mdeg
mudgee district environment group

PO Box 114 Mudgee NSW 2850
www.mdeg.org.au

SUBMISSION of OBJECTION

Cobbora Coal Project No: 10_0001

16 November 2012

Stephen O'Donoghue
Project Manager
Major Planning Assessments
Department of Planning and Infrastructure
GPO Box 39
Sydney 2001

INTRODUCTION

Mudgee District Environment Group (MDEG), based in the Mid-Western Region local government area in NSW, is working for the conservation of our natural heritage and a sustainable future for our children.

MDEG does not support the proposal lodged by Cobbora Holding Company Pty Ltd (CHC), a state owned corporation, to develop a coal mine in the Lahey's Creek area 58km north west of Mudgee.

The quality of the coal resource in this area is very low and barely meets the standards required for NSW coal-fired generators. The mine footprint, over approximately 47 km^2, is very large because almost twice the volume of run of mine (ROM) coal must be extracted to achieve the required volume of useable resource.

The reliance on the long-term availability of a large volume of water to clean the low quality, high ash resource makes this a high risk venture.

The assessment of the Cobbora Coal Project (the proposal) is based on a range of incorrect assumptions and conclusions that do not stand up to independent scrutiny. There are also a significant number of outstanding agreements in the areas of environmental and social impact that have not been met prior to the proposal being exhibited for community comment. These include:

1. Justification for the proposal is based on out dated or incorrect information
2. The economic analysis of the benefits of the proposal is not rigorous.
3. Biodiversity Offset Strategy has not been finalised
4. Groundwater licences have not been acquired
5. Surface water extraction arrangements have not been finalised
6. Air quality impacts and noise impacts have been assessed using different meteorological data
7. Rail access constraints have not been adequately identified or addressed
8. Predictions of increase in local employment, housing affordability and traffic movements are not based on any factual evidence

MDEG is concerned that the NSW Government has been advised to sell this project to a private company. Previous experience in the region with the Wilpinjong coal mine, developed primarily to provide coal to Macquarie Generation, is that once an operation changes ownership the impacts become very different to those proposed and approved by the Department of Planning and Infrastructure.

The project is not economically viable in its current proposed arrangements without substantial subsidy from the tax payers of NSW. It is not a profitable prospect for the private sector without a considerable expansion into the export market. The recent fall in export thermal coal prices has placed an even greater economic disadvantage on the prospects of this project producing a profit or covering running costs. '*..after-tax profits … are likely to be minimal given the cost recovery nature of the Project.*'[1]

[1] EA *Executive Summary* Economic Impacts p ES.18

The project is in contradiction to the NSW State Plan: *NSW 2021 A Plan to Make NSW Number One*. A target under Goal 22 '*Protect our natural environment'* aims to increase renewable energy by 20% by 2020.

The priority action is to: '*contribute to the national renewable energy target by promoting energy security through a more diverse energy mix, reducing coal dependence, increasing energy efficiency and moving to lower emission energy sources.*'[2]

The proposal for NSW tax payers to fund a new large coal mining operation to continue to supply inefficient, privately owned power stations will not help to reduce dependence on coal-fired electricity generation.

The proposal has a very large impact footprint and is inconsistent with the objects of the NSW *Environmental Planning and Assessment Act 1979* (EP&A Act) and the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). It will cause significant economic, social and environmental impacts over the long-term that cannot be mitigated or offset.

MDEG does not support the conclusion that there is a '*sound and broadly based justification*'[3] for the proposal. The proposal will lock NSW consumers into continued coal-fired power generation until at least 2036. This power source will only be '*competitively priced*'[4] if it continues to be subsidized by NSW taxpayers.

The claim that the proposal, at a preliminary cost of $1.5b to NSW,[5] '*will provide substantial stimulus to the region in need and with few equivalent economic opportunities*'[6] ignores all other employment creation opportunities that could be provided through public investment in more sustainable industries.

One of these options is the establishment of a solar thermal power generation industry in central west NSW. This would cause a substantial drop in demand for coal-fired power, provide long-term employment and a cleaner, less environmentally damaging source of electricity.

1. Project Justification

The justification provided for the proposal in the Environmental Assessment Report (EA) is based on incorrect and misleading information. The figures used to forecast demand for coal-fired electricity are outdated, the price of coal on the world market has dropped and the value of the coal used in the economic assessment of the proposal is not based on the contract price awarded in the NSW 'gentrader 'agreement.

