Wilpinjong mine extension

Any increase in coal-mining is at odds with Australia's commitment, signed at the United Nations climate talks in Paris (COP21) in December 2015, to join the rest of the world to limit global warming and the impacts of climate change.

Climate change is above all a question of public health.

What is already well known by economists, for example, is that the health costs of coal and fossil fuel burning increase societal costs of electricity (double or more by some estimates) – surely an incentive to escape from the fossil fuel addiction.

One of the best reviews of climate change and health has been published recently in the prestigious international medical journal the *Lancet* with support of the Rockefeller Foundation. It states: 'put simply, planetary health is the health of human civilisation and the state of the natural systems on which it depends'. This document should be essential reading for all involved in the climate change debate, as it is very positive about the potential for us to change behaviour and capitalise on the opportunities for new industries and innovation.

In fact, the International Renewable Energy Agency (IRENA) has just provided the first ever report looking at the global macroeconomic impacts of greater use of renewable energy. It's key finding is that *doubling the global share of renewable energy by 2030 would lead to a 1.1% increase in global GDP.* That equates to USD 1.3 trillion – more than the combined economies of Chile, South Africa and Switzerland.

There are specific findings of relevance for Australia:

- In the first IRENA case for doubling the share of renewables several countries are notable for having a large positive impact on GDP due to higher investment, including Australia (1.7%).
- The highest welfare improvements are observed in countries such as India, Ukraine, the US, **Australia,** Indonesia, South Africa, China and Japan. This is primarily a response to the reduced health impact of air pollution and greenhouse gas emissions reductions. Solar PV and wind withdraw up to 200 times less water than conventional power generation options including coal, natural gas and nuclear.

As in the case against tobacco and asbestos, public health must always trump private profits.

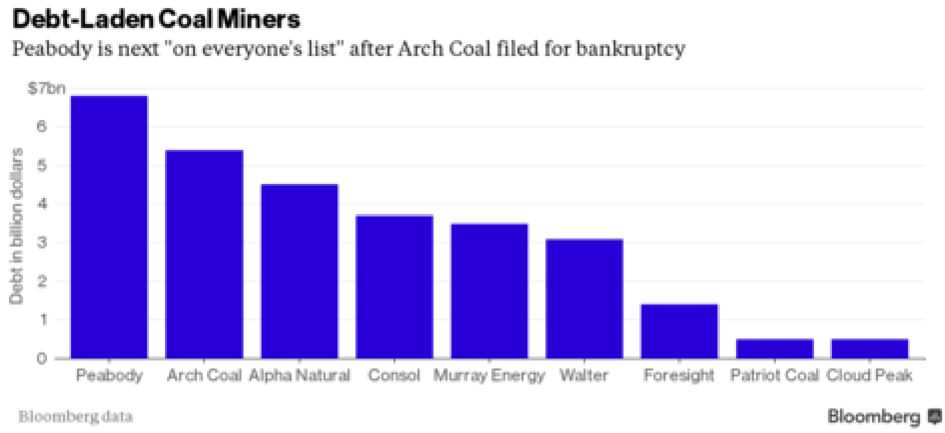
Responsible governments should put health front and centre, placing Australia on the course of effective climate change mitigation, enabling Australia to be an example of the highest ethical behaviour, rather than an International clown unwilling to transition from a severe addiction to coal.

Australia's proposed post-2020 targets are inconsistent with keeping the global temperature rise below 2°C, let alone below 1.5°C, which vulnerable countries are rightly demanding for their survival. *They will leave Australia in 2030 with among the highest per capita emissions and most pollution intensive economy in the developed world.*

The expansion of this project alone will produce an additional 20 million tonnes of GHG **per annum!**

Plummeting coal prices have pushed almost half the debt issued by U.S. coal companies into default, and for miners and their investors there's no end in sight.

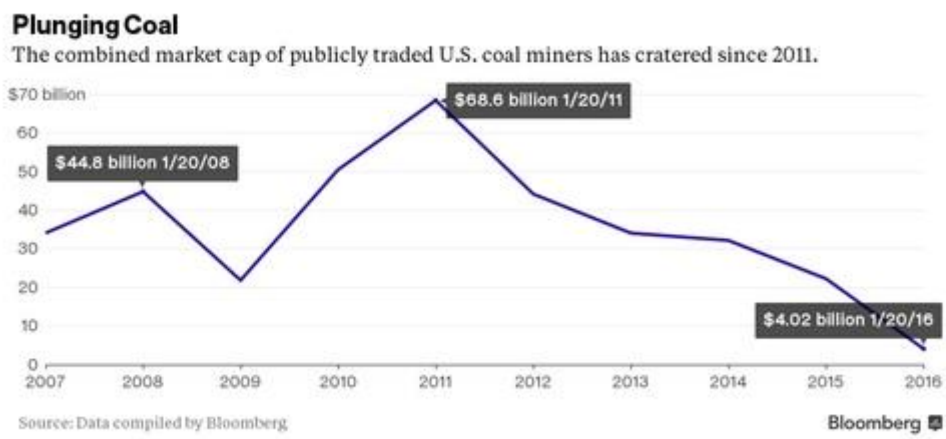
Patriot Coal Corp., Walter Energy Inc. and Alpha Natural Resources Inc. have all filed for bankruptcy in the past year. Now that Arch Coal Inc., the second largest coal miner in the U.S., has joined their ranks, investors are wondering if the biggest, Peabody Energy Corp., could be next.



