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Nathan Tinkler's plan to re-open a mothballed coal mine will cost the community, former Australian Coal Association chairman Ian Dunlop has warned

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Alarmed: Former Australian Coal Association chairman Ian Dunlop says Nathan Tinkler's plan to run an open cut coal mine at Dartbrook is "a microcosm of a much, much bigger problem" in a world just starting to tackle climate change.

NATHAN Tinkler's plan for open cut coal mining at Dartbrook fulfils an analyst's prediction about major companies offloading rehabilitation liabilities to smaller, riskier buyers, and is "a microcosm of a much, much bigger problem", a former international coal, oil and gas executive has warned.

"This is not just a small issue, it's a very big issue," former Shell executive and Australian Coal Association chairman Ian Dunlop said after Mr Tinkler's Australian Pacific Coal advised the Australian Stock Exchange it planned to buy the mothballed Dartbrook underground mine from Anglo American and apply for an open cut mine.

Mr Dunlop, now a climate change campaigner who was involved in planning for Dartbrook while an energy industry executive in the 1980s and 1990s, said the controversial sale was a sign of things to come unless governments acted.

Plummeting coal share prices, stagnant coal prices and growing global acknowledgement of the need to tackle climate change meant that "major companies are now trying to sell off coal assets left right and centre", and the prospects for local and global communities were alarming.

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"The Tinklers of this world will keep on having a go to make a quick buck, and the community will pay the price," Mr Dunlop said.

"To have any hope of meeting climate change targets, Australia should not only stop approving greenfield mines, but the mines that are shut down, like Dartbrook, should stay shut.

"People like Tinkler will try to get an asset at a low enough price and make a bit of money in the short term, but things like mine rehabilitation are not going to get a look in."

Mr Tinkler's announcement of his plans for Dartbrook in a statement to the Australian Stock Exchange on Tuesday raised serious concerns about liabilities, after the statement noted a sale would release Anglo American from any future liabilities for the mine.

These include rehabilitation of the existing underground mine, which was mothballed in 2006 after three deaths over 12 years, and problems with gas, groundwater and spontaneous combustion caused "unanticipated operational difficulties at the mine", according to a Department of Planning assessment report in 2009.

Existing infrastructure potentially affected by any mine rehabilitation work includes the four kilometre long Hunter Tunnel which runs beneath the Hunter River.

Institute for Energy Economics and Financial Analysis analyst Tim Buckley expressed concern that only \$7.7 million of "financial assurances" appeared to have been set aside for rehabilitation of the underground mine, but there was no mention of rehabilitation in Mr Tinkler's statement to the stock exchange.

The statement instead emphasised that Australian Pacific Coal's purchase of Dartbrook included "significant land ownership comprising the majority of the open cut potential".

The 3400 hectares in Upper Hunter Shire covered "the majority of the potential open cut mining area", leaving the question of the future of the underground operations an open one, Mr Buckley said.

He has repeatedly warned of the risks posed by large companies selling mines in the Hunter region to smaller operators as a method of offloading rehabilitation liabilities in the multi millions of dollars.

"The sale of closed mining sites by global mining majors to private firms of unknown but limited financial capacity is the standard way to dodge the rehabilitation liability," Mr Buckley wrote in a report for the institute in September.

"The July 2015 'sale' of the closed Wilkie Creek coal mining site in Queensland for a reported US\$10-20 by Peabody to the private Exergen frees Peabody of an associated US\$55 million liability relating to rehabilitation costs and take or pay infrastructure obligations."

Mr Tinkler did not respond to Herald questions about Dartbrook and mine rehabilitation liabilities.

Anglo American did not respond to a Herald request for a mine closure plan showing the extent of underground mine rehabilitation obligations at Dartbrook.

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