1.1 Electricity Demand

The EA uses incorrect demand forecasts supplied by Transgrid in 2011.[7]

---

[2] NSW 2021 A Plan to Make NSW number one p 44
[3] EA *Executive Summary* Conclusion p ES.24
[4] EA *Executive Summary* Conclusion p ES.24
[5] Hansard 9 October 2012, *Transcript General Standing Purpose Committee 1* Treasury, Industrial Relations
[6] EA *Executive Summary* Conclusion p ES.24
[7] EA *Project justification and conclusions* Fig 24.1

These predict that electricity demand will grow from 78,800 gigawatt hours (GWh) used in 2011 to 92,700 GWh by 2020-21.

However, recent reports into electricity pricing and demand have indicated that demand has fallen significantly since 2008.

The Australian Productivity Commission[8] released a report on 18 October 2012 that indicates that consumption in electricity is not rising.

Demand for electricity had been falling since 2008 in Victoria, NSW and Queensland at roughly 1 per cent a year, despite forecast rises of 2.2 per cent a year.

Demand is now 10 per cent below where the industry forecast it would be four years ago.

NSW is the largest user in the National Electricity Market and has seen a dramatic drop in peak demand by 15% in winter since 2008 and by 18% in summer since 2010-11.

The argument that the coal produced by this proposal produces more environmentally friendly power than that produced in Victorian[9] using brown coal is a very poor justification for a large new coal mine that will produce very poor quality coal. (see Project issues below) and is no substitute for renewable energy.

A number of coal-fired power stations are closing across Australia through a combination of changes. These include the introduction of the carbon tax, weakening demand, improved energy use efficiency and the increase in rooftop solar generation.

1.2 Coal Prices

The EA uses thermal spot coal prices at Newcastle[10] based on fluctuations up to May 2011. The price of export thermal coal has dropped considerable since that time. The spot price dropped to a 3 year low of $ 78.05 per tonne in October and remains under $80 per tonne because of the fall in global demand for thermal coal.

The statement in the EA '*the Project will extract and transport the coal to power stations at a cost substantially below the current coal export price*'[11] is misleading, particularly in the context of the economic assessment provided in Appendix R. This assessment is based on a coal price of $77 which is near current export parity prices.

The issue of contractual arrangements made with power generators by the previous NSW Government, and prior to this project being approved, has not been addressed in the EA.

Alternative sources of coal could be provided to fill these contracts without the environmental, social and economic impacts that this proposal will cause.

---

[8] Australian Productivity Commission 2012 *Electricty Network Regulatory Frameworks*
[9] EA *Project justification and conclusions* p502
[10] EA *Project justification and conclusions* Fig 24.1
[11] EA *Executive Summary* Project need pEs.5

1.3 Regional Jobs

The other key justification given for the proposal is based on the assumption that the project will '*strengthen the regional economy and provide more jobs and a greater diversity of job opportunities.'*[12]

However, this justification is based on a project with a 21 year lifespan, extracting a non-renewable mineral resource that will hasten climate change.

The NSW Government has a responsibility to provide regional economic opportunities and jobs through industries that have a longer lifespan and a sustainable future. The development of the solar thermal industry in central west NSW would provide similar regional outcomes through public investment without causing the range of impacts identified in the Cobbora coal mine proposal.

Employment opportunities in renewable energy manufacture and installation industries are long term, cleaner and safer than coal mining.

1.4 Alternatives

The proposal assessment does not adequately consider alternatives to providing energy in NSW other than incorrect statements about renewable energy sources and gas supplies.[13]

The EA concentrates on the argument that '*there is no alternative to locating the mine in EL 7394'* [14] ie nowhere else can supply coal for NSW power stations than that available in EL 7394. Also, that most of the coal in EL 7394 cannot be economically extracted for export but meets the requirements for NSW power stations.

However, the proposal is to supply power stations in the Upper Hunter and Central Coast with 30% of NSW coal requirements for electricity production[15] for up to 21 years. There is no indication of where the remaining 70% will be sourced.

There are numerous alternatives to this highly damaging proposal that have not been identified in the EA, including sourcing coal from existing or expanding operations closer to the power stations,

2. Project Issues:

The quality of the coal in the proposed mining area is so poor that nearly 50% of the product with be lost during beneficiation processes. The impact of extracting 20 mtpa to produce 12 mtpa of low quality resource is not justifiable.

