



Correct Planning & Consultation for Mayfield Group

for the seven new wharfs of Mayfield.

22nd November 2013

RE: Review of Port Waratah Coal Services Terminal 4 Project (MP10_0125)
Preferred Project Report November 2013

Email to: NSW Department of Planning and Infrastructure, Planning and Assessment
Commission

plan_comments@planning.nsw.gov.au

Dear Sir/Madam,

CPCFM represents over 500 residents of Mayfield and adjoining districts surrounding Newcastle Port. Our members have consistently brought identified Newcastle Port related concerns to industry and the government.

Our community group strongly objects to PWCS' T4 Project.

Our original submission to the T4 Project lists various concerns our members still hold.

We find the Proponents' response in their Preferred Project Review totally lacking in credibility and irresponsible.

As listed in our original submission, our concerns include:

- Cumulative impacts and lack of co-ordination of rail infrastructure planning (Hunter River goods train line proposal)
- No requirement for a new coal loader has been established. Over 200 people at our 2011 public meeting unanimously voted against any new coal loaders
- Employment figures can still NOT be validated by PWCS (the Project size has reduced; how can it be possible to support 80 jobs above their last estimation?)
- Increased train movements increasing noise impact, health risk and air quality

- Impacts on habitat, endangered and threatened species and migratory birds (inherent values of the internationally recognised Ramsar Wetlands and the Hunter Estuary National Park)
- Impacts from dredging and increasing water pollution
- Expansion of mining to justify the project
- Economic benefits are conjecture and still cannot be validated
- Single use infrastructure to service expansion of the coal mining industry disadvantaging public transport options
- Increase of greenhouse gas emissions at all sources – on site, upstream and downstream
- Mobilisation of toxic contaminants both during construction and potentially during operation (see newspaper quote below)
- No findings produced regarding cancer cluster on Kooragang
- Invalid assessment application. PWC can't have it both ways – our group believes their application reads "We are legally obliged to expand – but you can't look at what the miners, train company and shippers do when assessing our application".
- Health costs and impacts from expansion of the industry right along the coal chain are ignored. Newcastle Public Health Professionals stated that they regard PWCS T4 Project a "significant threat to public health".

Your attention should be drawn to The Newcastle Herald article (13.11.2013 p 7) 'Port pollution prosecution' which stated that:

"PORT Waratah Coal Services is being prosecuted again over pollution in Newcastle Harbour just months after it was fined \$25,000 for a similar incident. The company was not represented in Newcastle Local Court yesterday to answer two charges of polluting waters near Wharf 4 on October 3 last year. The company is accused of allowing a sump at its Carrington Coal Terminal to overflow into the Hunter River, an almost identical allegation to the one it pleaded guilty to earlier this year. The fresh charges were adjourned for one month".

It is our understanding that PWCS did not conduct any pollution tests after the incident. The company pleaded guilty to polluting the river, but claimed in a Newcastle Local Court that there was no evidence of any environmental impact. Such a claim cannot be substantiated without proper studies carried out.

The reason for quoting the above article is to indicate that the PWCS Preferred Project Proposal report reflects a similar scenario - unsubstantiated claims based on spurious assumptions.

In this case, PWCS claims their industry can be sustained by the expansion of the coal industry until regional resource depletion or the coal export market collapses (up till 2050). PWCS also claim that their Project will provide substantial net production benefits that will outweigh any adverse impacts and work in the best interests of the community, region and State.

That's easy to claim when you don't consider or allocate a monetary value to the impacts on the community and competing industries.

The following failures of the Preferred Project Report's BCA should determine that their Project Proposal is refused.

- a) **No timeframe** is provided, as PWCS is unable to reliably predict demand for export coal.

We know that the Proponent has reduced the size of their project due to falling requirements for capacity export demand and that they state the Proposal will only go ahead if capacity demands by their joint venture partners are triggered.

It is clear, and was questioned by submissions to PWCS' first T4 proposal, that PWCS' anticipated and predicted export demand at that time could not be substantiated. It still can't be assured. The Proponent states "It is reiterated that the T4 Project will only be constructed in response to demands nominated by coal producers" p.270

PWCS are now accepting voluntary reductions in export coal from their partners. In contradiction to the real situation of continuing decline in coal export, PWCS state "in terms of planning to meet forecast long-term demand, and acknowledging the cyclical aspect of demand for coal, the T4 Project would provide the infrastructure required to successfully satisfy long-term demand".

It's apparent from many accredited sources PWCS' anticipated 'long term' increased, demand for coal is more than unlikely to eventuate. (Hence their reluctance to commit to a time frame for their project?). Their assessments are biased in favour of the Project.

