

Date 3.11.17



The Chairman
Wallarah 2 Coal Project Public Hearing

Dear Chairman,

Headline-August 2016-The NSW Government to buy back the Caroon coal mine exploration license from BHP at a cost of \$220m, to protect the aquifers and farmland of the Liverpool plains.

Headline-July 2017-The NSW Government to buy back 51% of the Watermark coal mining license from Shenhua at a cost of \$262m, to protect the water aquifers and farmland of the Liverpool Plains.

Headline-November 2017-The Wallarah 2 PAC recommends against the development of a coal mine under the Central Coast Water Catchment, to protect the Central Coast water supply, aquifers, water resources and farmland of the Dooralong and Yarralong Valleys.

I am a turf farmer and irrigator and I speak on behalf of the irrigators and turf farmers of the Yarralong and Dooralong Valleys. Our very livelihoods depend on the water flowing down Jilliby Creek and Wyong River. No water, no turf farming. No water and we are out of business. We have just been through a four month period where we depended totally on these water resources for our livelihoods. Surely the potential loss of irrigation water alone is too high a price to pay for this coal mine.

While the last headline was fictional, I am sure the NSW State Government is hoping this PAC will recommend against the Wallarah 2 Coal Mine proceeding. An adverse recommendation would ensure the death of a coal mine that has dogged the community and both Liberal and Labor Governments over a period of more than two decades.

In July 2017, globally renowned resource analytics firm Wood Mackenzie conducted research for The Infrastructure Fund, forecasting massive reductions in future coal output from NSW Hunter Valley mines, if the Galilee Basin is developed. One of the affected mines is Wallarah 2. The research found the Galilee expansion is forecast to lower coal output from the Hunter Valley by nearly 40 per cent in 2035. This research puts an end to any hope KORES has of a profitable mine, as the Galilee development is underway.

I believe there is a significant health risk due to the stress residents may suffer over the mine life. Many farms and homes will be subsided, some into the 1:100 year flood contour, with homes damaged and farms rendered useless due to flood impacts which will last longer and be more frequent than is currently the case. The knowledge that your home is going to be damaged or destroyed or your farm is to be rendered flood prone or useless or your farm business is going to be ruined, will impact negatively on the sanity of the residents. The impact of stress on the community and individuals and the possibility of suicide, heart attack or other stress related illnesses have not been properly assessed by the applicant.

The coal dust generated from the rail wagons, coal stockpile and rail facilities would have to be added to the already significant pollution from the coal fired power stations and the cumulative impact

assessed in the EIS. I understand the incidence of asthma and other respiratory diseases in the Wyong area are already well above state norms, without the impact of dust being heaped on the residents of Blue Haven, the future suburb on Darkinjung land and every suburb on the rail route between Wyong and the coal loaders in Newcastle. Incredibly, coal hauled by truck must be covered and yet coal hauled by train is not required to be covered. The proposed coal rail loading facility adjacent to the Sydney to Newcastle rail line, Blue Haven and the proposed Darkinjung housing development is not acceptable on health or aesthetic grounds. This facility will make for an appallingly ugly entry into the Central Coast by rail and the impact of dust, light and noise contamination on residential areas is unacceptable.

The proposed mine is not supported by the Central Coast Regional Plan. The non compliance with the Plan includes:

Action 3.1.1 of the Plan is to support development of the agricultural and aquaculture sectors. The subsidizing of productive farmland, rendering it flood prone and useless is as far from supporting agriculture as is possible. The plan also says the NSW Government will work with Councils to:

- Protect productive land and resources from incompatible development
- Identify and protect significant agricultural lands
- Facilitate the continuation and co-location of agricultural activities
- Retain and increase opportunities to keep fresh foods available locally
- Recognize and protect the economic potential of productive agricultural land.

Action 4.2.2 Sustainably manage surface water and groundwater

The Plan requires decision makers to minimize the effects of development on waterways to meet Water Quality and River Flow objectives.

The Wallarah 2 mine maximizes the effect of development on waterways and risks water quality and flow objectives.

