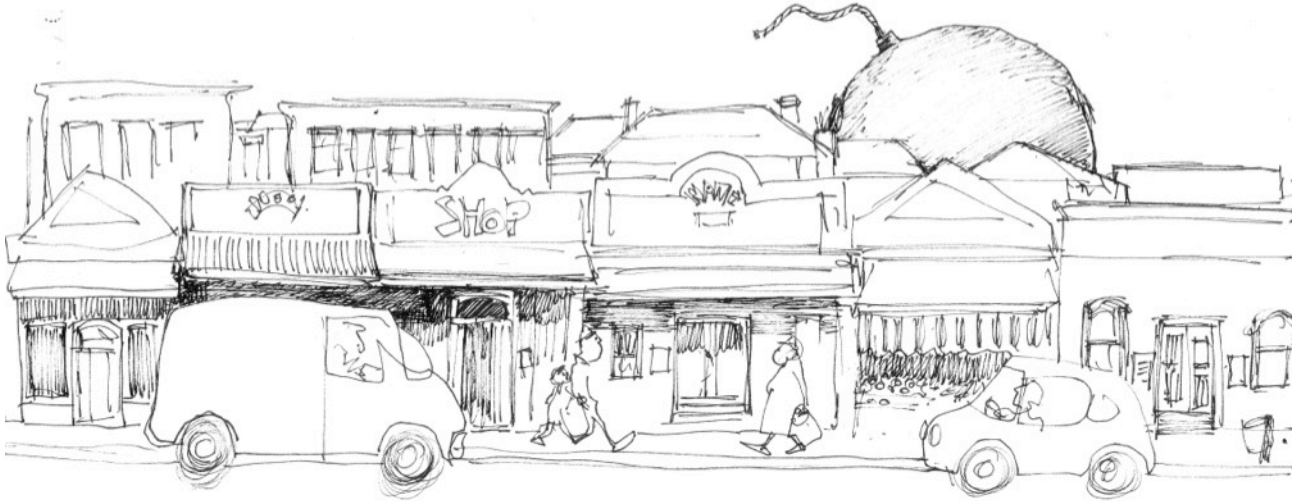




NEWCASTLE GREENS
PO Box 269, Newcastle 2300
secretary@newcastle.nsw.greens.org.au



October 2012
Department of Planning and Infrastructure
Mining and Industry Projects,
GPO Box 39, SYDNEY 2000

**SUBMISSION re: development proposal Incitec Ammonium Nitrate
Manufacturing Facility Project, SSD-9986 Heron Road, Kooragang Island**

Dear Sir,

Thank you for the opportunity to submit our objection to the Incitec Pivot proposal.

INTRODUCTION

Newcastle Port does not have a Strategic Plan for its future development

We note that decisions made today have the potential to lock the Port into continuation of its presently bad situation for decades to come.

Newcastle Port has already reached a point where management of past Port practices and impact from existing industries is at crisis level in terms of adverse social and environmental impacts.

We have a duty of care not to increase these existing threats.

The State government would be aware of toxic legacies in the soil and site location, ongoing health impact concerns due to emissions from coal loaders, the Orica plant, transportation road and rail gridlocks, increase in ship movements and necessary dredging and reclamation works threatening the viability and integrity of the Ramsar wetlands and Hunter River.

The potential for Port facilities to be left as a series of stranded assets in the foreseeable future is real and will be of significant cost to the community and our regional economy.

There are alternative energy sources beyond coal, and export opportunities available that should be encouraged and developed that will sustain the region into the future.

Incitec has suspended its feasibility study on the development of the project (Sept 2012 ASX Announcement) deferring the decision on whether to proceed with the development for at least

two years. In the meantime, however, it is our understanding that they wish to have the development proposal approved so that if and when the proponents (or possible new owners) are ready to proceed with the proposal they can avoid the need to address the cumulative impacts on the local community and the environment that are continually compounding in the absence of a Port Master Plan.

Before the development proposal is approved, the State government has the responsibility of deciding whether the development is in the best interest of the community. We list the following major issues that we consider have not been adequately addressed by the proponents.

CUMULATIVE IMPACTS

The EIS fails to address the Director General's directive regarding cumulative impacts of the proposal.

An inadequate regulatory framework to address disclosure and accounting for dealing with environmental risk and performance of the project within the context of the Port location (compare with, say, overseas benchmarks set by UK, Europe and USA) and its proximity to residential areas and the Newcastle CBD.

The proposal is set to see the emergence of ongoing environmental issues including, but not limited to

- High safety and hazard risk to citizens, including road transportation to the coal mines and from the Port of Newcastle as well as the Hunter regional road network
- Increase in 24 hour noise levels
- Air quality impacts
- Impacts on the internationally listed Ramsar wetlands
- Groundwater impacts

The proponent's EIS displays an absence of high quality environmental data that clearly and fairly articulates potential economic or financial exposures as well as the social and environmental risks that not only this proposal, but present and future industries present at the Port and in the Hunter region.

It is a failure of the assessment process for this proposal to be considered in isolation of existing potentially hazardous industries that already exist at the Port.

