

## **WARKWORTH CONTINUATION 2014 DEVELOPMENT APPLICATION (SSD 6464) SUBMISSION**

The subject Development Application should not be approved as presented. It completely ignores the legitimate concerns of the people most affected by the development – the residents of Bulga, displays nothing but contempt for those concerns, and fails to provide any practical measures to address the issues raised by those concerns.

This application provides a 14 billion dollar windfall to Rio Tinto but leaves the people of Bulga with increased health problems, a worsening standard of living, and holds them captive in the area unable to move due to the collapse of the property market. These are all real consequences for citizens of NSW that are a direct result of this mine expansion.

Before this application can be approved it must, as a minimum, provide the following:

- Maintenance of a viable property market or a compulsory purchase program that allows residents to move should they choose to do so;
- Real solutions to the noise and dust problems presented by mining operations; and
- Resolve issues surrounding the “gifting” of Wallaby Scrub Road to Rio Tinto, a public asset belonging to the people of NSW, without any compensation or alternative route being provided.

As it stands, the proposal creates a wall-less prison for those left in Bulga. Health problems caused by dust and noise are well documented and will be experienced for many years to come. The collapse of the local property and job markets, the inability to lead a normal life, and the sense of helplessness, entrapment, and abandonment will surely lead to an increase in mental health problems in the area. And there is the financial hardship that major depreciation of the family home will bring to many people as the mine moves closer to their houses. All this goes together to make life in Bulga in many ways like a prison existence.

Policy decisions of this nature have been made in the past without the foresight of consequences they bring. We do not have this excuse anymore and it is up to NSW Planning to ensure that those most affected by this mining application are properly considered and treated before any approval is made.

I previously drafted a submission for the Development Consent consultation sessions held in March of this year, which was completely disregarded. This time I would like to try analogy and a list of questions that need sensible answers to illustrate my point about this proposal.

### **An Analogy...**

Imagine this if you will (my apologies to bikies):

The outlaw motorcycle gang wants to build a permanent clubhouse in the Sydney suburb of Auburn. The residents have taken the application to the Land and Environment court and won both an initial decision and an appeal by the club to have it disallowed.

Because marijuana is going to be legalised for medicinal use Government thinks “...our local motorcycle communities should be good at managing this type of business - they already have the production, processing and distribution networks well established. And they’ll pay lots of royalties and maintain employment in the State and heaps of other stuff if we support them...” So, ignoring the results of the State legal system the Government changes the law to allow the application another run, only this time without any legal recourse for the locals. But, there will be “community

consultation” where residents go to meetings with the bikies to point out their objections, only to be told by the baseball bat wielding Sergeant at Arms they don’t really have any problems at all.

The application is resubmitted claiming to be different to the last one because they have split the application into two – one for the clubhouse and one for the meth lab on the opposite side of the road. They also say it is different because it’s really an application to build a new playground and provide five new traineeships a year that just happens to include a clubhouse.

The 2,844 page application covers all the bases and must have been written by Gregorian monks given the “Jobs and Royalties” chant in every chapter – Economic/Noise and Vibration/Air Quality/Soil/Visual Amenity/Aboriginal Cultural Heritage etc. whether it needs to be there or not. The beauty of such a large and complex document is that everyone assumes it must be right, isn’t it? This means they don’t have to read it, do they? And there is no need to include any inconvenient facts that might interfere with the “Jobs and Royalties” theme. Anyhow, the bikies were right and Government, mesmerised by the chanting and how high the document sits on their desks, just nods and grins and assumes everything must be right and thinks it will probably approve the application. They don’t see anything wrong with how the application deals with all the problems of which a few are listed below.

Isn’t it nice that, because the clubhouse will be built on an existing playground, the bikies plan to build another one twice as big to compensate for its’ loss. Unfortunately, the new one is out the back of Broken Hill somewhere (and definitely nowhere the good folk of Auburn will ever get to use it)!

The clubhouse is across the road from the lab so the road needs to be closed for uncontrolled access. The Traffic and Transport assessment says the locals hardly use the road and besides, they won’t mind travelling an extra 10km to get to the shops and work. With “Jobs and Royalties” still ringing in their ears Government says “No Worries, you can have the road for free” – even though it belongs to and is paid for by the people of NSW and they might like to think at least they get something back for that investment over so many years.