The precedents and reasons for refusing Wallarah 2 are there for all to see in the form of the NSW Government buying back the BHP Carooona and Shenhua Watermark mining licenses on the Liverpool Plains. The basis of these buy backs is the necessity to protect the farming areas and aquifers of the Liverpool Plains. The water catchment and aquifers of the Central Coast and the farmers and farms of the Dooralong and Yarramalong Valleys deserve the same protection as those of the Liverpool Plains. The circumstances are identical for all three mines, with Wallarah 2 also impacting the Central Coast drinking water supply and its coal handling infrastructure to impact severely on densely populated residential areas.

I request that the Wallarah 2 mine application be refused.

Yours sincerely

—v Laurie Eyes

NEWS

Galilee Basin mines will slash coal output, jobs elsewhere, Wood Mackenzie says

Exclusive by Stephen Long

Updated Thu 6 Jul 2017, 11:43am

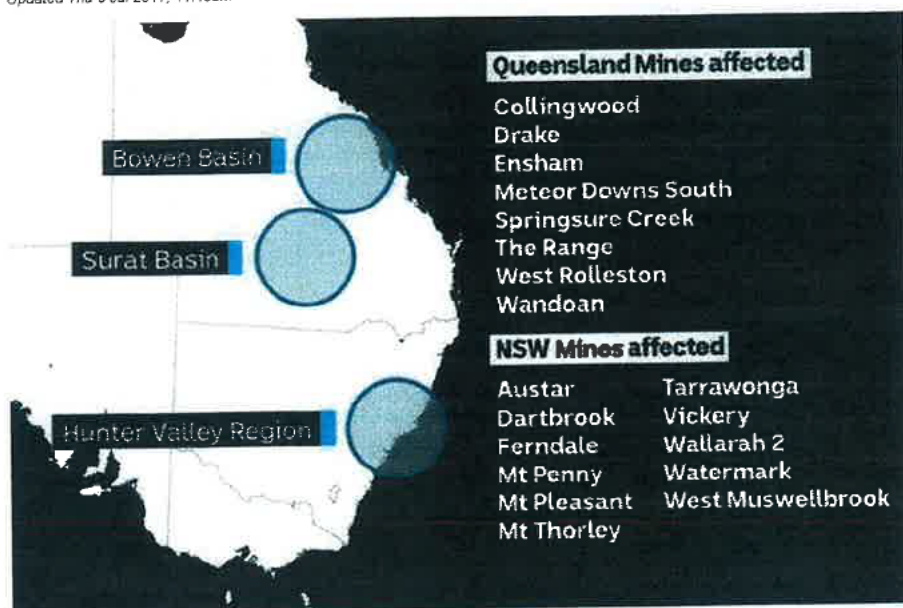


PHOTO: The research says Galilee Basin development will affect other coal mining areas. (ABC News)

Jobs and exports from existing coal regions will be decimated if the Galilee Basin is developed for coal mining, according to new research.

Globally renowned resource analytics firm Wood Mackenzie, which conducted the research, is forecasting massive reductions in future coal output from the NSW Hunter Valley and significant falls in Queensland's Bowen and Surat basins.

The Federal and Queensland governments have been stressing the job gains and economic benefits if coal mining goes ahead in the Galilee Basin, making it the first new coal region to be exploited in 50 years. Both governments are prepared to back investment with subsidies.

However, the new research suggests that while the development of the Galilee Basin would expand coal exports overall, it would come at a severe cost to jobs and economies in other regions.

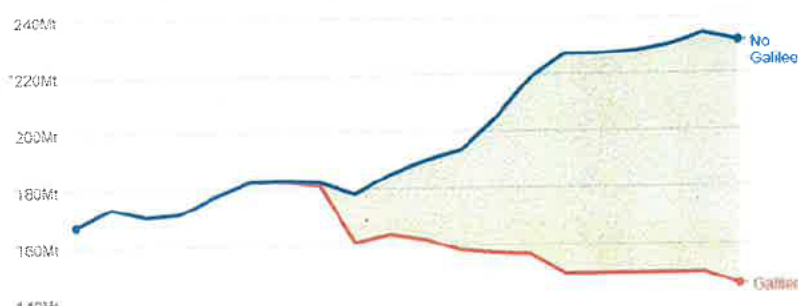
According to its findings:

- Ten new mining projects or mine expansions in the NSW Hunter Valley would be displaced by the Galilee Basin output and shelved or delayed
- Eight mining projects or expansions would be delayed or shelved in Queensland
- Hunter Valley thermal coal output would fall by some 86 million tonnes, or 37 per cent
- Bowen Basin output would decline by nearly a third, with 17 million fewer tonnes mined
- The Surat Basin in south-east Queensland, which is yet to be developed, would produce 37 per cent less coal than it otherwise would

The modelling was commissioned by The Infrastructure Fund, which owns a 50 per cent stake in the privatised Port of Newcastle.