ECONOMIC JUSTIFICATION:

There is no balanced cost/benefit analysis, which provides equal weight (as a very minimum) to entire risk/investment profile that is provided by the proponents. The cost to the community of approving such a contentious industry is simply not considered.

There are a number of spurious claims made by the proponents that are clearly biased in favour of the proposal and therefore unacceptable.

Economic justification cannot be established without a growing global market demand for coal. It has been reported (The Australian Sept 27 2012) that Newcastle coal prices have fallen from more than \$US110 a tonne at the start of the year to about \$US87 now, and uncertainty around other commodities has also stripped the amount of money big miners are prepared to spend on expansions.

Increasingly, analysts have concluded that China's demand for Australian coal has peaked and is unlikely to reach 2011 level of demand again. It is unlikely that expansion of thermal coal production will occur in the foreseeable future in the Hunter. Xstrata commented that the cost of bringing on new mining capacity for thermal coal in Australia had nearly tripled to \$US176 per tonne of capacity in the past four or five years.

The justification of the project is based on false assumptions. It is clear that Australia is losing its cost competitiveness with other global coal producers.

Contrary to the above factual information, the EIS states "Ammonia Nitrate demand over next five years is expected to grow by around 8% per annum ... resulting in supply shortfall in region from 2012" (3.1 Preliminary Environment Assessment Oct 2011) Further the proponents state that "Security of supply for an AN facility is critical to underpin expansion plans for thermal coal production in the Hunter Valley". This statement is simply incorrect – any "expansion plans" would be driven by market demand.

At the time the EIS preparation was taking place, forecasting of the coal situation was very public and the proponents would have been well aware of the inaccuracy of their anticipated forecasting which underpins their project proposal.

Project need and justification (EIS) - "The thermal coal operations in the Hunter Valley are large, high quality, low cost and long life. Australian exports of thermal coal from the Hunter Valley region are forecast to grow at around 7% per annum over the next five years". Further, the proponents have planned for an operational life of the project of 25 years.

Contrary to the proponent's claim that the delay with feasibility of the proposal was in part driven by high construction costs, the recent report (The Australian Sept 27 2012 *Slowdown forces Incitec to shelve \$600m venture*) states Incitec's surveys of potential customers in the region which include BHP, Rio and Xstrata have revealed that they were not prepared to give commitments for explosive orders.

LOCATION

Incitec's proposal is simply in the wrong location.

The proposed facility is to be located on Kooragang Island adjacent to the Orica plant (which has leaked arsenic into the Hunter River and spread hexavalent chromium and ammonium onto the surrounding suburbs), the Marstel Fuel Storage at Mayfield and the approved Manildra ethanol storage facility.

As the EIS notes (4.2.3 p24) the project will "manufacture, store and use dangerous goods in such quantities that constitute the development as a major hazard facility".

The EIS fails to adequately address the community concern of the potential risks of storing 21,500 tonnes of ammonium nitrate (maximum storage capacity combining Orica and Incitec).

The blast contours in Incitec's EIS do not reach Stockton despite the fact an ammonia nitrate explosion involving 300 tonnes of ammonia nitrate in Toulouse, France killed 33 people and injured 14,000 people within a 5km radius.

Whilst the community is aware that ammonium nitrate is an oxidising agent, not an explosive, it can be turned into an explosive both quickly and easily by shock waves, foreign matter, heat and pressure. The proposal undermines the safety of around 50,000 residents.

