South32 Dendrobium Mine Extension Proposal.

Name: Craig Perritt, Bulli Resident

Submission: Oppose the proposal.

I am writing to lodge my objection to the proposal to extend the Dendrobium coal mine on four grounds:

1. Failure of the DPIE to carry out its regulatory function in its haste to promote projects, thus undermining the independence of the IPC
2. Failure of South32 and BlueScope to exercise the precautionary principle in their catchment damaging coal sourcing arrangements
3. The unsoundness of the business case
4. The flawed assumptions underpinning the concept of "offsets"

1. **Failure of DPIE to carry out its regulatory role and acting as a proponent rather than adjudicator**

In the days prior to the IPC hearing for Dendrobium (14 November), the NSW Treasurer was quoted in the Sydney Morning Herald saying that the royalties from the Dendrobium extension would be used to reduce the budget deficit. This undermines the integrity of the IPC process and puts the government into the role of advocate, rather than regulator. It puts the IPC commissioners in a difficult position when the government has already implicitly made a decision to plan for the tax income which is the subject of a commission hearing process.

1. **Failure of South32 and BlueScope to exercise the precautionary principle in their catchment damaging sourcing arrangements**

Both South32 and BlueScope have made it clear that they are not prepared to be inconvenienced in their coking coal supply and sourcing. South32 has continued with its practice of designing aggressive longwalls (height, width and position), with full knowledge of their historical and projected damage of the catchment. BlueScope would rather not have to source coking coal from less damaging sources as it would add "around $100M" in sourcing costs to provide additional berthing at the port and stockpiling on the steelworks. The lure of jobs is used consistently throughout the proposal, but the job potential of the expansion of the port is not canvassed. The users of the Sydney Water Catchment, being poorly represented by their government are allowed to be inconvenienced by putting this potential eternal asset at risk.

The DPIE failed to require both parties to lodge a scenario based comparison of sourcing strategies that would minimise damage to the catchment. The original proposal from South32 was branded "Coal for Steel". if the proposal is truly about the viability of the steelworks, such scenarios would account for the following, .

* The proportion of coking coal actually required to meet BlueScope's steel demand (as opposed to coal exported by South32 and other Illawarra mines, and coke exported by BSL)
* The fact that China is blocking coal exports from Australia for the foreseeable future and thus increasing local supply capacity
* A reasonable timeframe in which BlueScope could move to coal-free "Green Steel" technology

Such scenarios would allow NSW citizens to be confident that the least damage sourcing has been provided. The DPIE has failed in its responsibility to its citizens in its care of the catchment.

1. **Unsoundness of the business case and why NSW Planning would favour such a lopsided business case.**

During the IPC hearings, Dr Neil Perry outlined major problems with the business case. "*MR O’CONNOR: Thank you, Neil. I take it from those various criticisms that you’ve raised, that you would then say that the benefits have been overstated in the economic assessments that have been done. Is that a fair conclusion? 45 DR PERRY: Either – well, both. Benefits overstated, costs understated. Yes."* Dr Perry is an acknowledged authority on economic analysis. He noted that the business case as prepared had not actually met the quality thresholds for submission to the IPC and were premature. This is a failure by DPIE to allow business cases that favour the interests of the proponent and discount the downside to the taxpayer, or avoid counting inconvenient variables at all.

This is aside from the much bigger issue with the business case. As I noted in my verbal submission, I asked the Department to indicate whether they had prepared a disaster recovery plan and whether they had calculated the cost to repair dam walls or catastrophic leakage in the water catchment.

Experts, including WaterNSW have highlighted the significant risks to the geological and hydrological structure of the catchment. So the Department is favouring an approach which ignores the cost of a potential, catastrophic risk and focusses instead on its royalties, which will be a miniscule fraction of the cost of dealing with catastrophic failure.

Given South32's historical failure to comply with its conditions and the failure of government to adequately monitor compliance, the idea that these enormous risks are managed by the conditions or constraints that the NSW government has factored into the proposal is neglectful of the governments responsibilities.

The neglect by the government is reminiscent of the warped economic logic that kept the tobacco industry going. Government received taxes from tobacco companies, but the productivity Commission demonstrated that the health costs dwarfed, by orders of magnitude those taxes. The same sort of logic is operating in the governments approach to Dendrobium. It is irrational and is difficult explain on any other basis than special relations between the NSW government and the proponents.

1. **The flawed assumptions underpinning the concept of "offsets" for damage and loss**

The various objectors who submitted to the IPC highlighted a whole range of risks and known issues that the proposed extension would entail:

* Dewatering of wetlands, creeks and streams
* Increased risk of bushfire and peatfire as a result of dewatering
* Loss of surface and groundwater
* Loss of biodiversity
* Water quality degradation due to contamination
* Green house gas production
* Potential for catastrophic failure of dam walls or the catchment
* Defacing of the landscape
* Dodgy method of "repairing cracks" in streams and creeks by using PU foam
* Loss of endangered species and ecological communities.

The only response by the combination of the NSW Government and the proponent is that these things can somehow be traded for money and that somehow this balances things out. If a person or company offered money to the planning minister in exchange for the maiming of one of his children, he would rightly be horrified. This demonstrates that the money doesn't restore the facilities that are permanently lost to current and future generations.

Sincerely,

Craig Perritt.