The highly significant biodiversity impacts, groundwater drawdown and need for large volumes of water to be used in the coal production process will have long – term costs that have not been adequately assessed or mitigated.

---

[12] EA *Project justification and conclusions* p507
[13] EA *Project justification and conclusions* p500
[14] EA *Executive Summary* Project description p ES.7
[15] EA *Executive Summary* Project need p ES.1

It is not possible to extract the coal without unacceptable social and environmental impacts.

2.1 Poor quality coal

The quality of the coal described in the EA[16] is at the very low end of the gross calorific value (MJ/kg) needed for efficient electricity generation in NSW. The variance of between 19 and 30 Mj/kg is generally below the typical Hunter domestic thermal coal of about 28 Mj/kg.

The low energy in each kg of coal means that more coal must be burnt to produce the required levels of electricity. This in turn increases the greenhouse gas emissions from the power generators.

The coal has a high ash content of between 25% and 45% The proposal hopes to clean the product to an ash content of around 24%. This is substantially greater than the 15% ash content of most Hunter thermal coal. There are implications for increased fly ash disposal at the power stations. This may cause increased impacts on the environment and community health with the need to dispose of and manage larger volumes of fly ash at the coal-fired power generators.

The production of very poor quality coal to generate electricity in NSW cannot be justified.

2.2 Production rate

The proposal requires a strip ratio of up to 7:1 and the mining of different seams or different parts of the same seam simultaneously to blend different qualities of coal. This is necessary to meet the '*narrow quality parameters as contacted with the project's customers.*'[17] The EA does not give adequate information about the contracts entered into by the previous NSW Government to supply coal to the power generators.

The need to extract a large volume of ROM coal for blending will require simultaneous mining activity from multiple locations. This requires the three proposed pits to be mined at the same time.

There is no evidence provided that the proposal can actually achieve the specifications required by the contracts. The proposal is a major gamble at tax payer's expense.

The high impact of proposed mining operations because of the poor quality coal cannot be justified or adequately managed.

2.3 Water demand

Because the coal is so high in ash content, and is possibly very tightly bound, a large volume of water will be required to 'beneficiate' the resource.

---

[16] EA *Main Report* Product coal specifications p 35
[17] EA *Main Report* Product coal specifications p 35

Also with three pits being mined simultaneously management of dust pollution will be a major issue for the operation needing a large volume of water suppressant.

The proposal estimates that water demand will be up to 3,700 ML per year, largely for coal washing purposes and dust suppression. It is expected that the main water sources will be harvested surface water, groundwater interception into the pit and water allocations from the Cudgegong River.

CHC has purchased 3,310 ML of high security water licences to be extracted from the Cudgegong River. Groundwater is identified to be intercepted from the Gunnedah-Oxley Basin that is managed as part of the Murray Darling Basin Porous Rock Groundwater Source.

The required groundwater licences to mitigate the expected aquifer interference have not yet been acquired. There is no information provided in the EA about the possible availability of groundwater licenses in the open market from the identified water sources.

The groundwater modeling indicates that the peak mine inflow rate from groundwater sources will be 1,775 ML per annum in 2031. This will be made up of about 280ML per year from the Talbragar alluvium and 1,495 ML per year from the Gunnedah-Oxley Basin groundwater source.[18]

The EA identifies that the total peak annual water allocation for the proposal will be about 5,100 ML. This includes 3,310 ML from the Cudgegong River, 280 ML from the Talbragar River and 1,495 ML from the Gunnedah-Oxley Basin groundwater source.[19] This is based on the assumption that the necessary groundwater licences will be available for purchase.

The proposal identifies that a raw water dam will be constructed at the eastern edge of pit B. There is no information provided in the EA about this infrastructure in relation to size and volume of the raw water storage.

The proposal has identified that a shortage of water availability may occur later in the operation. However, there is no discussion about water management issues if surface water run-off, groundwater interception and availability of licensed surface water is lowered because of prolonged drought conditions.

The dependence of the proposal to access large volumes of water to 'beneficiate' or clean the very poor quality coal in order to provide a product that meets the contracted '*narrow quality parameters*' is a high risk gamble.

2.4 Proposed rehabilitation

2.4.1 Final landform

MDEG does not support the final landform proposed in the mine closure plan. The final design sterilizes 165 ha as unproductive land in the form of highwalls and a large salt water void.