Meanwhile, some pimply faced kid in a 40<sup>th</sup> floor office in North Sydney with a spreadsheet model that looks at noise from the clubhouse says the readings are too loud and we need to do something about it. “Right O” the bikies say “let’s just measure the noise that kids make playing in the park instead of the noise 20 Harley’s coming down the street or AC/DC being played on full volume makes”. “Brilliant” says the kid – but the noise the little ankle biters make playing is still too high. “No Problem” they say again, “we’ll take the readings from our Clubhouse in Parramatta, 8kms away and just say they’ll be the same when we move into the street”. “That’ll work” says the kid, thankful he’ll never have to spend a minute in Auburn ever.

Most of the bikies actually live in Redfern or Campbellfield or Sutherland Shire or nowhere near Auburn because, face it, they don’t want to live next to a bikie clubhouse. But, this means the application can include these areas in assessing the impact of jobs, house prices, traffic changes etc. in the proposal. What a surprise when it comes to the happy conclusion that, overall, the new clubhouse doesn’t affect anything that much at all and must be good. Meanwhile, the 20 families that live in the street that are being rolled in with 10’s of thousands of other people in other unrelated suburbs start to feel a bit disenfranchised given they thought they had a right to be represented and protected by Government too.

People like living in their street in Auburn and hardly ever move. There is a mixture of apartments, duplexes and free-standing houses with greatly differing values. As a result, in 2005 only one apartment sold for \$250,000. In 2013 only one house sold for \$400,000. No one else has moved in that time. The bikies argue that a clubhouse in the area is good for property prices as the average price has increased by \$150,000. They don’t mention how many have sold altogether or that the \$400,000 house was bought in 2004 for \$800,000 and had to take a major price cut to sell, or that it now takes over two years to sell any property since they made the original application for a clubhouse in 2010.

Meanwhile, the pimply faced kid with the spreadsheet in North Sydney “massages” the numbers so, as if by miracle, it turns out only one person in the street will actually be affected by explosions from the lab, from the dust caused by Harley’s doing doughnuts in the dirt, or from AC/DC being played up loud. It is truly a wondrous thing that vibration, noise and dust are so clever as to know to only go to one person’s house in a whole street, passing by lots of others without any impact at all. Try telling that to those dosing up on Stillnox just to get a good night’s sleep, keeping kids inside because their asthma plays up with all the dust, or repairing cracks in the houses that just weren’t there before the bikies moved in.

Needless to say it goes on and on and on. If this were an episode of “Yes Minister” on the ABC you would have tears in your eyes and be rolling around on the floor in fits of laughter. Sadly, this is the reality of life in Bulga Village. If something like this happened in Auburn it would never be approved. It shouldn’t be approved here either.

Here’s an idea if you really want to ignore all the above. Approve the mine with just the two following conditions:

1. For anyone who wants to leave who lives within 8km of the mine edge, make the mine buy them out at 1.5 times the value of the property if there was no mine in the area, as they have done in the past. If your new “besties” are as good as they say, no one will want to sell and everything will go on as usual. Heaven forbid and they lie, then at least it will be the mine that is stuck with a worthless bunch of property instead of honest people who live in the area, and who are prepared to live with mining under the limits agreed in the 2004 approval, but who did not vote for anyone who was going to allow promises to be broken and unfettered expansion to occur.
2. Make the mine own and operate the extension for the full period of the approval in accordance with the application as presented. And, by the way, no job losses either. If it is the vibrant economic proposition that is win-win for everybody they say then this requirement should not be a problem either. However, given the number of mines in the Valley that are closing or downsizing and laying off staff, I think Rio Tinto would make more money from mine management consulting or running these existing mines on behalf of the other companies that can’t make a buck out of them rather than expanding Warkworth. Make no mistake, mines are bought and sold on the amount of resource available and this application turns a worthless hole in the ground with a mega-liability for rehabilitation into a multi-million dollar asset ripe for sale to other companies that may not be interested in running it according to the application. **BIG TIP:** Get the \$567M royalty money paid up front ‘cause you only get this if they actually dig up coal and ship it (just in case they want to wait for the coal price to go up).

### **Some Questions to be Answered...**

A simple, rational, reasonable response would be nice:

**How is this Application Different to the Previous One Twice Rejected by the Courts?** You can put as much lipstick on a pig as you want but it’s still a pig! This is still an application to dig a great big hole in the ground right next door to Bulga Village. And, despite anything written in the new DA, for those who actually live in Bulga “Community Consultation” still means being ignored in sham committees and receiving company propaganda at regular intervals, “Improvements in Air Quality, Noise and Vibration” mean things are getting dustier, louder and more severe, the biodiversity credits being offered have no impact in the immediate area the mine is occupying, the unique Warkworth Sands Woodlands is still not as important as a hole in the ground, and closing Wallaby Scrub Road still won’t affect anyone of importance. Nothing has fundamentally changed since the 2010 Application.