Regardless of the obvious state of the international coal market, the Proponent states (3.2 Appendix S BCA Results in the EA) "The BCA in the EA identified that because the NSW coal resources is in fixed supply, the T4 Project allows the mining of coal to be brought forward in time. Instead of mining and exploring the resource at the rate established by current approved capacity at the Port of Newcastle, port capacity can be increased to meet projected demand and the rate of mining and export can be increased".

Obviously, the Proponents are hoping for an opportunistic last grab at NSW coal reserves – regardless of the adverse external costs of coal mining expansion. This proposal is totally one sided. Just because something can be done, doesn't mean it should be done.

Many media reports have assumed the T4 Project has been shelved. It is clear Australia has lost its cost competitiveness with other global coal producers and PWCS and the mining industry itself acknowledges this.

Earlier this year Prof Garnaut commented that mining will slump, and it will "take Australia with it". (SMH March 31 2013 Weekend Business p5 "big bang will end with a big bust")

There is no economic justification for the T4 Project without the Proponent's establishing a case and time frame for a growing global market for coal.

Important questions remain unanswered:

When is the Project required and for how long will it operate?

Can the economic forecasts presented by the Proponents for coal export truthfully be substantiated in light of falling commodity prices and the entrance of new and cheaper competition?

Are there regional, economically beneficial alternatives to the Proposal? (A "no project scenario" – and - Will we be better off without this project?)

- b) **The Proponent's BCA framework recognizes the costs and benefits to PWCS but not the community.** The purpose of the BCA is to measure ALL the social and economic costs and to weigh those costs against dollar benefits to everyone (stakeholders). The statement made by PWCS consultants "It is unlikely that residual environmental and social impacts would be sufficient to outweigh (these) net production benefits" is meaningless when true costs to the community aren't part of the framework AND the Proponent's don't establish a case that warrants the demand for the Project.

Real costs to society of the Project need to be evaluated. It is not feasible to ignore the impacts on the wider region in the BCA – especially as the Proponents rely on the net economic benefits of the whole coal chain to drive their Project. The T4 Project Proposal directly relies upon mine output. It is simply irresponsible to refer to 'upstream and downstream' costs. It's all one and the same to the community.

The question arises,

If a dollar value is placed on the long term social, environmental and current and future employment industries likely to be adversely impacted by the T4 proposal, could the T4 project be justified?

I refer to the costs imposed on society by the coal industry in our region, including:

- Health impacts (including investigations into cancer cluster at adjoining coal terminal)
- Air quality
- Reducing greenhouse gas emissions, combating climate change impacts and events
- Ramsar Wetlands
- Hunter River Estuary
- Regional water catchments
- Likelihood of stranded infrastructure
- Road and rail infrastructure (for community benefit rather than specific user benefit)
- Recurring costs – like accidental pollution spills
- Employment security and diversification of economic potential at the Port and in the region (eg tourism potential)
- Agricultural industries – including horse breeding, viticulture, food production
- Government subsidies to the coal industry
- Mine subsidence and sterilization of lands

Only with proper, holistic consideration of ALL the costs associated with the T4 Project can a fair BCA be produced.

We need to know things like –

What is the useful life of the Project, knowing we are stripping opportunity for future use of the resource?

What will be the long term return on this investment to the community, knowing infrastructure is designed for single use and employment opportunity short term?

Who actually benefits and who actually pays for this Project? The Proponent states (Updated Statement of Commitments Chptr 15) "that it is not appropriate to include the costs and benefits associated with downstream use of coal", and that (Economic Activity) "this

analysis only considered stimulus generated by the coal terminal itself". PWCS' "economic context" is to service the coal industry.

It is stated (p 236) "All the costs and benefits to Australia of mining, transporting and exporting additional coal are relevant to the BCA". But we've been advised to consider the impacts of the coal terminal only.

The BCA consultants don't follow a consistent and easily understood methodology for Benefit Cost Analysis which allows for consideration of a true state of affairs. The Proponent's arguments are meaningless – especially in light of their statement that "It is reiterated however, that the T4 project will only be constructed in response to demands nominated by coal producers" (p270).

Who wants this Project? PWCS, contrary to the coal industry which acknowledges it does not have social license to operate, purports to have community support.

PWCS inconceivably states, increased employment opportunity (in the face of forced coal miner redundancies throughout the State and a reduced project portfolio) and that the benefit of the T4 Project "would ensure Australia and NSW can capture the economic benefits of helping to meet increasing world energy demand" Chptr 15. Well, so can solar, wind and geothermal, gas and nuclear energy. For community benefit, shouldn't alternative present and future energy supplies be costed?

We know that the recent Warkworth mine court decision found that the adverse impacts of that mine on biodiversity and the amenity of the local community outweighed the economic benefits of that particular mining project. It wouldn't surprise us at all if PWCS consultants for the T4 Project, are the same consultants used for the Warkworth proposal. Fair consideration of the social and environmental costs should occur in a BCA. It is hard to believe T4's BCA would stand up to professional and independent scrutiny.

