

Objection to Warkworth Coal Mine Consent Modification 6

Economists at Large would like to make an objection to the modification of the Warkworth Coal Mine. Economists at Large is like “economists without borders”. We are a network of economists who advise NGOs, community and environment groups on economic assessment. We have considerable experience in environmental economics and cost benefit analysis.

Economists at Large director Rod Campbell appeared as an expert witness in the NSW Land and Environment Court appeal against the approval of the Warkworth Coal Mine Expansion in 2012. Our main objections to that expansion were:

- Overstated claims of economic benefit
- Overstated claims of employment
- Understated costs to the local community and environment

As the department is no doubt aware, Preston CJ agreed with all of these points:

I am not satisfied that the economic analyses provided on behalf of Warkworth support the conclusion urged by both Warkworth and the Minister, namely that the economic benefits of the Project outweigh the environmental, social and other costs. (Judgement p155)

The latest application, consent modification 6, addresses none of these points and makes no attempt to make an economic case for the modification. The environmental assessment includes no cost benefit analysis, no economic impact assessment, no calculation of royalty or tax revenues, no estimate of profits which will accrue to overseas interests.

Economic impacts on the NSW community are also unaddressed in the latest assessment. There is no discussion of impacts on health, property values or the economic value of environmental damage that would occur if this modification is approved.

Our conclusion in 2012, supported by Preston CJ, that the expansion of the Warkworth mine results in minor economic benefits to NSW but considerable costs, remains unchanged. While the proponents claim the expansion is necessary to “maintain” jobs, this is not supported by any analysis or undertaking. The simplistic idea that expanding a coal mine leads to more jobs is contradicted by recent experience in NSW. For example, the Stratford and Duralie mines of the Gloucester Basin recently shed staff despite applying for approvals to expand.

The complete lack of economic analysis or justification of this project is contrary to the NSW government’s adopted position that greater weight should be given to the economic aspects of mining proposals and also to the guidelines issued by NSW

Treasury and the Department of Planning last year, *Guidelines for the use of cost benefit analysis in mining and coal seam gas proposals*.

We recommend that the Department reject this application as it appears to be contrary to the economic interests of NSW. There is no analysis to support any other conclusion. We would be pleased to expand on this submission in the future either in writing or in a hearing of the Planning and Assessment Commission.

Sincerely,



Rod Campbell
Director
Economists at Large



Tristan Knowles
Director
Economists at Large