**How is this Application Separate from the Mt Thorley Application?** It says it is but how come Warkworth can't ship a single lump of coal without using the Mt Thorley Coal Loader, how come they need the Mt Thorley Washery to process a third of the coal dug up from Warkworth, how come they need to dump overburden in the the Mt Thorley open pit, and how come they refer incessantly to MTW (Mt Thorley Warkworth) throughout the entire 2,844 pages of the Warkworth Continuation 2014 Application.

**Does Rio Tinto Not Have to Abide by a Court Decision?** The Executive Summary states (page E.5) "Further, it should be noted that the decision by the L&E Court in respect of the Warkworth Extension 2010 was a merits based appeal determined on those particular facts the subject of the appeal. Accordingly, it is not a binding legal precedent that limits the discretion of future decision makers in respect of the proposal." Surely the appeal only confirmed the original Court decision that the project not proceed, and this surely **does** affect the discretion that "future decision makers".

**Can a State Government Change the Laws so a Project Formerly Disallowed by the Courts can now be Submitted for Approval with Less Scrutiny and No Legal Recourse?** Well, can it without being in contempt of a court decision? Surely a project like this that has been extensively reviewed by the Courts and disallowed does not have sufficient merit or the necessary community protections required. Yet, here we are...

**Mine Valuation.** Approval of this DA turns a worthless mine requiring millions of dollars of rehabilitation work into a \$14B asset of marketable reserves literally overnight (and pushes the rehab problem out another 20 years where it could easily become someone else's problem). This is a bit of a gift for a company whose energy business made a loss in 2013 and whose income from energy is as little as 1% (not really a coal miner any more), and who already has business interests with Coal India Ltd which was set up by the Indian Government to purchase overseas coal assets. The International Energy Agency has also recently downgraded their estimate for global coal growth from 0.5% a year to less than 0.3% for the period 2012 to 2035, based on clean energy initiatives around the world and a slowdown in demand from China and India, making the coal business harder not easier. A 2,844 page Development Application might give you a warm and fuzzy feeling (like peeing in a wetsuit on a cold winter's morning surf), but it doesn't mean it's not just 2,844 pages of spin. There should be more explanation of the economic benefits and, more importantly, the economic viability of the project and greater scrutiny of the data provided. Other projects have come unstuck in recent times due to dodgy economic benefit estimates (e.g. Kores Wallarah 2 mine at North Wyong). Just because this one is big doesn't mean it is too big to fail if not properly scrutinised. Also, NSW needs to guarantee it gets its' fair share of this major resource as once it is gone it is gone.

**Why Do You Want to Create a Wall-Less Prison for the People of Bulga?** The manner in which this Development Application marginalises the residents of Bulga and dismisses their genuine concerns in such a paternalistic manner is reprehensible and should not be condoned by anybody, let alone a Government elected to represent and protect all the people of NSW. To say that sleep deprivation, the continual feeling of helplessness against the might of the mine, health issues caused by dust and noise, depreciation of your most valued asset – the family home – through damage from blasting and proximity of the mine, not being able improve your standard of living through home improvements and renovations that people in other areas take for granted, changes to the local landscape, your employment status, and, most of all, not being able to leave for any reason because you cannot sell your property as there are no buyers willing to step into your place will have no effect on the community just because we are told by Rio Tinto it doesn't now is absurd. If Rio Tinto want to operate their mine they need to have real engagement with the local community, they need to properly investigate the concerns raised and provide real solutions to the problems, they need to support the local community through employment and business opportunities, they need to patronise local business, they need to maintain a healthy property market and they need to support improvements to the amenities and facilities in the village. Their current approach does not do this and will have serious repercussions in the future. Those in Government when decisions like the "Stolen Generation" policy were made did not have the benefit of foresight to appreciate the full impact of their decision. Modern Government no longer has that excuse!