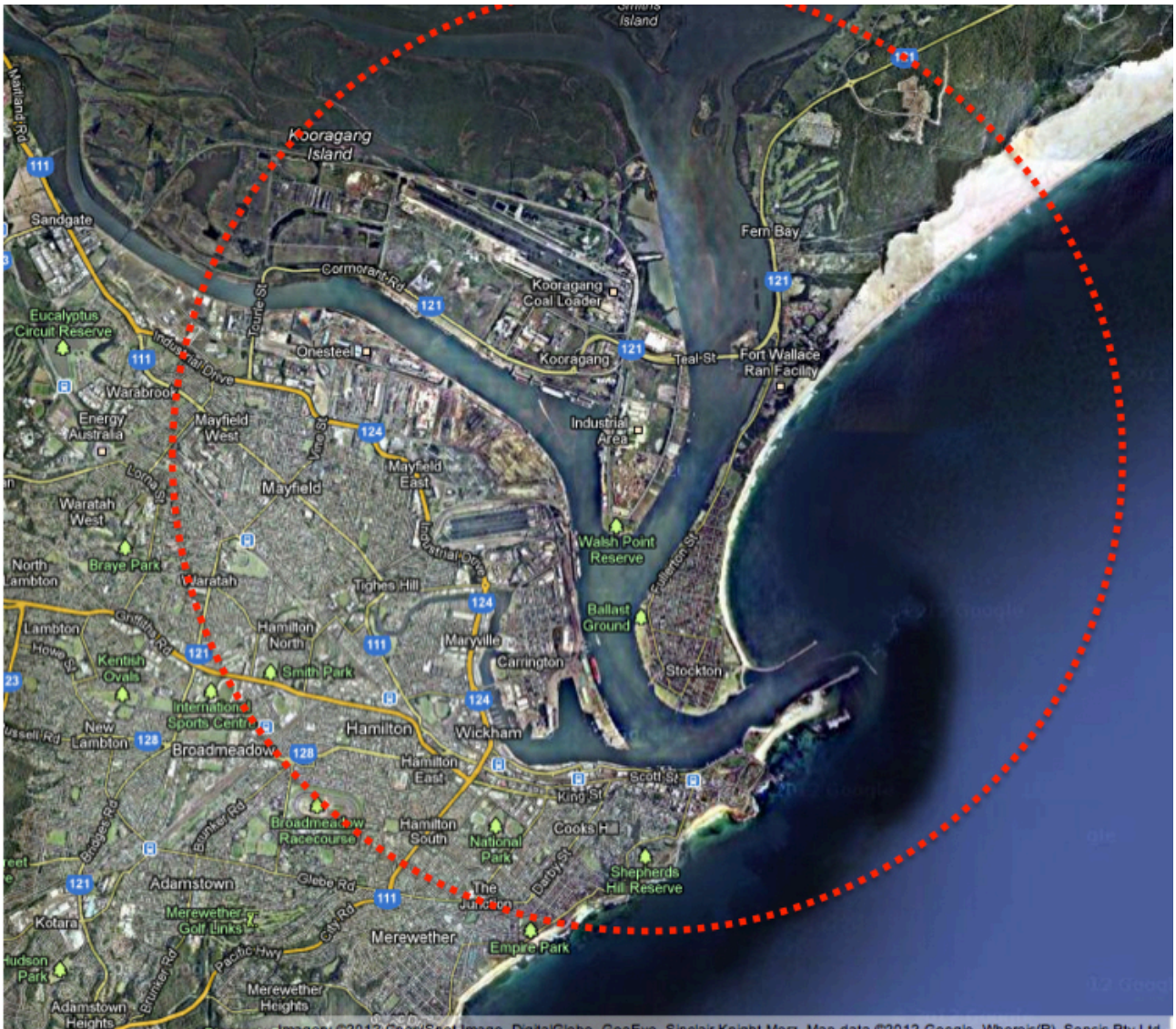
Justification for site location was determined by the fact that "This option is an integrated site and provides the lowest capital and operating cost" (EIS 2-11)

Further “Newcastle Port was the obvious choice due to its proximity to the Hunter region and because ammonia is already imported at this location (EIS 2-9)”

Community concerns related to hazards and risks that are posed within and outside the project boundary are not addressed as key issues to the project location, although the EIS acknowledges that (p45) “The acceptability of the risk will ultimately depend on the value of the potentially affected area or system to the local community and wider society”.

The proponents have failed to acknowledge that the community strongly believes that this type of hazardous of industry should be in an isolated location away from residential areas.

Five kilometres from the Incitec proposal



COMMUNITY CONSULTATION

Incitec has carried out insufficient community consultation and it has chosen to ignore public feedback regarding their proposal. Incitec’s community perception survey conducted in April 2012 revealed that more than two thirds of all respondents were unaware of the proposal.

It is completely unacceptable to the community that the proponents are willing to accept the risks their proposal poses to residents in return for the anticipated significant financial gains from such an investment back to their shareholders.

The EIS reflects poor, biased and subjective sources of information on environmental and social impacts. The proponent's state that (p45 EIS) "The acceptability of the risk will ultimately depend on the value of the potentially affected area or system to the local community and wider society", yet have paid scant regard to public concern and objection. The potential impact of the proposed plant extends well beyond Stockton, Mayfield and Carrington. Residential areas such as Cooks Hill, Newcastle East, Honeysuckle and Newcastle's CBD have not received any project material.

Newcastle Greens strongly condemns Incitec's statement (The Australian Sept 27) that states "A (Incitec) spokesman said that the decision to delay the plant was solely related to the economics of the project and demand for ammonium nitrate, not because of any community opposition".

CONCLUSION

It is clear that the enterprise value of the project is enhanced by an approved development proposal, but in this situation it would amount to a negligent subsidy by the government to approve such a proposal.

If at any time in the future, whether it be 12 months or five years, that coal mining in the Hunter returns to 2011 volumes, it is only then that the development proposal should be considered and not in this location.

It would be necessary at that time to take into account other industries that have been established in the meantime and start the assessment process again.

It is Newcastle Greens contention that the development proposal should be rejected on the following grounds:

- The proposal has an unacceptable safety and hazard risks to the local community and environment
- The proposal is in an inappropriate location and the proponent has failed to adequately investigate alternatives
- The proponent has inadequately justified the proposal, particularly in terms of consideration of environmental and social impacts to the community
- The proponent has failed to adequately address the Director General's Requirement to assess the cumulative impacts of the project with the nearby existing and proposed hazardous developments
- The proposal cannot be assessed as being in the public interest because the State Government has failed to develop in consultation with the community a Strategic Plan for the future development of Newcastle Port.

Yours faithfully,



Councillor Michael Osborne
on behalf of Newcastle Greens Membership
1 Kempster Road, Merewether 2291
Mobile: 0439 442 982 Email: sustainable.enviro@gmail.com