It compares a "no Galilee Basin coal" scenario to the impact of 150 million tonnes of Galilee Basin coal production being put on the world market.

The Galilee expansion is forecast to lower coal output from the Hunter Valley by nearly 40 per cent in 2035.



EMBED: Newcastle: The Galilee expansion is forecast to lower coal output from the Hunter Valley by nearly 40 per cent in 2035.

Jonathan Van Rooyen, the general manager of investments at The Infrastructure Fund, said the impact for the Port of Newcastle "is pretty devastating".

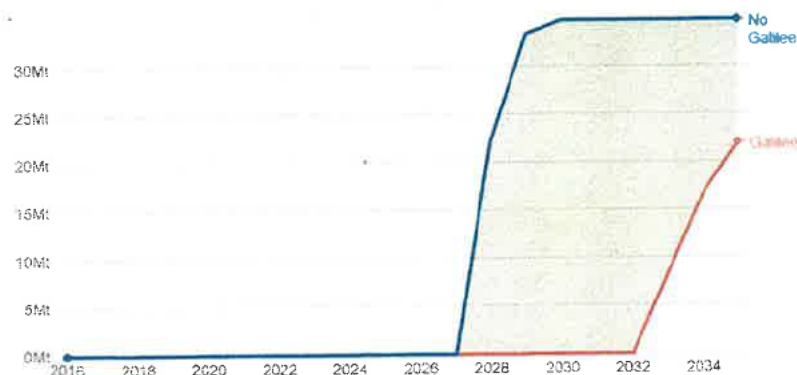
"I'm an investor, not a politician, but it seems a perverse outcome when you are taking jobs in one part of the country and promoting them there and displacing them or destroying them in other parts of the country," he told the ABC.

"The addition of significant new coal supply from a new basin will inevitably displace coal production, and coal jobs, in existing coal basins in NSW and Southern Queensland.

"To the extent that the Adani mine lives up to its promise to be automated 'from pit to port' it is likely that substituting a million tonnes of coal production in the Galilee for a million tonnes of coal production from NSW will result in a net reduction in jobs."

New mines in Galilee Basin will probably be delayed

In the Surat Basin, coal production will be 13Mt a year (or 37 per cent) lower in 2035 if new coal is supplied from the Galilee Basin.



Source: Wood Mackenzie • [Get the data](#) • [Embed](#)

EMBED: In the Surat Basin, coal production will be 13 Million tonnes a year (or 37 per cent) lower in 2035 if new coal is supplied from the Galilee Basin

Many environmentalists and financial analysts have downplayed the prospects of Adani's mine going ahead and the Galilee Basin being developed.

If Wood Mackenzie's base case forecast is on the money, they should think again.

"We forecast about 120 million tonnes to come from the Galilee Basin, possibly up to 150 million tonnes," Wood Mackenzie's head of mines and metals consulting Dominic Tisdell said.

"That will mean the main development for thermal coal will happen in the Galilee Basin and not as much in other areas such as the Surat, the Hunter Valley or Indonesia.

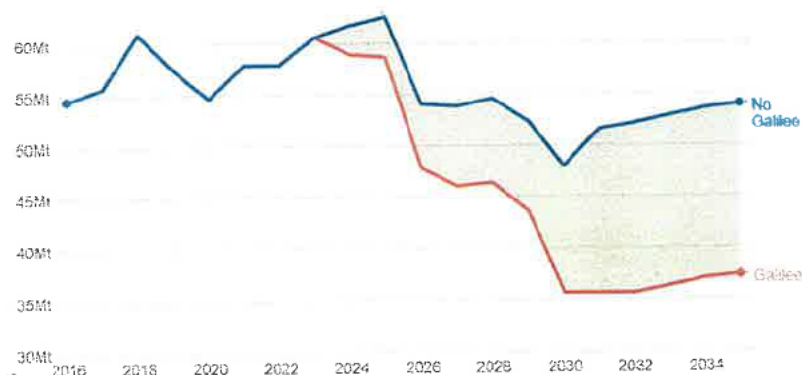
"In the Hunter Valley, we expect that most of the existing mines will operate for the terms of their natural lives — many of the mines are world class and will operate into the 2030s and beyond.