Peabody's shares have been sliced roughly in half since Arch filed for Chapter 11 (bankruptcy) on Jan. 11, closing at $3.38 Wednesday January 11th. The company's 6.5 percent unsecured bonds have lost 27 percent, or 3.1 cents on the dollar, over the same period, most recently trading on Jan. 14 at 8.6 cents and yielding 99 percent, according to Trace, the bond-price reporting system of the Financial Industry Regulatory Authority.

"Lots of people are wondering: What's the next shoe to drop? Who might be the next company? Peabody's on everybody's list," said Spencer Cutter, a Bloomberg Intelligence analyst in Skillman, New Jersey, in a webcast presentation about the global coal industry on Jan. 14.

Coal producers are suffering through a historic rout. Over the past five years, the industry has lost 94 percent of its market value, from $68.6 billion to $4.02 billion.



Capital Cushion

In terms of capital, Peabody had $1.4 billion in liquidity including cash and availability under its revolving loans as of Nov. 5, according to a company filing. Its cash dropped to $167.4 million on that day from $334.3 million at the end of September. At that rate, the company is going to run out of cash in nine months, Bloomberg data show.

Peabody’s cushion will be pressured with coal prices so low. Its interest expenses are more than its cash on hand, according to Bloomberg data. For the 12 months ended Sept. 30, it burned through $445 million. An interesting and distressing by-product of this financial position is that Arch and Peabody are now “not able” to fulfil their rehabilitation obligations in USA. It almost certain the same situation will happen in Australia.

Yet, Peabody’s EIS report prepared by Deloitte Access Economics, is brandished about with élan. The report finds the Wilpinjong expansion has net benefits of $745 million; something which may surprise Peabody's shareholders as **their entire company** is now worth $US38 million.
That's correct; a mere expansion of the marginal Wilpinjong, near Wollar, is worth 15 times more than the share market value of the US parent corporation. This is patently ridiculous but exemplifies the manner in which the overheated claims of mining expansions are accepted as gospel and their actual outcomes never checked so eager is NSW DPE to see every mining project approved.
Why? The simple reasoning of supply and demand dictates that for all the “new”, “extra” coal mined the world stockpile will increase driving prices, profits and royalties further downwards. Considering the well-documented detrimental health effects of coal mining and coal-fired power why is DPE so rabid in pushing through approvals?
The only reason that stands up to real scrutiny is collusion and corruption. Any other reason defies logic.
So, to satisfy this unreasoning expansion yet another community of reasonable fair-minded Australian citizens will be sacrificed for the greater good of bringing “energy certainty” to a foreign nation.
At the peak of the coal boom years only 2% of NSW State Revenues came from mining royalties, today it is considerably less. Mining employs less than 5% of the work-force. In this particular case the increased employment has again been overstated when compared with the current workforce extracting a similar amount of coal. The recent history of mine approvals has been one where once approval is granted many mines have laid off workers despite their extravagant EIS claims. Winemaking, Hospitality and Tourism employ more, contribute more and result in land

improvement rather than destruction. This extension will leave 3 final voids impacting the local environment and waterways, as is usual the EIS has predicted far less impact than that which will occur, again these paid EIS consultants produce what their sponsor asks for and the actual results are never tested in the future.

The project will remove 354 Ha of remnant native vegetation in a total of 800Ha of extra land disturbance. This will affect 24 threatened species. Since "like-for-like" was abandoned by our enlightened Planning Dept. this will be "offset" by land unable to provide suitable habitat.

The precarious financial future of Arch/Peabody obviously makes this project financially risky and most unlikely to bring the benefits "prophesied" I use that word advisedly because all mining projects produce wildly overheated predictions of benefits. That these "benefits" are never checked post-approval during the life of the mine is an abject failure of governance.

VERY VERY importantly this is yet another project, Like Bulga where a vibrant community (what is left of it) is destined to be destroyed in the interests of a multinational company precariously clinging to a dying industry which CANNOT produce the benefits predicted.

ENOUGH is ENOUGH!

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