

HUME COAL PROJECT

SUBMISSION TO NSW GOVT DEPARTMENT OF PLANNING AND ENVIRONMENT

FROM BRUCE WILLIAM McGOWAN

Together with Patricia Manolas I am the owner of a 100 acre property located at 7665 Illawarra Highway Sutton Forest NSW 2557, having bought the property in 2008 with the intention of finally retiring there. The farm lies over the Hume Coal exploration permit. It borders the southern side of the Illawarra Highway, immediately adjacent to the southern boundary of the current project area.

We operate a small farm with 30 cows and a bull. We breed calves that are sold annually. I am retired after working in the oil industry for over 40 years of which 28 years were spent overseas including 15 years in Singapore.

I wish to register my strong opposition to the Hume Coal Project and request that the NSW Government refuses permission for the project to proceed and irrevocably cancels the permit.

I am perplexed and angered by the many deficiencies and obfuscations in the EIS presented by Hume Coal. I understand that a large number of experts' reports will examine the environmental and economic impacts of the proposed mining operations and rail operations. These reports will also point out the many deficiencies in the EIS and highlight the bias in its assertions.

My specific objections are:

1. Water and its Effect on our Farm

Our farm has no running water and its operation is dependent on secure access to water from a bore. Our cows and bull consume 2000 – 2500 litres per day of water depending on weather conditions and lactation periods. Our constant concern is to ensure water is available uninterrupted. The map in the EIS indicates that our bore would be affected by the mining operations that would cause (according to Hume Coal) a drop of 5-10 metres in groundwater level. A letter received several months ago from Hume Coal

confirmed that our bore would be affected and that representatives would soon be in contact to discuss details of the affect on the bore. Finally on 1 June a letter was received from Hume Coal reconfirming that the bore would be affected. The letter was standard format and merely repeated parts of Appendix O of Appendix E of the EIS – another example of Hume Coal’s dubious claims to be seriously consultative with landowners.

I have read the IESC advice dated 8 May 2017 and am very worried about many questions raised in the advice. Firstly, whether the predicted drops in groundwater levels are accurate, and in particular whether the predictions take sufficient account of potential climate warming and reducing rainfalls. Secondly, that the drop is based on optimistic assumptions of the volume and quality of recovered water that would be reinjected into the mine voids.

I have no faith in Hume’s reported assertion that they would truck in water if required to maintain operation of affected bores. The coordination, planning and logistics required to ensure the production of 93 affected bores should be critically assessed for practicality. Loss of our herd should water run out would result in a loss of over \$35,000 plus clearing, replacement and cartage costs etc – a sum that cannot be protected by insurance. No indemnification has been offered by Hume Coal and even if indemnification were offered it is certain that legal recourse to the indemnity would be lengthy and problematic.

In addition, the assertion in the EIS that on average full restitution of affected bores would be achieved after 36 years (of exemplary mining operation without mishaps) confirms the extent of damage that would be done to the aquifer and is of scant satisfaction to a 72 year old farm owner.

Finally, the EIS confirms the direct hydraulic connection between the coal seam and the Hawkesbury Sandstone in which the groundwater is located. This demonstrates the high risk of contamination of the aquifer particularly as Hume Coal has understated the impurities that would be included. It is fatuous and irresponsible for Hume Coal to state that such a risk is ‘insignificant’.

2. Financial Matters

2.1 Property Value

The value of our property will be significantly decreased should the project proceed. In 2010 we were obliged to provide a right of way for the underground pipeline carrying water to Goulburn. An independent assessment found that even this unobtrusive and non-invasive installation resulted in a 1% loss of value of the property for which we were given direct compensation. It is likely that the potential loss would be greater but we did not object since we understood the overall community need for the pipeline.

The Hume project and the risks regarding water supply will have a significantly greater negative impact on the value of the property and will make it almost unsaleable. Potential buyers would be discouraged not only by the threat to water supply but also by the possibility that Hume Coal could later be given additional approval to mine further into their lease under our property with consequent risks of subsidence, noise and a worsening of the water situation. Hume Coal takes no account of this impact in its cost benefit analysis for the project and has offered no compensation. This is another example of the disregard it has for individual ratepayers. This is an ominous omen of their attitude to the community should the project be approved.

