

OBJECTION – WALLARAH 2 COAL MINE PROPOSAL.

This objection is made on financial grounds.

In the conditions of approval there is no mention of any sort of financial penalty that must be imposed, in the event that the proponent breaches any of the conditions laid down. This is an oversight that must be rectified.

In the same area, there does not appear to be any oversight authority to be on hand during every day of operation, to ensure that the conditions of approval are met in fact and in spirit. This is an oversight that must be rectified.

The Executive summary suggests the following financial benefits to Australian local, state and federal government entities and potential employees.

estimated market employment benefits of \$25 million (Net Present Value); and

total estimated net economic benefit to NSW of \$274 million (Net Present Value), which includes:

\$4 million in voluntary contributions;

\$200 million to the State of NSW in royalty revenue; and

\$70 million in Commonwealth, State and local tax revenues.

The net present value contribution to the Australian Economy of \$300 million (approx.) cannot be in any way guaranteed. Clearly the greatest potential beneficiary of the project is the proponent, and then by the proverbial country mile. There must be some mechanism added to the conditions of approval to ensure that the above financial benefits to Australia are achieved as a minimum.

An area that is always of concern to me is the capacity for an overseas entity, such as we have in this case, to manipulate its profits through inflation of actual costs of production and the transfer price of its product to its overseas parent company, such that the business appears to operate at breakeven or at a loss, thereby eliminating any requirement to pay income tax. Measures to prevent this should be contained in the conditions of approval.

Similarly there should be provision for NSW State Royalties to be paid as the product leaves the mine head and not in arrears, to avoid any possibility that the proponent fails to meet its obligations in this area.

The mine is proposed to operate for 28 years. We have seen lately the attempts by the Queensland Government to belatedly establish a mine rehabilitation fund, to repair the environmental damage left in that state after mines have been abandoned, without the

operator having the financial capacity to restore the environment to near prior use status. To avoid such a disaster with Wallarah 2, the conditions of approval should include an additional levy per tonne, payable at the same time as royalties, to be placed in a rehabilitation fund trust, under the control of the NSW Treasurer. The amount to be determined by an independent assessment of the expected cost of rehabilitation.

Without the safeguards outlined above, this mining proposal should not proceed any further.

Sincerely

Neil Bevege

Kanwal