[18] EA *Main Report* Economic agricultural impacts p233
[19] EA *Main Report* Economic agricultural impacts p233

The proposed highwalls involve a 28m face in pit A and a 32m face in pit C. The proposed void is predicted to have an 82m highwall with an expected 48m above the water surface.

The EA indicates that '*Mining area B will be partially backfilled so that about 50% is at least 3m above the final water table. The remaining portion will be a void that will fill with saline water forming a groundwater sink.*'[20]

The reason provided for this long-term loss of usable land is that '*Backfilling the entire mining area B is not economically feasible'.*[21] This is a further indication that the proposal is not economically viable and will result in long-term environmental and social costs.

2.4.2 Soil Types

Much of the topsoil in the areas to be stripped for mining has limitations that are not ideal for rehabilitation, such as sodic properties and weak structure.

All subsoils are unsuitable for rehabilitation due to severe physical and/or chemical limitations.[22]

MDEG does not believe that the proposal will result in successful rehabilitation that provides useful land post mine closure.

2.4.3 Impacts on agricultural land

MDEG is concerned that the project proposes to destroy 780 ha of Class III classified agricultural land. The EA provides conflicting figures on the area of agricultural land to be replaced post mining.

The EA states that the loss of 780 ha will be '*replaced by about 1,100 ha of Class III land*'[23] while in Table 3.9 *Progressive rehabilitation – mining area*[24] the identified Class III areas add up to 1,000 ha. At least 95 ha of this will be a rehabilitated tailings emplacement[25] that will not provide the required success criteria for soil depth for Class III land.[26]

A further statement in the EA claims that '*When rehabilitation is finished, the area of best agricultural land in the disturbance footprint (ClassIII) will increase by 323 ha (from 17% to 24% of the total post-mining disturbance footprint area).*[27]

MDEG is concerned that the proposal will cause a greater impact on the long term viability of the disturbed land than that predicted in the EA

[20] EA *Main Report* Decommissioning p 85
[21] EA *Main Report* Post mining p 205
[22] EA *Main Report* Soil suitability for rehabilitation p 223
[23] EA *Main Report* Alternatives p 91
[24] EA *Main Report* Rehabilitation p 78
[25] EA *Main Report* Final land use and landform p 82
[26] EA *Main Report* Success criteria p 87
[27] EA *Main Report* Soils and agricultural outcomes p 235

2.4.4 Rehabilitation of ecological features

The intention is to reinstate 1900 ha of destroyed woodland and 1700 ha grasslands through rehabilitation of disturbed mine land. These areas have been included in the offset credit system developed through the Biobanking Assessment Methodology (BBAM).

There has been no consideration of the impact of extreme weather conditions in this drier climate on the success of the ecological outcomes of the proposed mine rehabilitation.

2.5 Review of potential for mining beyond 21 years

It is evident that the proposal is a possible first stage of an extended period of mining impacts over the entire known resource.

The proposal is predicted to extract 391Mt of coal over 21 years. The resource is currently measured to be 745 Mt[28]. It is intended to conduct a review at Year 14 to consider the potential for mining beyond year 21. This will require decisions regarding a new mine plan.

This intention negates all the commitments in the proposal for the scale of rehabilitation and biodiversity offset outcomes.

MDEG has no confidence that any of the proposed long-term management, mitigation or offset of significant environmental, social and economic impacts will be achieved as outlined in the EA.

This proposal is obviously a first stage of a much longer plan to extract all known coal resource in the area.

3. Project Impacts:

The EA sates that '*it is possible to extract the coal without unacceptable social and environmental impacts….with the safeguards proposed'*[29]

MDEG does not support this statement, particularly in the context of the poor assessment undertaken to predict the extent of the social and environmental impacts that will not be adequately mitigated by this proposal.

The EA claims to have an improved environmental outcome based on poor analysis of alternatives, unknown biodiversity outcomes, uncertainty around future ownership and their commitment to identified management strategies, and the possibility of this being the first stage of prolonged open cut coal mining operations in the area.

3.1 Ecological Impacts

This proposal will have a significant impact on biodiversity and the ecological integrity of the region.

[28] EA *Main Report* Mine closure timing p 77

[29] EA Project need pES.5

It will destroy parts of important regional vegetation corridors containing high conservation value old growth habitat. The proposed area of impact provides nesting and foraging opportunities for a large number of threatened species recorded on the site.