"What it will mean though is that new mines ... will probably be delayed in preference to new developments in the Galilee Basin."

In Queensland's Bowen Basin, exploitation of metallurgical coal for steel-making will continue apace, but output of thermal coal would be 20 to 30 million tonnes lower than it would be without the Galilee Basin coming online.

But Mr Tisdell said Australia's coal exports would be better off "net about 50 million tonnes" with the Galilee Basin than without.

In the Bowen Basin, coal production is likely to be more than 30 per cent lower in 2035 if Galilee coal goes ahead.



Source: Wood Mackenzie • [Get the data](#) • [Embed](#)

EMBED: In the Bowen Basin, coal production is likely to be more than 30 per cent lower in 2035 if Galilee coal goes ahead

Government subsidies to new coal region a 'sovereign risk'

The Infrastructure Fund bought the Port of Newcastle in conjunction with China Merchants for \$1.75 billion in 2014.

The hit to output from the Port of Newcastle would mean lower returns for people with superannuation monies invested in the asset.

"We are used to modelling economic and financial risks," Mr Van Rooyen said.

"But this is sovereign risk. The Government is preparing to give subsidies of up to a billion dollars to open up a new coal region at a time of flat world demand.

"Put simply, either the \$1 billion loan to Adani will have a significant impact on coal production, and jobs — in the Hunter Valley, Bowen Basin and Surat Basin — or the business case for the Adani rail line is deeply flawed."

Financial hurdles facing some companies in Galilee Basin

But the Minister for Resources and Northern Australia, Matt Canavan, has previously pointed out that coal infrastructure has been subsidised by the Government in the past, including the rail line that supplies the Port of Newcastle, which was built by government and expanded with government money just a few years ago.

With enthusiastic Federal Government support, Adani has sought a loan of up to a billion dollars from the Government's Northern Australia Infrastructure Facility.

The Queensland Government has offered Adani unlimited water rights and it will not have to pay mining royalties during the initial years of production.

However, the financial hurdles facing companies with control of mining leases in the basin raise doubts about Wood Mackenzie's forecast scenario.

Adani, for example, is yet to get finance for its Carmichael mine and Clive Palmer, whose Waratah Coal owns leases in the Galilee Basin, has been beset by financial problems.

India's debt-ridden GVK group, which owns three tenements in a joint-venture with Gina Rinehart's Hancock, defaulted on debt repayments earlier this year and has faced the prospect of forced asset sales.

Topics: coal, industry, business-economics-and-finance, states-and-territories, government-and-politics, mining-rural, federal--state-issues, activism-and-lobbying, mining-industry, australia, qld, nsw, mackay-4740, rockhampton-4700, collinsville-4804, emerald-4720, moore-4718, surat-4417

First posted Thu 6 Jul 2017, 6:46am

NEWS

NSW Government to buyback Carooona mine exploration licence from BHP

Updated Thu 11 Aug 2016, 7:42pm

The NSW Government will buy back BHP's licence for the Carooona coal mine on the Liverpool Plains, ending a decade-long fight by farmers to shut down the project.

It will reimburse BHP the \$100 million it paid for the licence, plus inflation, meaning the total price tag is around \$220 million.

The exploration licence was issued in 2006 for underground coal mining covering approximately 344 square kilometres in the Liverpool Plains — an area of prime agricultural land.

The State Government said after careful consideration it determined the mine posed too great a risk to the future of the food bowl and its underground water sources.

The Deputy Premier and Nationals leader Troy Grant said the decision was in the best interests of the local community.

"The answer is pretty simple: the stress, pressures and justifications for this project to continue on some of our richest agricultural land in the Liverpool Plains just wasn't sustainable," he said.

"It didn't make sense and it wasn't viable for the company ... it's some of the prime agricultural land in the country.

"It should be returned back to agricultural enterprise. The manner in which we do that hasn't been determined, but that's the obvious purpose.

"It's a decision that has calculated what they have already contributed — let's not forget they paid \$100 million for this privilege — and the amount we've arrived at is the value of that licence in today's dollars."

Former Gunnedah councillor and Liverpool Plains farmer Tim Duddy welcomed the decision.