CPCFM believe the benefits and potential savings to community, region and State if T4 doesn't go ahead include –

- Present Government subsidies to the industry (including rail transportation) can be allocated to health, welfare and education (meaningful and tangible benefits for tax payers)
- Equitable employment opportunity in sustainable, socially accepted regional industries
- Diversification of our economic base – especially important in times of global financial difficulty and in times of economic growth
- Potential for growth and reallocation of Government funding for alternative, clean energy production (new long term jobs)
- Improved health
- Enable secure, sustainable and equitable water supply for people, agriculture, the environment, catchment river systems and industry
- Protection of natural attributes – including Ramsar Wetlands, Hunter River Estuary, and important ecological communities required to sustain natural systems
- Less road and rail congestion and reallocation of funding for public transport
- Increased productivity in agricultural regions and industries to support regional communities
- Stabilisation of real estate values and rental housing costs (cost of living)
- Ability to better manage mitigation of greenhouse gas emissions
- New opportunity for Newcastle Port to drive a diverse trade and regional economy – opening opportunity for new industries and Port infrastructure

It is obvious that the T4 Project proposal is driven by PWCS joint venture partners' ongoing attempts to drive coal exports, regardless of social and environmental costs. Those costs are primarily born by people outside of their industry, and have not been accounted for in their BCA. Simply put, that is not fair.

The BCA peer review carried out for the amended Proposal is not transparent, or consistent - nor does it comprehensively consider the issues highlighted by community submissions to the first T4 proposal.

The proponents do not provide an alternative for their proposal – but many members of the Hunter Region and Liverpool Plains can supply practical, sustainable, economically viable options. Newcastle University has done much work in the potential for employment opportunity in renewable energy and diversification of employment away from mining. These people and representative industries have not been consulted during the BCA which again indicates the BCA is biased.

The elephant in the room – climate change – and how to mitigate Australia's contribution to greenhouse gas emissions is basically ignored.

The Proponents measure on site emissions and absolve themselves of the responsibility to account for the emissions from coal mining that is required to measure the potential impacts of their Project. Perhaps this is an indication of the standard of the industry's corporate responsibility policy – PWCS is owned by the coal miners and unfortunately it is not in their economic interest to see the reduction of green house gas emissions. This stance doesn't work in the best interests for shareholders or the community. There are no risk mitigation measures specifically designed for climate change risks provided, either on or off site.

The challenges that climate change presents will not disappear because they are too difficult to deal with. "Over three quarters of NSW emissions come from the extraction, processing and burning of fossil fuels, primarily coal. Nearly three quarters of emissions are in the form of carbon dioxide, with methane emissions the next largest form of emissions". (NSW Department of Environment and Heritage, Emissions Overview 2010).

Emissions (and health impacts) from coal are bothering the Chinese as well: "The surging growth in China's hunger for coal – the bedrock of Australian government export revenue forecasts for the next two decades, and for the tens of billions of dollar in private investment in coal mines and infrastructure – could come to an abrupt halt within three years. News reports from China, quoting Wu Yin, the deputy head of the government's National Energy Administration, say China is looking to impose an absolute cap on coal energy consumption by 2015 – an innovative twist on global climate change policies that have so far included caps on emissions and renewable energy targets. (Renew Economy Giles Parkinson 'China threatens to pierce coal export bubble March 2012)

Consideration of the T4 Project cannot be considered in isolation from the coal industry it services. The BCA should be rewritten to reflect a realistic state of affairs for the coal mining industry of which PWCS is a key driver.

When developments and investment carry real prospects of health, environmental and social costs, their support is reckless. When investment continues to support a known unsustainable and economically volatile industry, an industry which denies the immediate requirement to reduce carbon emissions, such support can only be seen as irresponsible.

If we talk about economic efficiency as a key consideration of economic analysis, then the T4 Project should be rejected. PWCS \$figures just don't add up.

The coal industry does not have a long term future and the costs to the community associated with industry – both upstream and downstream - should be accounted for by the

industry because those costs are great to the community and should not be ignored.

To invest in infrastructure to expedite PWCS' joint venture partner's expectation to export coal while they can, is not in the best interest of the community. The industry is not in a position to guarantee economic benefit without consideration of the state of the 'real' export coal market and importantly, the costs imposed upon others.

As it stands, the T4 Project has not presented a case for approval.

To coin a phrase used by the BCA consultants for the Proponent, and in the opinion of CPMF, there is very good reason to state that "Australia will be a whole lot better off" without the T4 Project.

Yours faithfully,

Claire Charles,
Secretary,
for and on behalf of CPMF.
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