**If the Property Market in Bulga is So Good How Come it Doesn't Feel So Good?** Table 5.4 Appendix P quotes a study by Stubbs in 2012 that median house prices in Bulga rose from \$282,500 in 2008 to \$450,000 in 2012. The conclusion – the Warkworth Extension DA lodged in 2011 for a larger mine closer to the village actually caused property values to increase. No details of the study are provided but given it can take several years to sell a property in Bulga, often at considerable discount to the original asking price, that very few residents leave the Bulga area even on Rio's statistics (Table 4.1 – 71% had the same address 5 years ago), and that there is a mixture of house lots and properties on varying acreage up to 100 acres which obviously attract a wide variety of sale prices, this assumption does not seem quite right. An alternate conclusion could be that only one house lot sold in 2008 for a \$282,000 asking price after a month on the market, and that a \$750,000 100 acre property had to be marked down to \$450,000 to be sold after being on the market for two years without any offers in 2012, giving the same median house price results. Judging by the general opinion of local real estate agents that you have no hope of selling anything in Bulga and the number of "For Sale" signs on the properties of people still hopeful they can sell before the mine comes, I suspect the latter scenario where property prices are falling is more correct. It would be naïve for anybody to think that a large mining development on your doorstep would be good for property prices in the Hunter Valley but this is exactly what we are being told, and yet another fine example of community engagement and consultation by Rio Tinto.

**Why Do They Not Just Deal Properly with Noise Problem?** Clearly there is a problem with noise from the mine. Locals don't complain for the sake of it – as well as the usual drone from the mine you can often hear the dozers and trucks quite clearly of a night, and it often gets louder as the night goes on. You can also gauge which crew is working by the way driving and operating patterns change (often one crew will be worse than the others and make more noise or have markedly different operating habits). You ring up to complain only to be told no alarms have been breached despite still hearing the machines in the background. The mountain range around the Inlet at Bulga is like a giant amphitheatre with Warkworth mine at centre stage. Noise is amplified and transmitted more than other areas which only adds to the problem further. Instead of arguing about Broner limits on low frequency noise and the impact of crickets and cicadas, how about getting some graduate student to study the actual noise generated by the mine so that real steps can be taken to fix the problem. Hey, they could even billet at some of the local's places and get firsthand experience. Even Broner recognises that sometimes you just have to measure the exact noise problem instead of using generic settings for average readings.

**Why Not Just Fix the Noise Problem #2.** But wait – there's more! This mine is actually getting closer to the folk of Bulga, not further away. Even though the current levels are under the limits, they are just under the limits with the mine in its' current location. Saddleback Ridge, the hill providing protection from noise and dust will be mined under the application and that protection will be lost. Activity levels and hence noise levels will only get higher once full mining operations commence in the extended area. So how come they say there won't be a problem with noise in the future just because their current monitoring says the levels are OK? One very self-evident truth is that noise gets louder the closer you get to it (or it gets to you)? Either way, if you have to take sleeping tablets to get to sleep because of the noise then it's too loud and something has to be done about it.

**Why is There No Provision for any Capital Works in the Cost Benefit Analysis?** This mine is going to be working at maximum capacity for the next 20 years and the mine itself is getting further and further away from the coal handling and processing facilities as mining proceeds. Yet there is no mention of any significant upgrade work or capital works that could bring additional employment and income to the area. The mine's already been going since 1981 and by 2035 will be older than all its' employees when it closes. Wouldn't you think there would be some kind of major refit/construction of new facilities closer to the mine site that would go on between now and 2035 if you were serious about running the mine? Even if it were only to incorporate new technology that must appear sometime in the future.

**How Sure are You about the 1,300 Jobs?** Rio Tinto would have to be the leader in this country in driverless trucks on mine sites. Given no one else in the Valley can make money out of coal at \$70/tonne this type of technology could easily tip the scales. Even if you just look at the last 20

years in mining and how technology has reduced the number of miners on site it is a bit naïve to think that there will be 1300 jobs at the mine the whole time it operates and that jobs won't go once approval is given. It also doesn't seem so long ago there was a battle in Singleton over a 1,000 person camp to be built for fly-in/fly-out miners. Could it be fly-in/fly-out miners are cheaper than locals? Didn't remember hearing any of the mining companies say don't build it.

**Why are they Even Bothering?** Rio Tinto even says in the Application that strip ratios (the amount of overburden removed vs coal mined) are extremely high in this area (10:1) whereas in Queensland they are down around 4:1. Wouldn't it be better to spend money in Queensland where the mining is cheaper for the same return (unless you had other plans for your mine in the Valley)?

**Does the Demand for Coal Ever End?** Do you just have to dig the stuff up and someone will buy it? This project will put another 200 million tonnes of coal on the market when everyone is saying there is too much of it already available at cheap prices. Bit like the wine glut really. If coal companies were smart like oil companies they'd manage supply to keep the price up. Unfortunately, when it gets to \$140 / tonne every man and his dog gets into mining at full tilt to get it out of the ground and now they're all struggling to survive (well, not all it seems...). Again, didn't see any indication of long term contracts to take the coal they will be producing in any economic analysis.