"It's a project that should never have happened, the licences should never have been issued," Mr Duddy said.

"It has been an absolute cancer that has eaten away at the agricultural investment in the district.

"The community now can get on with pursuing agriculture the way it needs to be pursued."

Sights turn to controversial Shenhua mine

Premier Mike Baird said negotiations had begun with the controversial neighbouring Shenhua Watermark mine to excise parts of the mining title, which encroaches onto strategic parts of the Liverpool Plains.

Greens MP and energy and resources spokesman Jeremy Buckingham said the buyback was a watershed moment for the state.

"It's a historic moment. This is the beginning of the end of coal in NSW," he said.

Mr Buckingham said the end of the Carooona mine was a good omen, suggesting the Shenhua mine might also be scrapped soon.

"Shenhua will never go ahead, it's just a matter of time until the Government negotiates a buy-out for them as well."

Topics: government-and-politics, mining-industry, carooona-2343, nsw, sydney-2000, gunnedah-2380, larnworth-2340

First posted Thu 11 Aug 2016, 6:49pm



PHOTO: The licence buyback will cost the NSW Government \$220 million. (7:30)

MAP: Carooona 2343

Key points:

- Commercial agreement to buy back Carooona mine exploration licence from BHP Billiton
- Buyback will cost the NSW Government \$220 million
- Negotiations have begun to buy back controversial Shenhua Watermark mine

Phil Laird
@Phil_Laird1

Good decision from @mikebairdMP on Carooona. But more to do on #Shenhua & #Santos. Need no-go zones so this will never happen again.
#nswpol

7:12 PM - Aug 11, 2016

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NEWS

Shenhua Watermark's mining licence in Liverpool Plains partly bought back by NSW Government

By Paige Cockburn

Updated Wed 12 Jul 2017, 3:27pm

The New South Wales Government is buying back a majority of the controversial Shenhua Watermark Coal exploration licence.

It says it is acting to protect the farming future of the Liverpool Plains, in the state's north-west.

Resources Minister Don Harwin said the agreement will see the Government reclaim 51.4 per cent of the Chinese-owned company's exploration licence, at a cost of \$262 million.

"The Government has determined there should be no mining on the fertile black soils of the Liverpool Plains," Mr Harwin said.

"Exploration can continue on area that's away from the black fertile soil, but there's still a number of conditions that have to be met and work that has to be done before I will consider whether a mining licence will be issued.

"Any future mining activity will now be restricted to the ridge lands."

Member for Tamworth Kevin Anderson said the agreement struck the right balance between agricultural protection and economic growth.

Up to 600 new jobs will be created as well as millions of dollars in investment for the region, he said.

However for the last 11 years, farmers have been fighting the "coal war" against mining in the Plains — an area of prime agricultural land where annual production is worth more than \$2 billion.

National co-ordinator for the Lock the Gate Alliance Phil Laird said anything less than the full cancellation of the project would not protect the farming systems.

"If we are going to hand over our best farming country to a coal mine that's owned by the Chinese Government, we've got to change our priorities," Mr Laird said.

"This coal mine is going to be 200 metres deep and its going to cut below the ridge line way below the level of the farm land and the aquifers.

"The impacts to those aquifers is unknown and the entire region depends on those aquifers for survival."

NSW Opposition Leader Luke Foley said the coal exploration licence "should be cancelled altogether".

"The Liverpool Plains is not a place for a coal mine and frankly the company's licence should be cancelled altogether and the entire proposal brought to an end," Mr Foley said.

"An exploration licence should not have been issued by the Labor government in 2008 and the exploration licence should not have been renewed by the coalition government in 2012 and it's about time that this proposal is brought to an end."

Mr Foley said the risks were too great to the water table and the famous fertile soils of the Liverpool Plains.

"We're talking about the food bowl of Australia. Many farmers I've been talking to say there's still a risk to the water table if mining is still to proceed on any part of that land for which the exploration licence has covered."

'Wrong mine, wrong place'

Former Gunnedah farmer Tim Duddy told the ABC the decision is a step in the right direction as it was always a case of "wrong mine in the wrong place".

"It's not the silver bullet but it's the start of one arriving," he said.

"This is about agriculture vs mining and it is an illustration that in some spaces they are not compatible."

Mr Duddy said the Government never should have taken the money from Shenhua in the first place.