MDEG does not support the claim that this proposal will '*increase overall biodiversity values in the region.*'[30]

The EA has not addressed the cumulative impacts of habitat removal occurring at the three large coal mining projects to the east and other recent large developments in the region such as the construction of the Transgrid 330 kV power line.

Many of the same species listed for protection under the TSC Act and EPBC Act recorded in the proposed mine footprint have been impacted by these large projects.

The ecological impact of this proposal is particularly significant because the EA identifies that it has the potential to cause local extinctions of at least twelve threatened species through habitat loss.[31]

The EA has also indicated that increased noise, vibration, dust and light pollution from the project will further impact on breeding, roosting and foraging opportunities for threatened and declining species.

It is significant that the flora and fauna surveys and existing records identified habitat features for at least 39 threatened species in the proposed area of impact, with 20 recorded on the site.

The loss of 1,867 ha of remnant woodland habitat and 967 ha of native grasslands that demonstrably provide important foraging and breeding values for these threatened species has not been justified.

The extent of the mine footprint, over 47,000 ha, is required because the quality of the coal is so poor. The impact on both terrestrial and aquatic endangered ecological communities and the threatened species that rely on them cannot be adequately managed or offset.

The significant drawdown of groundwater caused by aquifer interference will impact on deep pools, drought refugia and riparian vegetation along Laheys Creek, Sandy Creek and the Talbragar River. The increase extraction of large high security water allocations from the Cudgegong River may also impact on the long–term allocation of environmental water to the Ramsar listed Macquarie Marshes, particularly during extended periods of drought.

3.1.1 Biodiversity Offset Strategy

MDEG is very concerned that the proposed offset package has not yet been finalized, that additional survey work needs to be conducted and that some of the identified offset areas owned by CHC overlay known coal resource.[32]

---

[30] EA *Executive Summary* Conclusion p ES.24

[31] EA Appendix H *Terrestrial ecology assessment* Assessments of Significance

[32] EA Appendix H *Terrestrial ecology assessment* Fig 4.5

The proposal to review the mining activity in year 14 to consider an extension of mining activities beyond 21 years gives no certainty that these offsets will be protected.

The extent of the ecological impact of this proposal is major. The proposed biodiversity offset strategy will not improve biodiversity values in the region unless the entire final package is protected in formal conservation reserve tenure.

The success of the biodiversity offsets associated with mine rehabilitation cannot be guaranteed.

MDEG requests that the proposed final biodiversity package be placed on public exhibition for comment on adequacy before it is accepted by the NSW and Commonwealth Governments.

3.2 Aboriginal Cultural Heritage

MDEG does not support the proposed destruction of 79 Aboriginal cultural heritage sites in the area of impact.

There is concern that the wishes of Aboriginal people to consider the spiritual significance of the landscape and the context of the recorded sites are not being met in the current assessment process based on archeological artifacts.

If this broader assessment approach were taken, it is probable that many more than 4 identified sites would be considered to be significant.

The coverage of the Aboriginal cultural heritage field surveys in areas to be destroyed by open cut mining was not as extensive as planned. This was outlined in Appendix P *Aboriginal cultural heritage assessment:*

'The coverage of elevated ground and rocky slopes within the core impact area was seen as a priority for the 2001 – 2012 assessment'[33]

However, it was later decided not to carry out this priority assessment thus leaving a significant gap in the survey work:

'Extensive survey of steep rocky slopes within Mining Area C proved slow, difficult and potentially unsafe and was abandoned'[34]

The cumulative impact of ongoing destruction of Aboriginal cultural heritage in the region through large open cut mining development has not been adequately addressed in the EA.

[33] EA Appendix P *Aboriginal cultural heritage assessment* p 35
[34] EA Appendix P *Aboriginal cultural heritage assessment* p 33

3.3 Social Impacts

The proposal has already inflicted an enormous degree of social impact in the Laheys Creek and surrounding areas. The approach used by CHC to purchase properties, destroy the local social fabric and pit neighbours against each other has been very disturbing.

The predictions of noise and dust pollution impacts on surrounding landholders have been understated and are based on conflicting meteorological data.

The purchase of a large number of water licences has taken the resource out of the agricultural sector and threatened the water security of other users.

The competition for workforce with other industries in the region has already occurred through the recruitment for the three large coal mines in the Ulan area to the east of the proposal.