**Will the Mining Jobs Actually Go if the Mine Closes?** Mining, by its' very nature is a terminal profession. Once the ore or minerals are gone so is the job – and you're not likely to wait around for a few hundred million years for more resources to grow back. Most miners accept this reality and move on. The mining industry also recognises this and supports a remotely based work force through temporary accommodation, fly in/fly out options etc. There are people in Maitland that used to work in the Valley but now fly in/fly out of Queensland on a weekly basis. Others will fly to other countries for longer durations such as Africa where Australian mining skills are highly valued. Gina Rinehart wanted to get workers in to her mine in WA on 457 visas because she couldn't get enough Australian workers for heaven's sake. As an industry, mining is a global one and uses business that best suits its needs wherever they are. Hedweld Industries at Mt Thorley is a classic example of a local firm supplying goods to mining around the world. It's a bit disingenuous to say Job Armageddon is coming just because one mine closes.

**Why Close Wallaby Scrub Road?** Many of the local people rely on this road to get to work and it's the main way to get to the Golden Highway if you come from Western Sydney along the Putty Road. Why not just move it to the western boundary of the mine like many other roads have been moved by mines in the past to gain access to the resources under them? Last time I checked it belongs to the People of NSW, not Rio Tinto, and it doesn't matter if only one car goes down it every day it's still our road. To give up 7km of land rich in coal for nothing is just not acceptable under any circumstances and needs to be questioned. If users of the road have to be inconvenienced and travel another 12km to get to where there going they should at least know that a refuge won't close or more child care places are available because of the money the Government got for the sale of the road they would normally use.

And another thing. Would Singleton Council really go on Sixty Minutes in support of the closure of Wallaby Scrub Road and say "...there would be some maintenance cost savings each year as a result of the road closure as the current annual road maintenance expenditure for the route would no longer be required..."? (Main Report (2), page 348). Note to the Lord Mayor: Instead of hiking our rates by 8% this year how about just getting the mines to dig up every road in the LGA and use that saved money instead to run the Council. Proof positive that aliens came to earth, had sex with cattle, and their offspring are working in local government.

**How Come Maitland Gets \$10m from the Resources for Regions Program and Bulga Gets Zip?** Yes, in one of the world's great ironies, Maitland, an area 10<sup>th</sup> most affected by mining gets \$10m for projects from the Resources for Regions program and Bulga (and Camberwell and Ravensworth and Jerry's Plains) get nothing. From the assessment criteria it seems Maitland scores highly in the rankings not because it is affected by noise, vehicle movements or any of the other maladies normally associated by mining, but because a large number of miners live in the

area. Even on Rio's figures 17% of their workforce lives at Maitland with 19% at Cessnock and 21% in the Newcastle/Port Stephens/Lake Macquarie area – all nowhere near the Warkworth mine. Perhaps this is because even their own employees realise what it's like to live next to a mine, don't want their families exposed to that sort of risk and want to get as far away as possible.

**Why Do They Leave a Final Void that would require over 800 Million Cubic Metres of Material to Fill?** If my math is correct this hole is nearly 1½ times the size of Sydney Harbour and there is no real indication of what they intend to do about it. This happens in 2035 and the Company says "...this process would take many years and use a large fleet of excavating equipment and trucks..." Here's an idea: between 2015 and 2035 (twenty years) you actually have a large fleet of excavating equipment and trucks on site which leave the pit loaded and come back empty. Road transport has long appreciated back-loading as a concept for efficient use of resources. Also, if my scaling is correct, the pit will be around 6km long and 3.5km wide by the time it is done but operations won't extend to all areas of the pit. Why not just start back-filling of the void immediately using empty trucks and existing mine equipment so the job at the end of mining is less or the total void is less. It seems possible to fill the void in Mt Thorley pit using overburden from Warkworth so why can't overburden from Warkworth be used to fill the void at Warkworth?

As stated earlier, before this application can be approved it must, as a minimum, provide the following:

- Maintenance of a viable property market or a compulsory purchase program that allows residents to move should they choose to do so;
- Real solutions to the noise and dust problems presented by mining operations; and
- Resolve issues surrounding the "gifting" of Wallaby Scrub Road to Rio Tinto, a public asset belonging to the people of NSW, without any compensation or alternative route being provided.

Otherwise, Eddie Obeid may as well be back running the State.

I've included a copy of my submission to the consultation process for your information. Please feel free to contact me with any queries you might have. Oh, and yes, I am angry about this.