"We always maintained that the water resources of the Liverpool Plains were something that were not run of the mill," he said.



PHOTO: Part of the site where the Shenhua open cut mine was proposed in the Liverpool Plains, in northern NSW.
(ABC News: Joanna Woodburn)

RELATED STORY: Call for update on Liverpool Plains mine discussions

RELATED STORY: Inside the fight against coal on the Liverpool Plains

MAP: NSW

"They were extraordinary and it is host to the largest underground water source in the entire Murray-Darling basin system."

Mr Duddy has in the past pushed for a Liverpool Plains Protection Act so the region is always protected for agriculture.

Many farmers sold their businesses while fighting against the mining and agricultural investment suffered due to the decade-long limbo.

Last year, the State Government announced a buyback of BHP's licence for the Caroona coal mine on the Liverpool Plains.

Shenhua has expressed its disappointment with the decision but acknowledged the Government's willingness to come to an agreement on the part-renewal of the licence.

"While we believe that Shenhua would have been able to responsibly expand its existing coal mine into the area, given its extensive coal resources, we have come to terms with the decision to not allow any mining on the black soil plains," a spokesman said.



PHOTO: Liverpool Plains farmer and activist Tim Duddy said this settlement is something to be commended. (Supplied: Lachlan Orr)

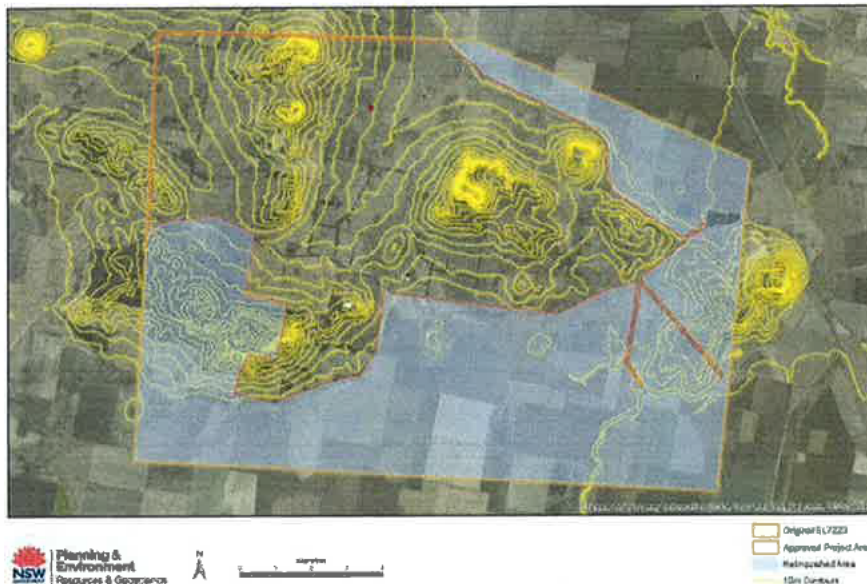


PHOTO: A contour map of the area the Government will buy back from Shenhua Watermark Coal. (Supplied: NSW Government)

Shenhua said it would continue to progress the mine in line with state and federal planning approvals given in 2015.

Former independent MP for New England Tony Windsor said Shenhua had indicated to him years ago that it would relinquish the black soils of the Liverpool Plains in return for coal exploration rights elsewhere.

While the compensation announced today is in the form of cash, rather than rights, Mr Windsor said he believed the company had long intended to reach such a deal with the NSW Government.

"I think this was a card that was always going to be played," Mr Windsor said.

Mr Windsor said today's decision did nothing to address environmental concerns about the impact of all types of mining on the area's groundwater system.

"What was announced today has got nothing to do with scientific information; it's just a financial deal between the two sides and trying to get a political fix," he said.

"People want a scientific fix and a long-term fix."

Mr Windsor said there had not been adequate scientific investigation into the risks of mining below a flood plain and he called on local MP and Acting Prime Minister Barnaby Joyce to "do the science".

"Water as we all know runs downhill. If something goes wrong with those groundwater systems, whether it be this mine or coal seam gas, the risks to the environment - the agricultural and irrigation sector and communities downstream - could be quite enormous."

Topics: coal, mining-industry, mining-environmental-issues, states-and-territories, nsw

First posted Wed 12 Jul 2017, 9:53am

Contact Paige Cockburn