Increased road traffic movements, pressure on housing in the region and pressure on health, education and childcare services has caused negative impacts in the Mudgee region that are not adequately addressed for this additional large mining proposal.

3.3.1 Air Quality assessment

MDEG is of the opinion that the information used to predict air pollution impacts of the proposal on neighbours is completely inadequate. The conclusion that the prevailing winds are easterly, particularly during summer, contradicts local and regional experience

The air quality assessment is based on wind data collected from two meteorological monitoring stations on the site of the proposal between November 2010 and November 2011. Data from the second station is considered to be valid from only August 2011 and is inadequate for modeling purposes.[35]

There is no discussion in the assessment as to whether this twelve month period constitutes typical weather conditions for the region. The monitoring occurred during a very wet period. There is also no discussion of the reason for siting the second monitoring station at the south eastern end of proposed pit B.

The monitoring results conclude that the prevailing winds in the area are easterly with less frequent south-westerly air flow. This is in direct contradiction to the air flow directions used in the noise assessment report.

The result of the modeling used to demonstrate impacts of dust pollution on neighbours is the identification that only 6 properties to the west of the mine will have minimal impacts.

MDEG believes this prediction is incorrect and that properties to the east and north-west of the proposal are also likely to experience dust pollution from the proposal.

---

[35] EA Appendix M *Air quality and greenhouse gas assessment* p 28

The fact that all three pits are proposed to be mined simultaneously, to achieve the required blends of coal to supply contracted requirements, has not been adequately assessed for air pollution impacts.

The air quality assessment and modeling produced for this proposal is entirely inadequate and needs to be redone.

Experience in the Hunter Valley and mining operations in the Ulan-Wollar area has indicated that predictions of air pollution exceedances are regularly understated in environmental assessments for large open cut coal mining operations.

3.3.2 Noise assessment

The noise assessment is based on meteorological information obtained from CHC's onsite monitoring station from 1 September 2009 to 21 September 2010.[36]

This information indicates that the prevailing wind in the proposal area is west-south-west, as opposed to the easterly wind flow used in the air quality assessment.

The noise modeling predicts that 8 neighbouring landholders will be affected by noise levels that can be managed and 3 landholders[37] will be impacted by noise above the exceedance level required by the Industrial Noise Policy.

These predictions understate the possibility of excessive noise pollution produced by this proposal. The requirement to mine three pits simultaneously will cause significant cumulative noise impacts.

The experience with the open cut mining operations in the Ulan – Wollar area has been that many more properties are impacted by noise exceedance than predicted through noise modeling in the environmental assessments of these large projects.

MDEG is of the opinion that the noise pollution impacts of this large proposal have not been adequately assessed

3.3.3 Impact on local populations

The primary assessment area is identified as Laheys Creek, Cobbora, Tucklan and Dapper localities. The people in these areas have been impacted by this proposal since early 2009.

MDEG has been contacted by distressed landowners being heavily pressured to sell their properties since that time.

The EA states that '*The project will directly affect some landowners who will have to relocate. This could cause some community fragmentation and uncertainty'.*[38]

---

[36] EA Appendix N *Noise and vibration assessment* p 20
[37] EA Appendix N *Noise and vibration assessment* p 39
[38] EA *Main Report* Social aspects of the Project p 460

There is no recognition that 68 properties or 65% of the affected area have already been purchased by CHC or its predecessor. Landholders in the primary assessment area were being approached by proponents as early as January 2009, before the exploration licence was granted over the area. (See Appendix 1 media release).

The EA states that '*There was broad support for the Project in the primary assessment area as the Project will provide meaningful employment for the younger generation and stimulate economic growth in the community.'* [39] This statement is misleading because it ignores the fact that most of the population in the primary assessment area has been affected by the proposal and has sold up.

3.3.4 Water allocations from the Cudgegong River

MDEG is concerned that the NSW Government has demonstrated a conflict of interest with this proposal when approving the transfer of high security water licences from below Burrendong Dam into the smaller Cudgegong catchment.

Information received by MDEG through the Government Information Public Access (GIPA) process has indicated that the modeling for the new drought of record has not been completed and was not used when assessing the impacts of the transfer on other water users.

The EA identifies that the proposal will not impact on critical human needs in the form of town water supply and stock & domestic allocations.[40]

However, the important Mudgee wine and tourism industry relies on general security water allocations. There is concern that this industry will be threatened through the increased use of water from Windamere Dam by this proposal during drought conditions.