2.2 Reduction in Contributions to the Local Economy

Operation of the farm requires regular checking and attention to the cows and bull as well as maintenance of fences and equipment, electrical and plumbing maintenance, fertilizing and weed control of pastures, additional feeding in lean times, etc. These expenditures total approximately \$40,000 per annum and comprise mainly payments to local tradesmen and their assistants for work carried out and for purchase of supplies from local suppliers. This money

injection into the local community would be lost if our farming operation were to cease as a result of the Hume project. If this were to occur on all the 71 affected properties there would be a reduction of \$ 3 million per annum into the community. In our case, were we to no longer use the farm as a result of invasive mining there would be an additional loss of over \$20,000 per annum that we spend locally to maintain the house and live in the area.

2.3 Dubious Economic Feasibility of the Project.

I have had extensive experience in developing energy related projects particularly in Asia. My assessment of the Hume (POSCO) project is that it is a small coalmine with questionable economic feasibility. The project was started on the premise that all the production would be coking grade coal and at a time when coal prices were higher than current and projected prices. Its production of 2 million tonnes per annum is small by international standards, is not critical to the huge operations of POSCO which could easily source these volumes from existing mines. POSCO stated in their 2015 annual report that they planned to decrease involvement in non-core activities to cut costs and allow focus on development of higher quality steel products and technical innovation. Involvement in a small-scale uneconomic coalmine (a declining industry with significant over capacity) is contrary to these aims and puts great doubt on the long-term commitment of POSCO. It is highly probable that coal prices will decline over the next decade and that POSCO could either abandon operations before expiry of the contract term (resulting in loss of royalty revenues) or sell the operations for a peppercorn amount to some small scale company with limited resources to carry out safe and efficient operations with no damage to the environment.

I fully concur with the analysis and conclusions of the report prepared by the Institute for Energy Economic and Financial Analysis dated August 2016 that the Hume mine is a stranded asset without economic merit. I contest the comment made by a representative of the Department of Planning and Environment at the information session at Exeter that the mine could help POSCO secure the price of part of its coal supply - POSCO would have no problem in finding coal mining companies willing to sell coal long-term at a price fixed at current market levels.

3. Operational Control and Transparent Reporting

My further concern is that I have dealt with several larger Korean companies during my time in Singapore. Big Korean companies such as POSCO are extremely hierarchical and subordinates are loath to admit mistakes to their superiors resulting in a non-transparent environment where mistakes are covered up. Both Ampol and Caltex suffered from such experiences. I am sure that Hume Coal will contest such a claim as xenophobic but I would argue that I was involved in many good joint-ventures in China, India and Malaysia where I developed very good and mutually beneficial projects with partners because I understood cultural differences. It would be naive for the government to not take such cultural matters into account in any risk analysis regarding reporting and control of operations.

4. Social and Community Issues

The Southern Highlands is a uniquely beautiful area that has always been a popular destination for people escaping the bustle of Sydney. It is an increasingly popular tourist destination (a fact that Hume Coal tries to ignore or distort in the EIS). It is attracting more long-term residents, not only baby boomers but also younger people who enjoy affordable housing, good schools, lack of traffic congestion and a friendly community. I have come to know many young tradesmen and young entrepreneurs developing their own businesses who love the area and who are contributing to the economy. Yiani Bernados of Bernie's Diner Moss Vale and Edward McKay of the Jumping Rock Café at Bundanoon are just two examples of young people who have invested capital and now employ younger people who are not at all interested in working in a mine. A reduction in tourism would jeopardise the employment prospects of such young people.

Hume Coal's assertion that most employees would come from the locality is questionable – it is at odds with the employment aspirations of locals and its implementation would be impossible – would an employee be laid off if he moved out of the local area? What will be the impact of itinerant workers?

The NSW government has a policy of encouraging the development of western and south-western Sydney. The Highlands area is developing rapidly as evidenced by the large number of new houses being built and the rejuvenation that has taken place in Moss Vale over the last 5

years. The Highlands is not a destitute zone and has no need of an out of date dirty industry that will seriously detract from its charm and uniqueness. It is important to this and future generations that it is retained as a zone providing good life-styles and a pleasant pollution free environment for the population expanding south-west from Sydney and not be exploited in the short term and then left much poorer after mining ceases (as per the experience of Musselbrook).

The NSW government has accumulated billions of dollars from the sale or lease out of assets such as the power grids and is using the funds for investment in much needed infrastructure projects. I would argue that foregoing the relatively smaller revenues that would accrue from the Hume Coal project would be a worthwhile investment in preserving a beautiful area for the benefit of the population of Australia and complement the government's long term planning objectives for Sydney.

The Hume Coal Project should be rejected in the interest of the current and future populations and the beautiful Southern Highlands retained in its current state for their enjoyment and development. The questionable benefits of the project will be short-term whereas the potential damage will be long-term.

I reaffirm my opposition to the Project.

Bruce William McGowan