The EA indicates that an extraction strategy agreement is being negotiated with State Water Corporation. MDEG understands that a set of extraction rules have been developed with NSW Office of Water.

MDEG is of the opinion that the EA should include more transparent discussion relating to the impacts on the economy of the Mudgee region of increased high security water extraction from the Cudgegong River.

Issues relating to water allocation and usage were identified as a major issue in matters raised by Councils during consultations.[41]

3.3.5 Voluntary Planning Agreements (VPA)

MDEG is of the opinion that the community must be involved in the negotiations with CHC to develop an appropriate level of payment to each of the four local government areas to be impacted by this large proposal, if it is approved.

---

[39] EA *Main Report* Social outcomes p 468
[40] EA *Executive Summary* p ES.10
[41] EA Appendix S *Social assessment* p 47

An independent economic analysis of the proposal (4. Economic assessment) has demonstrated that the economic benefits of this proposal are greatly overstated.

MDEG believes that the social impacts of the proposal have been understated and that a significant level of funding will be required to maintain local roads and community services if this proposal were to be approved

The experience of Mid-Western Regional Council has been that negotiated VPAs do not cover the additional impost on rate-payers to maintain roads heavily used by mine related traffic.

None of the promised royalties for regions have been returned to the central west region of NSW where significant levels of mining activity occur. The local community, not employed in the mining industry, is being forced to subsidise the industry through higher rates and costs.

3.3.6 Community consultation

MDEG believes that the EA is misleading in its discussion of community consultation conducted by CHC.[42] The report on the feedback received during stakeholder consultations during the four community information sessions held at Gulgong, Dunedoo, Wellington and Dubbo only refers to positive feedback.

The Gulgong information session was attended by a large number of people with concerns about the impacts of this proposal on people in the Mudgee region. This included the impacts of coal trains through Gulgong and additional trains through the Ulan, Wollar and Bylong areas. The threat to the regional water supply from Windamere Dam is another key issue of concern that has been raised.

CHC did not hold an information session in Mudgee where there is a high level of concern about the impact of this fourth large coal mining project in the region.

CHC were invited to attend two separate public meetings in Mudgee and declined.

3.3.7 Workforce

MDEG is concerned that CHC has placed a lot of emphasis on employment and training opportunities in the local area if the proposal goes ahead.

However, if the project is onsold to a private operator, there is no guarantee that these commitments will be kept.

The proposal claims that 40% of construction workforce (206 workers) will be recruited from the local area. This broken down into specific figures from each local government area in the region:

[42] EA *Main Report* Social outcomes p 468

- 61 workers from Dubbo LGA
- 22 workers from Warrumbungle LGA
- 65 workers from Wellington LGA
- 58 workers from Mid-Western LGA[43]

There is no information provided in the EA about how these precise figures were calculated. Worker location predictions have been incorrect with other mine approvals in region.

There is also no discussion of the possible competition with other industries for these workers. Construction is highly skilled work and the mining boom has created a high demand for these skilled workers.

This project is likely to take skilled workers out of other industries in the region and cause difficulties with their ongoing viability.

The proposal aims to provide onsite construction workforce accommodation to remove pressures on affordable housing in the region. Local experience with the Wilpinjong coal mine project, that had the same type of arrangement approved, is that the condition was modified immediately after approval and the construction camp never occurred on site.

There is concern that any new private owners of the proposal will commence with modifications to the conditions of approval instead of carrying out the design as assessed in this EA

MDEG is interested that the EA provides two different scenarios for possible operations workforce distribution in the region.[44] There is no discussion of how these figures were calculated or what may cause the changes between percentage of workforce living in the Dubbo and Mid-Western LGAs between the two scenarios.

This information does not appear to be based on any factual evidence. MDEG is concerned that CHC has been using this information to gain support for the project around the region.

The emphasis on this project being necessary to provide regional employment is misleading and is not based on any factual evidence.

Investment by the NSW Government in employment and training would have better long-term outcomes in more sustainable industries.

3.3.8 Transport

3.3.8.1 Roads

[43] EA Appendix S *Social assessment* p 9

[44] EA *Main Report* Social aspects of the Project p 453

MDEG is concerned that the modeling used for traffic movements on Mid-Western Region LGA roads is based on the lower employment figures provided in Scenario 1 jobs from Mudgee region.[45]

This is an attempt to indicate that there will not be a higher impact on roads in the LGA as has occurred with the Ulan area coal mine approvals.

The EA does not have information on which to base exact traffic movements. These appear to be based on 'guestimates' and should be reported as such with a predicted margin of error based on current traffic movements to existing mining operations in the region.

3.3.8.2 Rail

The proposal will require approximately 10 rail movements per day at full production.[46] This is for trains with 7,800 to 8,800 tonne capacity. The coal has been contracted to the Vales Point and Eraring power stations on the central coast and the Bayswater power station in the Upper Hunter.

These train movements will impact on the populations of Gulgong, Ulan, Wollar, Bylong and all communities on the Hunter rail corridor.

The ARTC has identified that train length is an issue. Vales Point and Eraring are connected to RailCorp network and are length constrained. ARTC has indicated that it would be undesirable to operate trains on the Ulan line that were shorter than the current fleet.[47]

The ARTC report also identifies that more passing loops and other improvements on will be required on the ARTC Ulan line - Wilpinjong to Mangoola section. The ARTC customer rates are calculated to cover the cost of rail upgrades.

MDEG is concerned that there has been no discussion about the economic costs of the rail upgrades needed for this project. There has also been a great deal of concern expressed in the Newcastle area about the additional trains causing traffic delays at two major level crossings in the city.

These additional costs will either increase the price of the coal supply or increase taxpayer's subsidy to the power industry.

There is also concern that the proposal if privatized will need to increase production rates for export purposes to remain viable. This is the case with the Wipinjong mine at Wollar. This mine was developed primarily to supply coal to Bayswater power station for 19 years. The production rate has been substantially increased to produce more for the export market to maintain profits.

---

[45] EA *Main Report* Traffic generation p 298

[46] EA *Executive Summary* p ES.14

[47] ARTC 2012 *Hunter Valley Corridor 2012-2021 Capacity Strategy* p20

If the Cobbora mine is approved, expansion into increased exports will put more pressure on the Hunter rail corridor. The likely outcome is that the coal will be railed through Mudgee down to Port Kembla for export.

4. Economic assessment

MDEG has commissioned an independent economic analysis of the proposal. The report from Economists at Large is attached as a separate Appendix.

The conclusion from the report is that the economic assessment provided in the EA is inadequate and that the proposal will provide no benefits the people of NSW but will instead cost at least $1b.

5. Conclusion

MDEG is of the opinion that the EA for the proposal is completely inadequate, is based on a number of key data inaccuracies and does not meet the Director General's Requirements under the EP&A Act.

MDEG is also of the opinion that the NSW Government has a major conflict of interest in the management of this assessment process.

This proposal should not be approved on the grounds that it has no valid justification and will cause significant, irreplaceable ecological damage; major social upheaval and negative economic outcomes for the people of NSW.

mdeg
mudgee district
environment group
PO Box 114 Mudgee NSW 2850
www.mdeg.org.au 02 6372 2420

MEDIA RELEASE

Wednesday 25 February 2009

History Repeated by Rapacious Coal Industry in Mudgee area

Mudgee District Environment Group (MDEG) is outraged to hear that landowners in the Laheys Creek area north of Gulgong in the Central West are experiencing the same underhand treatment from the coal industry as the community in the Wollar area.

The NSW Government is undertaking exploration drilling for coal in the Laheys Creek area. No tender for an exploration licence has been announced or granted, yet landowners are being contacted to sell to a coal company.

'A representative from a coal company is knocking on people's doors in the Laheys Creek area offering to purchase their properties because of the coal resource there. This is exactly what happened in the Wollar area well before the Wilpinjong exploration licence was advertised for tender,' said Bev Smiles, MDEG Chairperson.

'I would like to advise all landowners in the Laheys Creek area to hold off any communication with coal companies until after a coal mine proposal is fully assessed with widespread community consultation.'

'The coal industry is famous for bullying its way into a community, dividing it against each other and coercing landowners to sign contracts of confidentiality. This happened in the Wollar area about 8 years ago. People living in the Wilpinjong valley were conned into selling out early. They did not receive the value that was achieved by landowners who waited until after the project was approved.'

'I would like to know why the coal companies are privy to Government information, accessed through the use of taxpayers money, before the community is informed of the situation.'

'The coal industry has no respect for the social fabric of an isolated rural community. Their behaviour is underhand, scary and down right unethical.'

CONTACT: Bev Smiles 0428 817 282